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EMPLOYEE

OUTLOOK

EMPLOYEE
VIEWS ON
WORKING LIFE

Winter 2016-17

FOCUS

*Employee attitudes to
pay and pensions*

The CIPD is the professional body for HR and people development. The not-for-profit organisation champions better work and working lives and has been setting the benchmark for excellence in people and organisation development for more than 100 years. It has a community of more than 140,000 members across the world, provides thought leadership through independent research on the world of work, and offers professional training and accreditation for those working in HR and learning and development.

Employee attitudes to pay and pensions

Contents

	Foreword	2
	Summary key findings	4
1	Current employee pay	8
2	Satisfaction with the employer pay decision	11
3	Pay forecasts for 2017	14
4	Cash bonuses in 2016 and forecasts for 2017	16
5	How employees receive pay information	18
6	Pensions and retirement	20
7	Living standards	28
	Background to the survey	29

Foreword

'More than one worker in three is unaware that they need to have paid National Insurance contributions for ten years to get the minimum state pension.'

This year's survey on employee attitudes to pay and pensions finds there's a shocking lack of awareness among workers regarding the new state pension that was introduced last year, in terms of what they'll get and when they'll get it.

Around one in four employees aged 55 and over claim that they don't know that next year the state pension age (SPA) will start to rise from 65 to 66, while one in two 35-54-year-olds are unaware that the SPA is going to increase from 66 to 67 between 2026 and 2028.

In terms of how much they'll get, more than one worker in three is unaware that they need ten years' worth of National Insurance contributions to get the minimum state pension, while around a third don't realise that they must have 35 years' worth of National Insurance contributions to get the full state pension. Among the over-55s, one in four don't know about the ten-year rule and one in seven don't know about the 35-year rule.

In addition, just two employees in five are aware of the potential impact of contracting-in on the size of their state pension. Even among the over-55s, only one in two understand that they must have been contracted in for 35 years to get the full state pension. Just one in three of 35-54-year-olds know about the possible consequences of being contracted in or out.

While it may be understandable for those staff further away from the SPA to be a bit hazy about how it operates, it is concerning that some of those so close to the SPA are so ignorant about what they think they will get and when.

Our survey shows that the age at which staff can get a state pension is an important factor (though not the only one) in their decision-making about when to stop work. If employees suddenly find that they will have to wait longer to get the state pension than they had thought or that they will get less money than anticipated, many will be forced to stay on at work for longer. This will create a number of people management challenges as well as opportunities for organisations to address.

To a certain extent, employees are already anticipating that they may be working for longer. Two in five already think they'll work past 65, more than the one in five that assume they'll stop before 65 and the one in six who think that they will retire at 65. Interestingly, it is those nearer retirement who are most likely to think they'll be working past 65. Around one in two of those aged 55 and over predict being in employment past the age of 65, compared with three in ten 45-54-year-olds. Among those saying they'll carry on working past 65, the average year at which they think they'll stop working is 69.6.

However, at the moment, money isn't the prime motivator to work for longer. The most common explanation for wanting to work past 65 is that employees believe it will help keep them mentally fit, followed by wanting to be able to earn and pay for nice things (such as buying treats for friends and family) and that they feel they would miss the challenge of having a job.

Almost two in three of those aged 45 and over are taking steps to prolong their working lives. Interestingly, over three in four of those working in the public sector are taking steps compared with almost two in three private sector staff. While around one in two public sector staff are keeping their skills and knowledge up to date, taking regular exercise or are on a healthy diet, just one in three private sector workers are keeping their skills and knowledge up to date, while just two in five are taking regular exercise.

These findings indicate the scale of the present challenges for HR in terms of how they start to design work, jobs and organisations for a maturing workforce as well as finding ways to reward and recognise their achievements and training and develop them. This is highlighted by the finding that just one in four employees think that their employer is currently meeting the employment needs of the over-65s. Without action, lots of private sector organisations could rapidly face a situation where they are employing many older workers who are not fit and don't have the relevant skills.

There is also the issue of boundaries; for instance, is it the role of the employer to encourage its employees to adopt a healthier lifestyle or keep their skills up to date and so prolong their working lives? Many large employers will see this as all part and parcel of their employee well-being strategy, where people skills, behaviours and attitudes are recognised as key components of a competitive advantage that needs to be nurtured, but for many small and medium-sized organisations such an approach may seem radical.

Employers should also be encouraged to signpost staff to where they can find out more about the state pension and their National Insurance record. However, government action is also urgently needed to ramp up their communication about the new state pension so there is more awareness of the SPA, especially among female workers, who are less aware of these changes than male employees.

When looking at pay, despite strong economic growth throughout 2016, this hasn't been reflected in a large jump either in the proportion of employees getting a pay rise or the size of the pay increase.

Interestingly, while the proportion of private sector workers receiving a pay rise has remained fairly constant over the past two years at around one in two, the percentage of public sector workers getting a rise has jumped from less than one in two to around three in five. The last time that public sector workers have been more likely than their

private sector colleagues to get a pay rise was in 2009. While the typical private sector pay award (2%) is higher than that enjoyed by public sector staff (1%) in 2016, it is disappointing that so many private sector staff claim that their pay hasn't increased, despite economic growth.

Perhaps unsurprisingly, the main reason given by employees for why they are satisfied with their pay rise is that it reflects the state of the economy. The second explanation is that it has kept pace with the cost of living. We would anticipate that if inflation grows significantly throughout 2017, but pay rises don't increase, more people will be dissatisfied with the size of their increase. The most common reason for why employees are upset with their salary going up is that it didn't go up enough to deal with the increase in the cost of living.

If employers want to boost employee pay in a sustainable way, they need to improve productivity to help grow the size of the reward pie. Organisations also need to get better at distributing the rewards so that pay reflects corporate purpose and performance. For instance, just one employee in eight are now happy with their pay rise because it reflects their performance; this compares with one in four in 2009.

Charles Cotton

CIPD Adviser for Performance and Reward

Summary of key findings

The eighth annual survey of employee attitudes to pay is based on a survey of 1,658 working adults, across all industrial sectors.

The survey was carried out between 12 and 21 December 2016 and is representative of the UK workforce in relation to sector, size and industry type. The findings are primarily analysed by sector, organisational size, managerial position and pay.

Where patterns emerge, the findings are further analysed by region, gender and age. Within the report, net scores have been used to display results: these are calculated by subtracting the percentage of respondents who say something positive from the percentage who say something negative. Net scores measure the strength of the direction of feeling and therefore give a more accurate assessment than simple agreement scores: 100 is the highest possible score and -100 is the lowest.

Yet again, pay fails to take off...

- Despite economic growth in 2016, only slightly more employees got an increase in 2016 (53%) than did in 2015 (51%); and this is still down on the 67% recorded in 2008. Public sector staff (58%) have been more likely to get a pay rise than private sector (52%) and voluntary sector (49%) workers. Compared with 2015, the proportion of private sector workers getting an increase has remained stable.

- By region, those employed in the Midlands (61%) and London (55%) are more likely to have seen their pay go up than those working in the north of England (47%) and Wales (40%).
- Among those who have got a pay rise, the typical (median) size is 2% (the same as 2015, 2014 and 2013). The average (mean) increase is 3.52%, higher in the private sector (3.81%).
- Among our sample, 17% of all workers saw their salary grow at the same, or at a higher, rate than the increase in the cost of living as measured by RPI (20% of all private sector workers and 1% of all public sector staff). A further 35% have had a pay rise, but it was below 2.5% (30% of all private sector workers, 51% of all public sector staff). If one uses the CPI measure of inflation, 36% of all workers have enjoyed a pay rise that matched or exceeded this level. A further 15% have had a pay rise, but it was below 1.6%.
- The above picture is mirrored by findings from the CIPD/The Adecco Group winter 2016-17 *Labour Market Outlook*. It finds that 67% of employers have increased salaries in 2016, up on the 48% in 2015. Among those employers who have improved pay, the median rise is 2% (2.93% mean).
- Of those surveyed, 27% work for an employer that operates a cash bonus (32% in the private sector) and 77% of those eligible for a bonus award got one in 2016.

...and employee pay rise satisfaction falls...

- Among those who have received a pay rise, the net satisfaction score is +37 in 2016, down on the +42 recorded in 2015, and similar to the +37 recorded in 2014 and the +39 in 2013. The main explanations given by employees for satisfaction with their salary increase are: it reflects the state of the economy (19%), it has kept pace with the cost of living (17%) and their pay is above what they could get elsewhere for doing the same job (18%).
- The main explanations given for dissatisfaction with salary increase are: it has not kept pace with the cost of living (56%), it didn't reflect how well they had performed at work (23%) and their pay is below what they could get elsewhere for doing the same job (19%).
- Overall, the net satisfaction score with the employer's pay decision (including pay increases, freezes and cuts) currently sits at +3, up slightly on the 0 recorded in 2015 and 2014.

...and fewer employees expect a pay increase this year

- Over half of employees (55%) predict that they'll receive a pay rise in the next 12 months, down on the 66% recorded this time last year who thought that they would get a pay rise in the next year. This change has been driven by a more pessimistic outlook among private sector workers, with fewer predicting a

salary rise. In 2015, 69% of those working there predicted a salary increase in the next 12 months; by 2016 this has fallen to 54%.

- Of those forecasting a rise, 31% expect the same pay increase as they received in 2016, 20% expect a higher one and 6% a lower rise. Twenty-one per cent of private sector workers are predicting a higher pay rise in 2017, as are those: working in Wales (23%); working in finance (38%) or construction (38%); and paid between £40,000 and £49,999 a year (27%).
- Among employees predicting pay growth for themselves in 2017, the median increase is 2%. The mean rise is 3.34%, or 3.85% in the private sector.
- The CIPD/The Adecco Group winter 2016–17 *Labour Market Outlook* finds that 84% of employers anticipate carrying out a pay review in 2017, while 16% are looking at postponing it. Among those planning a review this year, 42% will increase pay, 12% will freeze it (though this proportion could climb to 26% if those postponing their pay review don't eventually carry one out), while 1% plan to cut it. However, 45% of employers are unsure at this stage as to whether or not they'll increase pay in 2017. Among those anticipating increasing salaries over the next 12 months, the median forecast is 2%.
- However, 31% of workers don't expect salary growth in 2017. Those envisaging no pay progression are most likely to be: working in the voluntary sector (44%); aged 55 or over (36%); based in Wales (43%); and earning between £10,000 and £19,999 (36%).
- Of those covered by a bonus plan, 76% of those questioned think they'll get one in the next 12 months, with 15% predicting a higher bonus and 40% forecasting the same-sized bonus as the one they got in 2016.
- The most common way that employees receive information about their earnings is through a payslip in paper form distributed at the workplace (40%), followed by a payslip issued through a website (33%), a bank statement (26%), and a payslip delivered by email (15%). Overall, 93% of workers say that they refer to their payslips for information about their earnings.
- Just 1% of all workers questioned claim that they don't get any information about their pay from their employer. However, given the size of the UK workforce, this suggests that around 300,000 employees are working for organisations that are currently breaking the law by not issuing them with a payslip. Interestingly, both those earning less than £10,000 and more than £70,000 are most likely to report this (2%).
- Overall, 82% of all workers look at their payslip every time they receive it to check their income and net pay, while a slightly lower proportion (77%) check their deductions, such as National Insurance and pension contributions.
- While 90% of those workers earning less than £10,000 check their income and net pay every time they get their payslip, just 71% of those who earn more than £70,000 do the same. When it comes to checking payroll deductions, 80% of those earning less than £10,000 do this every

time they get their payslip, while just 67% of those who get more than £70,000 do the same.

More workers are in a workplace pension...

- Two-thirds (68%) of employees are now saving through a workplace pension scheme, up on the 61% recorded in 2013. If we exclude those earning less than £10,000 – and are now not eligible to be automatically enrolled – 71% of workers are in a pension.
- Pension membership varies by sector (60% of private sector employees are in) and by pension plan type (65% of public sector respondents are defined benefit pension scheme members). By age, over-55s are least likely to be in a pension (just 58% are scheme members), while those aged 45–54 are most likely to be in one (81%). By region, Welsh-based workers are less likely (54%), while those in Scotland are most likely (81%), to be in a workplace pension plan.
- Awareness among members of defined benefit (DB) arrangements about how much they (70% know) and their employer (57%) is contributing to the plan is lower than the level of awareness among members of defined contribution schemes (80% and 76% respectively). The average employer contribution to a DB plan is 8%, and 5% to a defined contribution (DC) arrangement, while the average employee contribution is 8% in a DB scheme and 6% in a DC plan.
- Most employees (61%) have not noticed the impact on their finances of being automatically enrolled, while a further 17% say that they haven't needed to make any changes because their pay has

increased since being enrolled. Among those who do report making an adjustment, 12% say they have reduced consumption while 9% have cut back on their non-pension saving.

Employees accept they may have to wait longer before they retire or get a state pension

- More workers (37%) think they'll work past 65 than assume they'll stop before (19%) or at (17%) that age. While just 31% of 45–54-year-olds suppose that they'll carry on past 65, 49% of those aged 55 and over think they'll soldier on past 65.
- However, 24% of respondents don't know when they'll stop work. Women (29%), those employed in the voluntary sector (31%) and those being paid less than £20,000 a year (31%) are most unsure.
- Among those predicting that they'll carry on working past 65, the average (mean) year at which they think they'll stop working is 69.6, slightly higher for male (69.9) than female (69.2) employees.
- Just over two-fifths (42%) of staff think they'll retire from their current employer, while the rest don't think they will (31%) or don't know (27%).

The state pension will play a key role in retirement decisions, but many are unaware of what they'll get and when

- Just over two-fifths (44%) of employees think that the state pension age (SPA) will play an important part in their decision to stop working and retire from paid employment.

- However, while important, the SPA isn't the only consideration in retirement decisions. When asked to rate the factors they think will be important to them when deciding to retire, not being able physically to continue working comes out as the most common response among employees (28%), followed by the age at which they can get their company or their private pension (22%).
- While the state pension plays an important part in employee retirement decisions, there's a concerning lack of awareness among workers regarding certain aspects. For instance, 26% of those aged 55 and over claim that they do not know that the state pension will increase from 65 to 66 between 2018 and 2020. Similarly, 48% of 35–54-year-olds are still unaware that the state pension age is going to increase from 66 to 67 between 2026 and 2028.
- There's also a significant minority of employees who are unaware that they need to have ten years' worth of National Insurance contributions to get the minimum state pension (36%) and that they must have 35 year's worth of National Insurance contributions to get the full state pension (32%).
- In addition, just 39% of staff are aware of the potential impact of contracting-in on the size of the state pension. Even among the over-55s, just 54% know that you need to have been contracted in for 35 years to get the full state pension. Just 35% of those aged between 35 and 54 know about the possible consequences of being contracted in or out.

- Of those questioned, 48% prefer a state pension that is paid earlier but is less generous, while 18% prefer a state pension that is paid later but is worth more. The remainder either express no preference (23%) or do not know (11%).
- The majority of employees (66%) don't have any worries that they'll eventually receive a state pension, though a third (34%) do have concerns. Women are more likely to express worries (38%) than men (30%).

Many employees don't think their organisation is prepared to meet the needs of the over-65s

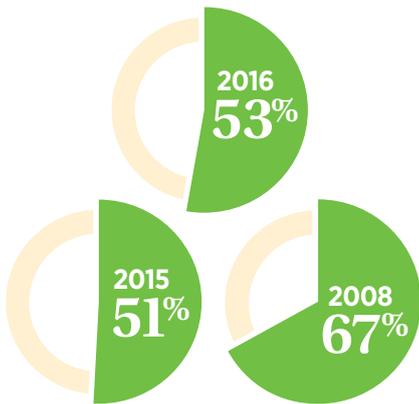
- Among those planning to carry on in employment past the age of 65, the most common explanation (32%) is that they believe that doing so will keep them mentally fit, followed by a desire to earn money so as to enjoy themselves (27%), such as going on nice holidays, eating out, helping out friends and family, and so on.
- The most popular work option for those planning to work past the age of 65 is in a permanent part-time job (16%) until they retire from paid work.
- Compared with other workers aged 45 and over, public sector staff are most likely to be taking more steps to prolong their working lives. Over half (54%) of them are keeping their skills and knowledge up to date (such as through courses or training) and taking regular exercise (50%), while 49% are on a healthy diet. Just 33% of private sector workers are keeping their skills and knowledge up to date, while 42% are taking regular exercise.

- Just around one in four employees think that their employer is meeting the employment needs of the over-65s. Overall, respondents think that their organisations are most prepared (28%) to meet the performance needs of those aged 65 and over and least prepared to adapt their working conditions (22%) to meet this group's wants.
- Most workers (61%) are aware that employers are not able to retire someone solely because of their age, unless they can objectively justify their decision. However, 25% of those who are 55 and over are still unaware that since 2011 they can't be retired simply because of how old they are.
- Almost nine in ten workers (86%) think that the removal of retirement ages (unless objectively justified) has had a positive impact in their workplace.

Employees still don't feel better off

- Despite moderate inflation over the past 12 months, more employees (23%) report a decline in their living standards between 2015 and 2016 than say it has improved (17%). This is broadly in line with what employees predicted would happen back in December 2015 (22% forecast a fall and 16% an improvement).
- Looking towards 2017, 13% think that their living standards will improve, while 24% think they'll decline. The most hopeful about improving their living standards are those aged between 18 and 24, based in London, working in the private sector, and earning between £30,000 and £39,999.

1 Current employee pay

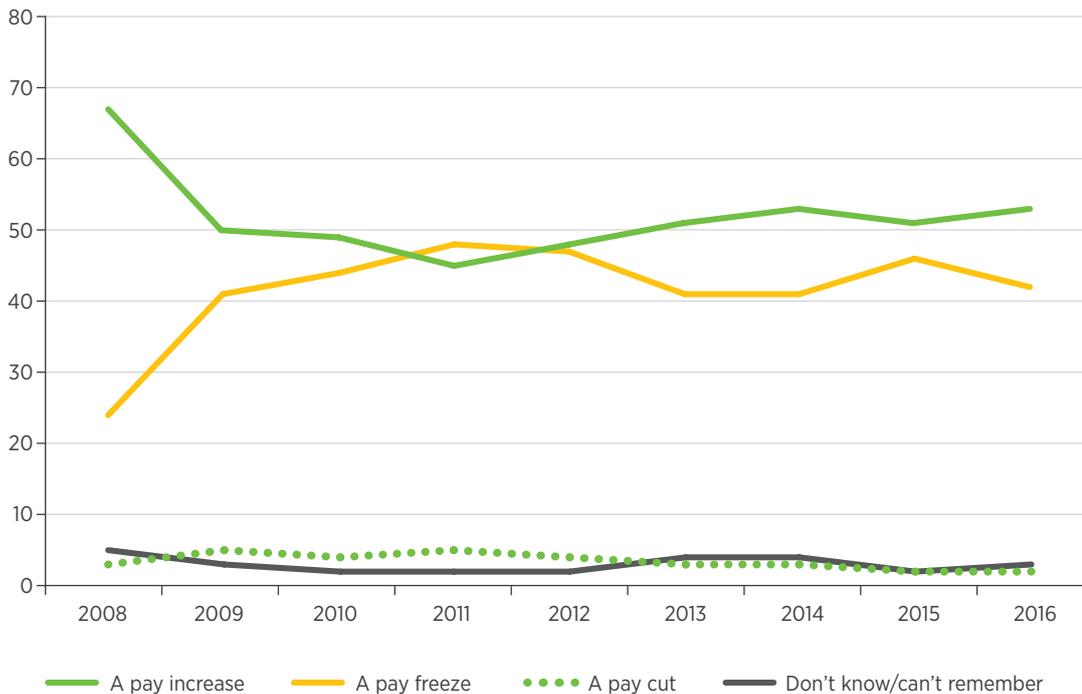


Just over half of employees (53%) surveyed got a pay rise in 2016, up on the 51% recorded in 2015 (see Figure 1), but still significantly below the 67% recorded in 2008.

Just over half of employees (53%) surveyed got a pay rise in 2016, up on the 51% recorded in 2015 (see Figure 1), but still significantly below the 67% recorded in 2008. Table 1 shows that while the proportion of private sector staff enjoying a pay rise had remained stable between December 2015 and December 2016, the percentage of public sector staff reporting a pay rise has jumped from 45% to 58%.

Workers aged between 25 and 34 are most likely to have had a pay rise (58%), while those aged 55 or older have been less likely (51%) to get a salary increase. Those working for a larger organisation (250+ staff) are most likely to have had a pay rise in 2016 (63%) than those working for a micro (30%), small (39%) or medium-sized (55%) employer.

Figure 1: Pay decisions since 2008 (%)



Base: All working respondents answering (n=1,628)

Those earning more than £49,999 per annum are more likely to have had a salary rise (62%) than lower-paid staff earning less than £10,000 (41%). By region, those employed in the Midlands (61%) and London (55%) have been most likely to have seen their pay go up in 2016 than those working in the north of England (47%) and Wales (40%).

When comparing pay predictions for 2016 made by employees questioned in 2015 with actual pay outcomes reported in 2016 (Figure 2), there's a significant difference between the proportions predicting a pay rise in 2016 and the proportions actually getting one. Similarly, while only 22% thought they would have a pay freeze in 2016, 42% actually had one. However, it should be noted

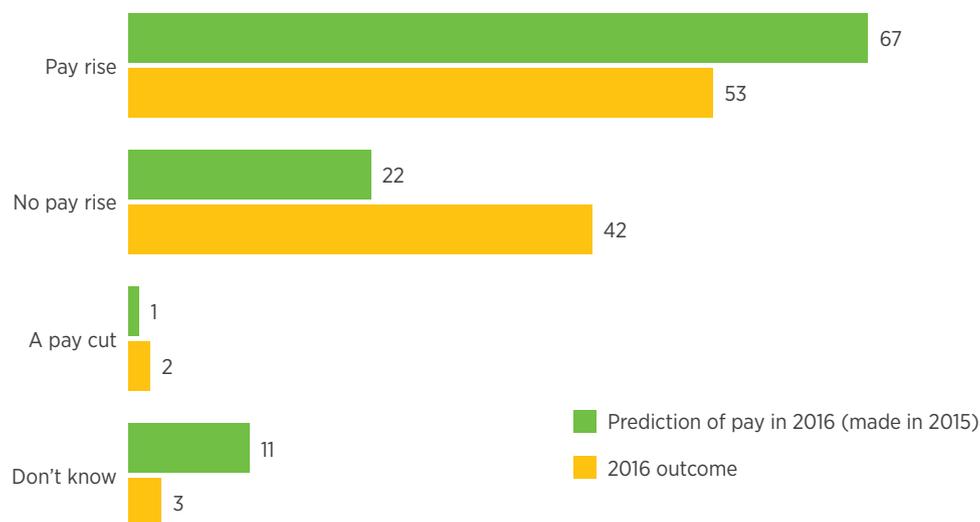
that the employees who were asked what has happened to their pay in 2016 are not the same individuals who were asked in 2015 to make predictions for 2016. While 70% of those working in the private sector had expected a pay rise, only 52% have got one. However, in the public sector, 60% of staff thought that their salaries would increase in 2016 and 58% did get a rise.

Table 1: Pay decision over time, by sector (%)

	2008				2009				2010				2011				2012				2013				2014				2015				2016			
	Increase	Freeze	Cut	DK/CR																																
Private sector	64	27	4	5	40	51	7	2	50	43	5	2	51	42	6	2	56	39	3	2	54	40	2	4	57	38	2	3	52	45	1	2	52	4	2	3
Public sector	73	19	2	6	76	17	2	4	42	49	3	5	24	70	5	2	20	72	8	1	43	49	5	3	44	49	4	3	45	49	3	3	58	3	1	4
Voluntary and not-for-profit sectors	79	15	0	5	62	34	3	1	61	36	1	2	45	48	5	2	48	50	2	1	51	40	6	39	53	40	0	7	53	44	2	1	49	4	1	4

Base: All working respondents answering (n=1,628)

Figure 2: Pay decision prediction for 2016 and pay decision received in 2016 (%)



Base: All working respondents answering (2016: n=1,628; 2015: n=2,037)

Table 2 shows that the median increase among those workers who have enjoyed a pay rise is 2%, the same level as reported last year. It's higher for: the young (3% for those aged 18–24) and those working in micro organisations (4%).

The Retail Prices Index for December 2016 stood at 2.5%. Based on this threshold, 17% of all workers have enjoyed a pay rise that matched or exceeded this level (20% of all private sector workers and 1% of all public sector staff). A further 35% have had a pay rise, but it was below 2.5% (30% of all private sector workers, 51% of all public sector staff). Of those who got a pay rise of 2.5% or more, 89% were satisfied with the pay decision compared with 56% who got a pay rise less than this percentage.

The Consumer Prices Index for December 2016 stood at 1.6%. Based on this threshold, 36% of all workers have enjoyed a pay rise that matched or exceeded this level (36% of all private sector workers and 13% of all public sector staff). A further 15% have had a pay rise, but it was below 1.6% (15% of all private sector workers, 45% of all public sector staff). Of those who got a pay rise of 1.6% or more, 32% were satisfied with the pay decision compared with 23% who got a pay rise less than this percentage.

Reflecting these findings, the CIPD/ The Adecco Group winter 2016–17 *Labour Market Outlook* survey of over 1,000 employers finds that 67% of them have increased pay in 2016. While 21% have decided to freeze pay, when one takes into account

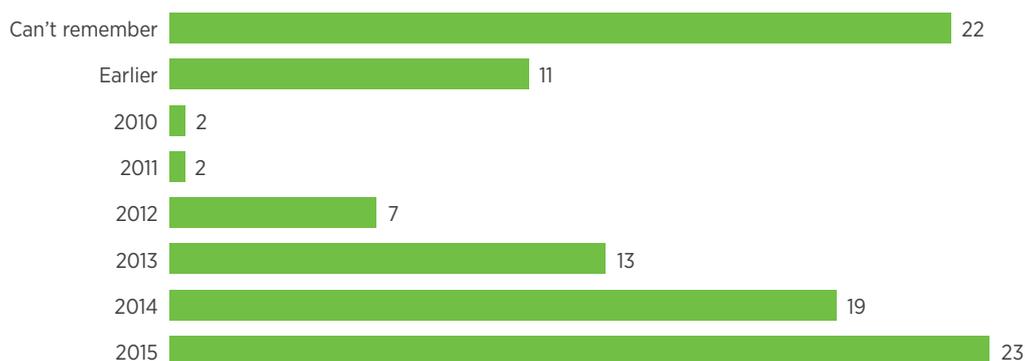
the 28% who haven't reviewed salary levels in 2016, the proportion not increasing pay jumps to 42%. On a more positive note, just 1% of employers questioned have cut rates. The remainder (5%) don't know if there has been a pay decision. Among the 67% of employers who've increased pay in 2016, the median rise is 2%, similar to the increases reported by employees. However, there's a significant difference at the mean between the increases given by employers (2.43%) and workers (3.52%).

When those employees who didn't get a pay rise in 2016 were asked when they last received an increase, Figure 3 reveals that 23% hadn't had one since 2015 (most typically those in the private sector – 29%), while a further 19% reported that they hadn't seen their pay go up since 2014 (most commonly those in the public sector – 24%).

Table 2: Pay increase in percentage terms (%) of base pay

	All (n=858)	Private sector (n=612)	Public sector (n=193)
Mean	3.52	3.81	3.07
Upper quartile	3.00	4.00	1.20
Median	2.00	2.00	1.00
Lower quartile	1.00	1.50	1.00

Figure 3: Period of last pay increase (%)



Base: All working respondents whose pay is frozen (n=692)

2 Satisfaction with the employer pay decision

The net satisfaction with their employer's decision to increase, freeze or cut pay among those questioned is +3, up on the 0 recorded in 2015. Net satisfaction with the pay decision for those who had a salary rise is +37, compared with -35 for those who had a wage freeze. By sector, net satisfaction scores for pay rises are highest among private sector workers (+52) compared with voluntary (+34) and public (-9) sector staff.

There has been a drop in the net satisfaction score with their employer's pay decision among private sector (from +18 in 2015 to +13 in 2016) and voluntary sector employees (from +7 to +2). However, it has risen in the public sector (from -53 in 2015 to -29 in 2016).

Just under one fifth (19%) of employees are satisfied with their salary increase as they feel it reflects the state of the economy. Table 3 also reveals that more (18%) are

now satisfied with their pay award because their pay is at or above what they could get elsewhere for doing the same job. However, since 2012, pay reflecting employee performance has become less of a driver of satisfaction, perhaps reflecting that the typical pay review budget has become too small for most employers to adequately reflect employee achievement. By contrast, satisfaction with pay rise due to lack of discrimination has become more of a factor in 2016.

Table 3: Reasons for satisfaction with pay increase (%)

	2009 (n=902)	2010 (n=1,072)	2011 (n=949)	2012 (n=1,020)	2013 (n=917)	2014 (n=799)	2015 (n=719)	2016 (n=779)
It reflected the state of the economy.	24	21	27	26	21	20	22	19
It kept pace with increases in the cost of living/inflation.	31	22	16	17	14	19	21	17
It was more than I received last year.*	-	19	19	16	20	19	18	12
My pay is at or above what I could get elsewhere for doing the same job.	18	14	14	16	17	18	15	18
It reflected how much money the organisation had to make a pay award.	19	15	16	19	14	16	15	16
It reflected how well I had performed at work.	24	24	19	21	20	17	14	13
It reflected my experience.	12	11	7	10	8	7	8	9
It did not discriminate against me because of my age, race, religion, disability or gender.	12	9	7	8	7	8	8	11

Note: Only answer codes with at least 10% response in 2009 or at least 9% response in 2016 are shown.

*Not asked in 2009.

Base: All working respondents (excluding owner/proprietor) receiving a pay rise who were satisfied with it

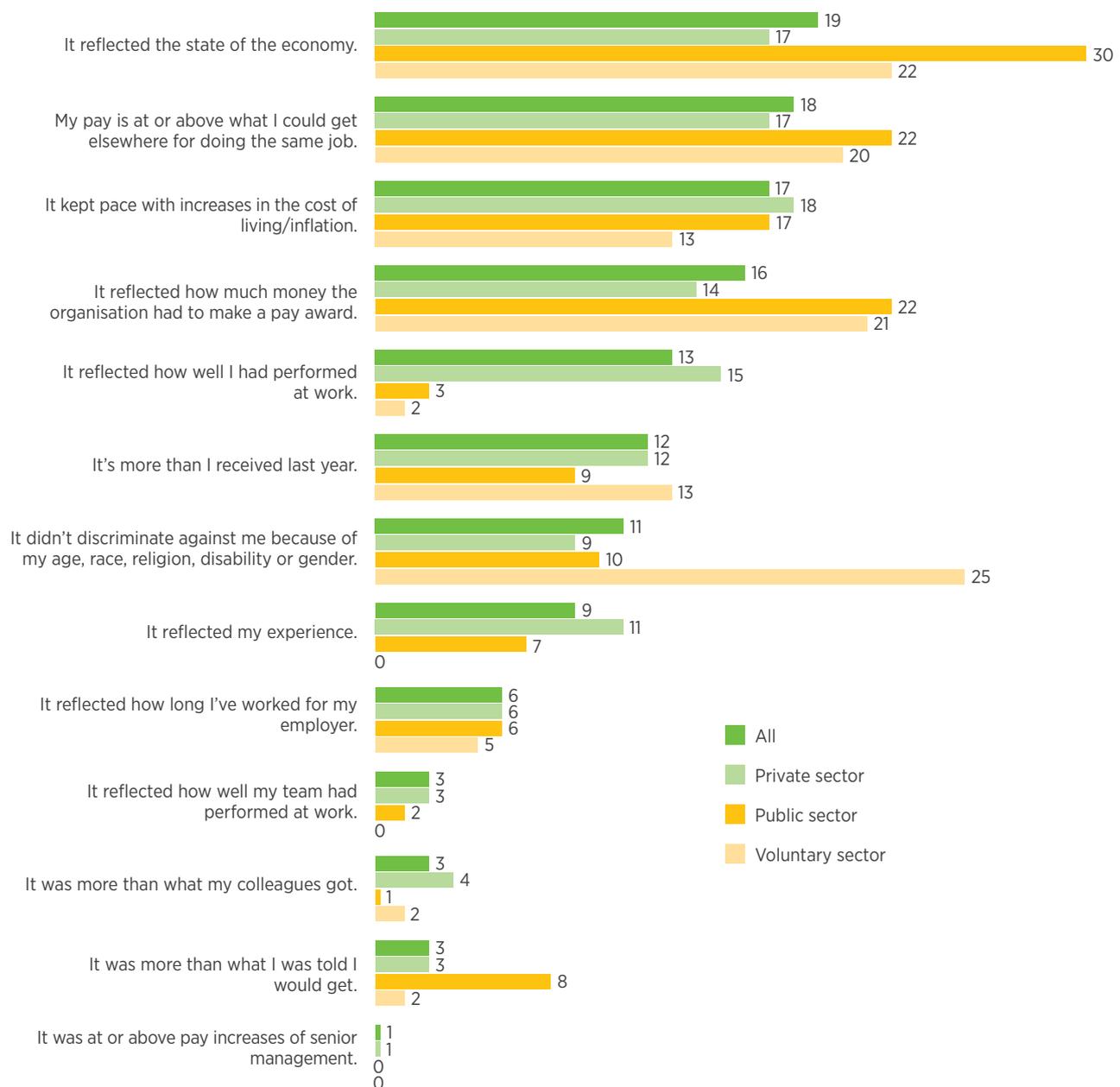
Of those whose pay was frozen, 23% are satisfied with this decision because it reflects the state of the economy, 21% are satisfied because it mirrors how much money their organisation had available to make employee awards, while 21% are satisfied because their pay is at or

above what they could get elsewhere for doing the same job.

As Figure 4 shows, the most common explanation for satisfaction among those employed in the private sector is that their pay increase has kept pace with the

cost of living (18%); by contrast, among public sector staff it's because the increase reflects the state of the economy (30%), while among voluntary sector workers it's because it didn't discriminate against them (25%).

Figure 4: Satisfaction with pay increase, by sector (%)



Base: All working respondents receiving a pay rise who were satisfied with it (n=779)

Table 4 shows that the most common reason for pay increase dissatisfaction is that the rise didn't match increases in the cost of living or the rate of inflation. Between December 2015 and December 2016, RPI increased from 1.2% to 2.5%, so it is not too surprising that the proportion giving this explanation has risen. If the predictions for 2017 about the increase in the rate of inflation are correct, we can expect to see more employees dissatisfied with their pay rise as it doesn't reflect the increase in the cost of living.

Among those whose pay has been frozen (49%), it's the increase in the cost of living that has driven dissatisfaction. After this, 29% of those experiencing a pay freeze are dissatisfied because it didn't reflect their performance.

The CIPD/The Adecco Group winter 2016-17 *Labour Market Outlook* finds that 47% of employers increased salary levels by more than 2% in 2016 (compared with 32% in 2015). By sector, private sector employers have been more likely to do this (57%, compared with 39% in 2015).

Table 4: Reasons for dissatisfaction with pay increase (%)

	2009 (n=201)	2010 (n=244)	2011 (n=260)	2012 (n=320)	2013 (n=397)	2014 (n=360)	2015 (n=290)	2016 (n=257)
It did not keep pace with increases in the cost of living/inflation.	47	52	62	56	65	57	50	56
It did not reflect how well I had performed at work.	32	27	29	27	19	23	27	23
My pay is below what I could get elsewhere for doing the same job.	26	19	17	16	15	17	21	19
It was below the pay increase of senior management.	14	10	14	10	12	9	12	14
It did not reflect the state of the economy.	4	4	3	8	11	11	15	13
It did not reflect my experience.	16	8	9	17	9	11	11	11
It did not reflect how much money the organisation had to make a pay award.	10	14	11	13	8	12	8	11
It did not reflect how well my team has performed at work.	12	8	10	10	8	11	9	6

Note: Only answer codes with at least 10% response in 2009 or at least 9% response in 2016 are shown.

Base: All working respondents (excluding owner/proprietor) receiving a pay rise who weren't satisfied with it

3 Pay forecasts for 2017



A pay rise in the next 12 months is expected by 55% of workers (down on the 67% who thought they'd get a pay rise in 2015).

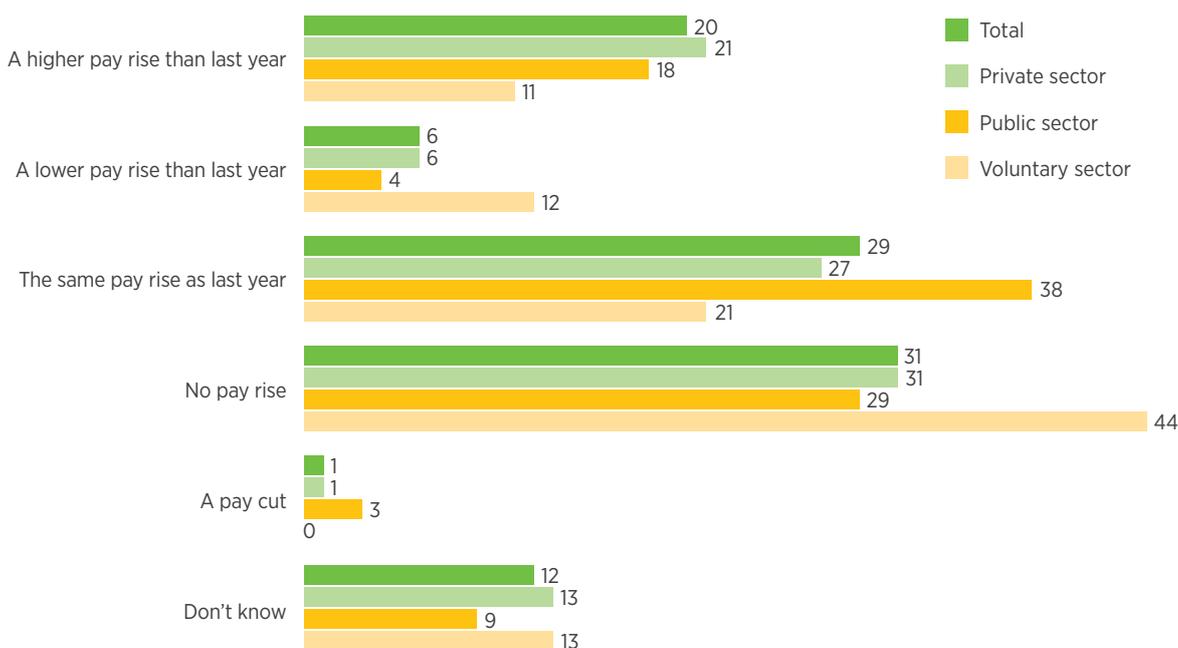
A pay rise in the next 12 months is expected by 55% of workers (down on the 67% who thought they'd get a pay rise in 2016). Figure 5 shows that 31% of employees forecast no growth (up on 22% in 2015), while 29% predict a salary increase that matches the one received in 2016. One in five anticipate a higher pay rise (25% in 2015).

Two in ten (21%) private sector workers are predicting a higher pay rise in 2017 (in 2015, 30% predicted a higher pay rise in 2016), as are those: aged 18-24 (39%); based in

Wales (23%); working in finance or construction (29%); and being paid between £40,000 and £49,999 a year (31%). By contrast, those envisaging a pay freeze are more likely to be: working in the voluntary sector (44%); aged 55 or over (36%); based in Wales (43%); and earning between £10,000 and £19,999 (36%).

Confidence in getting a pay rise in the next year has fallen, as shown in Figure 6. In 2015, 67% of employees predicted that they would receive a salary increase in the following year, but by 2016 just 55% thought

Figure 5: Predicted pay decisions in 2017, by sector (%)



Base: All working respondents answering (n=1,628)

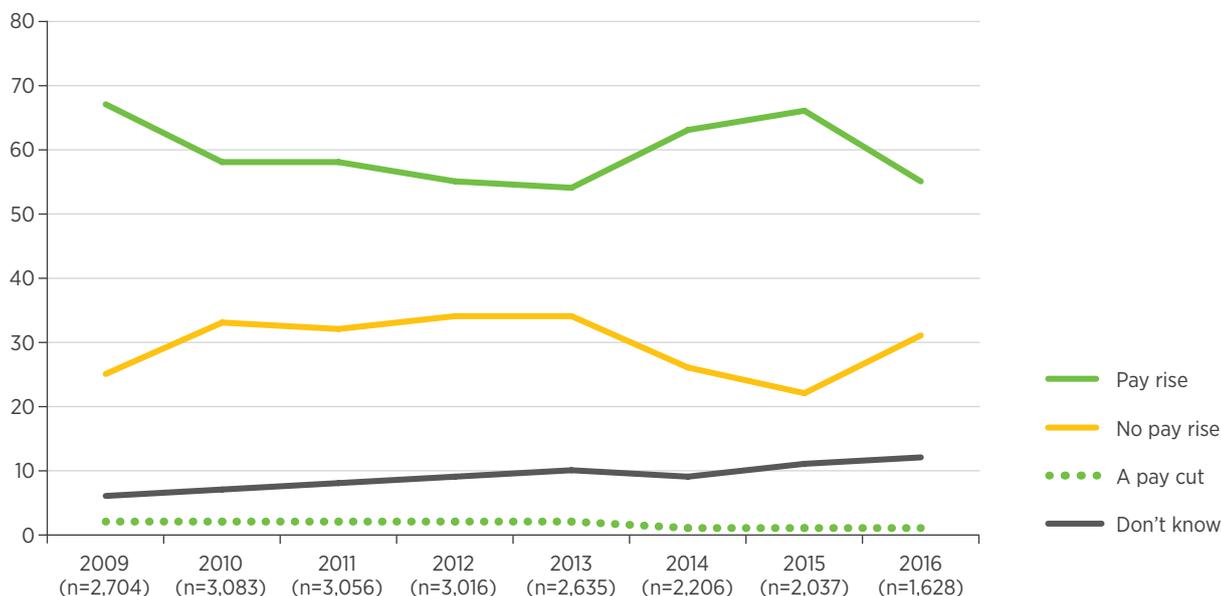
this. This change has been driven by a more pessimistic outlook among private sector workers, with fewer predicting a salary rise (from 69% to 54%) and more predicting a pay freeze (from 19% to 31%).

Past experience can have an impact on employee pay forecasts. Among those who've received a pay rise in 2016, 70% expect to receive one again this year; and 50% of those whose pay was frozen last year expect the same treatment from their employer in 2017.

The mean pay rise expected for 2017 is 3.34% (3.86% predicted for 2016) and the median increase is 2%, the same as forecast for 2016. The median pay increase in the private sector is expected to be 2%, and 1% in the public sector. The expected size of the annual increase, as measured by the mean, has fallen in the private (from 4.33%) and public (2.24%) sectors, indicating that there are fewer higher forecasts affecting the overall prediction and that more people are predicting a pay freeze. While fewer workers hope to get a pay rise in 2017, among those that do, most predict that this increase will be similar to the one they got in 2016.

The CIPD/The Adecco Group winter 2016-17 *Labour Market Outlook* finds that 84% of employers anticipate carrying out a pay review in 2017 and 16% are looking at postponing it. Among those planning a review this year, 42% will increase pay, 12% will freeze it (this proportion could increase to 26% if those postponing their pay review don't eventually carry one out), while 2% plan to cut it. However, 45% of employers are unsure at this stage as to whether or not they'll increase pay in 2017. Among those planning to increase salaries this year, the median forecast is 2%.

Figure 6: Changes in expectations about next year's pay rise, 2009-16 (%)



Base: All working respondents

Table 5: Predicted pay rise forecast for 2017, by sector (%)

	All (n=1,658)	Private sector (n=1,216)	Public sector (n=332)	Voluntary sector (n=98)
Mean	3.34	3.85	2.07	1.76
Upper quartile	3.00	4.00	1.00	2.00
Median	2.00	2.00	1.00	1.00
Lower quartile	1.00	1.00	1.00	1.00

Base: All working respondents who expect a pay increase in 2017

4 Cash bonuses in 2016 and forecasts for 2017



Of those workers covered by a bonus scheme, 76% expect to get one in the next 12 months.

Under three in ten (27%) employees are covered by a cash bonus scheme. While 32% of private sector employees have such an arrangement, only 16% of those working in the public sector and 8% of those in the voluntary sector are similarly covered.

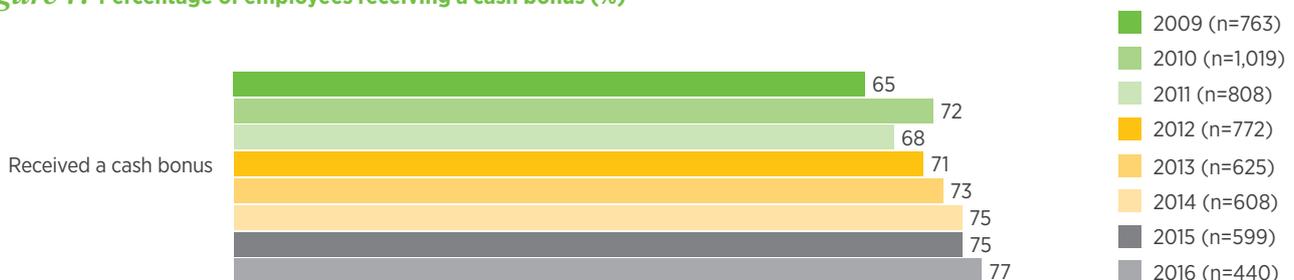
Those most likely to be employed by organisations that operate a bonus scheme work: in finance (46%); for large organisations (34%); in London (36%) and the Midlands (31%); and for higher pay (49% of those earning more than £70,000).

2016. This compares with 56% of public sector employees. However, the data for the public sector should be treated with caution as the base is very low.

Of those workers covered by a bonus scheme, 76% expect to get one in the next 12 months. (see Figure 8).

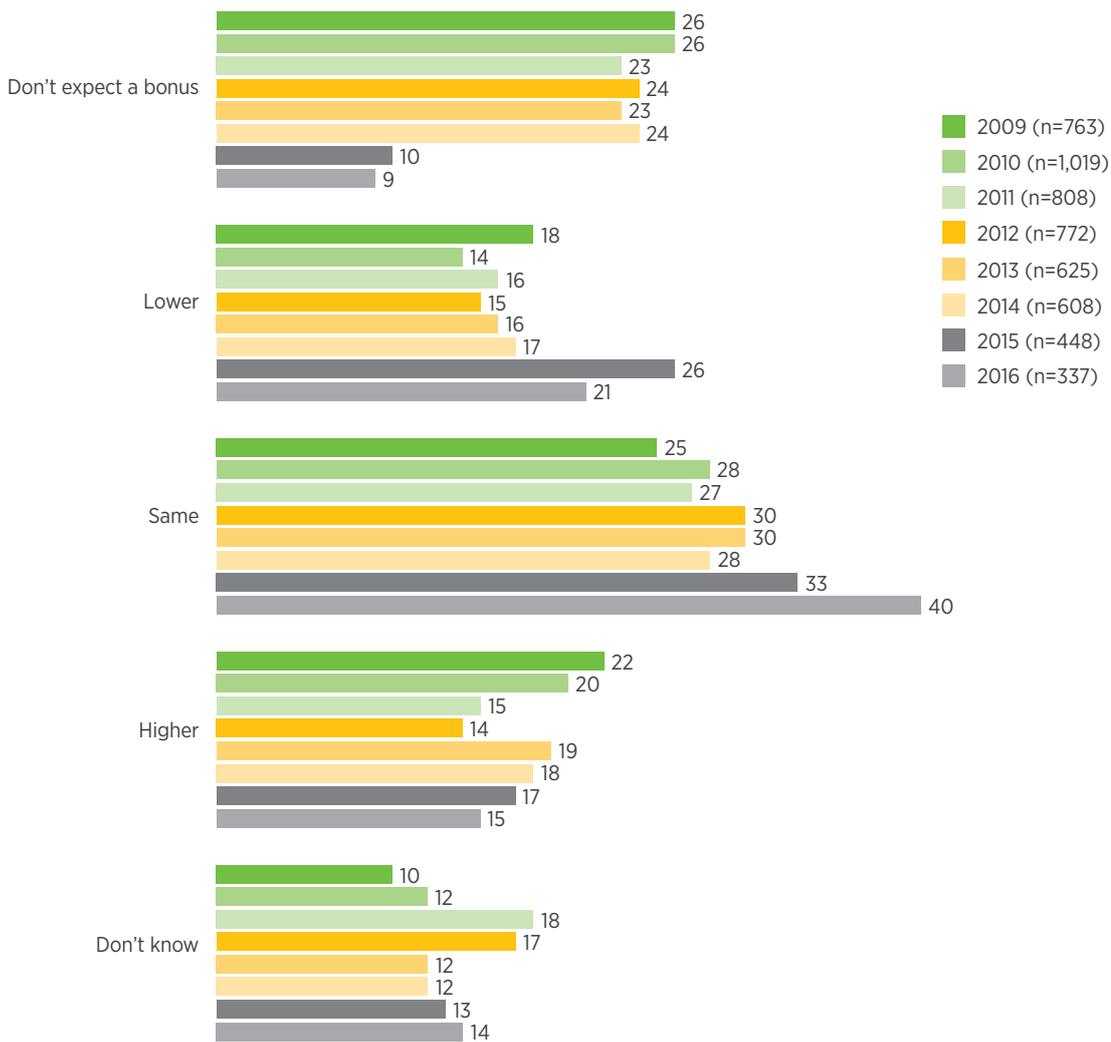
Figure 7 shows that the proportion of employees receiving a cash bonus has increased marginally since 2015. Almost four-fifths (79%) of all private sector workers eligible for a cash bonus received one in

Figure 7: Percentage of employees receiving a cash bonus (%)



Base: All working respondents whose employers offer a cash bonus scheme

Figure 8: Expectation of bonus size in 2017 (%)



Base: All working respondents whose employer has a cash bonus scheme

5 How employees receive pay information



Younger workers are most likely to check their bank balance for pay information than older staff. While 37% of 18-24-year-olds review their bank accounts, just 20% of those aged 55 and over do likewise.

According to our survey, the most common way that employees receive information about their earnings is through a payslip in paper form distributed at the workplace (40%), followed by a payslip issued through a website (33%), a bank statement (26%), and a payslip delivered by email (15%). Overall, 93% of workers say that they get information about their earnings from their payslips.

However, there are variations. For instance, younger workers are most likely to check their bank balance for pay information than older staff. While 37% of 18-24-year-olds review their bank accounts, just 20% of those aged 55 and over do likewise.

Similarly, while 41% of 25-34-year-olds access payslip information online through a website, just 23% of those aged 55 and over do the same. By contrast, 44% of this age group get their facts and figures from a paper payslip distributed at work, while 36% of 25-34-year-olds access it in the same way.

There are also noticeable differences by sector. For instance, while 42% of private sector workers get earnings data from a paper payslip, just 34% do likewise in the voluntary sector. Similarly, while 57% of public sector employees get their information through a website, just 26% of private sector staff do the same. Finally, while 20% of voluntary sector employees get it via email, in the public sector it's just 8%.

By region, 15% of employees in the Midlands get their wage information through a payslip posted to their home, while just 7% of Londoners report the same. By salary, while 51% of those earning less than £10,000 a year access information through a paper payslip handed out at work, just 29% of those getting more than £70,000 do the same. By contrast, while 46% of those getting more than £70,000 use an online payslip through a website, just 13% of those earning less than £10,000 a year receive data this way.

Overall, just 1% of all workers questioned claim that they don't get any information about their pay from their employer. However, given the size of the UK workforce, this suggests that around 300,000 employees are working for employers that are currently breaking the law by not issuing them a payslip. Interestingly, both those earning less than £10,000 and more than £70,000 are most likely to report this (2%).

Another issue is how often employees look at their pay information. Overall, over four-fifths (82%) of all workers look at their payslip every time they receive it to check their income and net pay, while a slightly lower proportion (77%) check their deductions, such as National Insurance and pension contributions.

Again, there are variations. For instance, while 90% of those workers earning less than £10,000 check their income and net pay every time they get their payslip, just 71% of those who earn more than £70,000 do the same. When it comes to checking payroll deductions, 80% of those earning less than £10,000 do this every time they get their payslip, while just 67% of those who get more than £70,000 do the same.

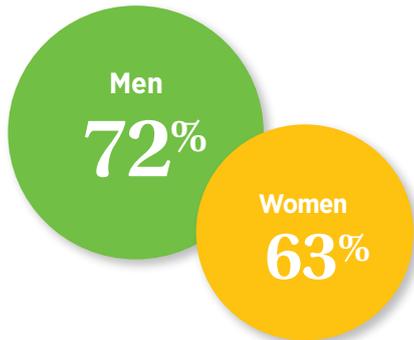
Does it matter how employees access information about their pay so long as they get it? Ideally, employers should offer staff a variety of ways to access their salary information, though in practice, that may not always be feasible for cost or logistical reasons.

Our findings suggest that employers need to think about the demographics of their workforce – age, employee type, level of education, and so on – when distributing pay information. There's not much point changing the way salary information is given to employees if the new way upsets them. However, the value that pay

and reward professionals bring to their organisations is knowing the workforce and predicting how they may react. If we think staff will react badly to the change, we need to think how we can tackle this, such as considering the training staff will need to be given if moving towards a more technologically demanding system and what support will be available for those with access queries.

Also, we should not rely on payslips to communicate reward data to employees, as around one fifth don't look at it on a regular basis, especially those who typically earn more than the average salary. If we want to get important messages across to staff, we can't rely on just one method. Again, as pay and reward professionals, we need to consider the various ways that our employees consume news and adapt our communication approaches accordingly.

6 Pensions and retirement



Women (63%) are less likely to currently be in an employer retirement plan than men (72%).

Our survey finds that between December 2015 and December 2016, the proportion of workers saving through a workplace pension scheme has increased slightly from 66% to 68%. If we exclude all those workers who are currently not eligible to be automatically enrolled because their salary is below £10,000 a year, the proportion of staff in a pension plan is higher at 71%. We asked employees how they had joined their pension plan and found 55% have been automatically enrolled, 37% had to make a conscious effort to join, while the rest can't recall.

Among those employees now in a scheme (68%), this ranges by sector (60% of private sector employees are in) and by pension plan type (65% of public sector respondents are defined benefit pension scheme members). By age, those aged 55 and over are least likely to be in a pension (58%), while those aged 45-54 are most likely to be in a scheme (81%).

By region, Welsh-based workers are less likely (54%), and those in Scotland are most likely, to be in a workplace pension (76%). Scheme membership is associated with higher base pay: while 54% of those earning between £10,000 and £19,999 a year are members, 86% of those with a salary of more than £70,000 are saving. By employer size, 30% of those working for a micro employer and 46% of those employed by a small firm are plan members; by contrast, 82% of employees working for a large organisation are in a workplace scheme.

Women (63%) are less likely to currently be in an employer retirement plan than men (72%), though this could be due to women being more likely to be in part-time employment and in low-paid work. Of those who earn less than £10,000 a year, 82% are women in part-time work. Of those who earn between £10,000 and £19,999, 39% are women in part-time jobs and 31% are women in full-time jobs.

Table 6: Proportion of respondents saving through a workplace pension plan, by sector (%)

Scheme type	All	Private sector	Public sector	Voluntary sector
Defined benefit	23	11	65	22
Defined contribution	33	38	13	45
Unsure whether defined benefit or defined contribution	11	10	14	11
Not in a workplace pension	32	40	8	21

Base: All working respondents (1,658)

By contrast, of those who earn more than £70,000 a year, 78% are men in full-time employment and 13% are men in part-time work.

However, just because someone isn't saving through a workplace pension doesn't mean that they're not saving at all. Of those employees not in a workplace pension (32%), 6% are saving through a private personal pension.

What's been the impact on the spending and saving of those automatically enrolled into a workplace pension so far? Over three-fifths (61%) report that they've not noticed any change (though some may only be currently contributing the 1% legal minimum to the pension), while a further 17%

say that they've not needed to make an adjustment because their pay has increased.

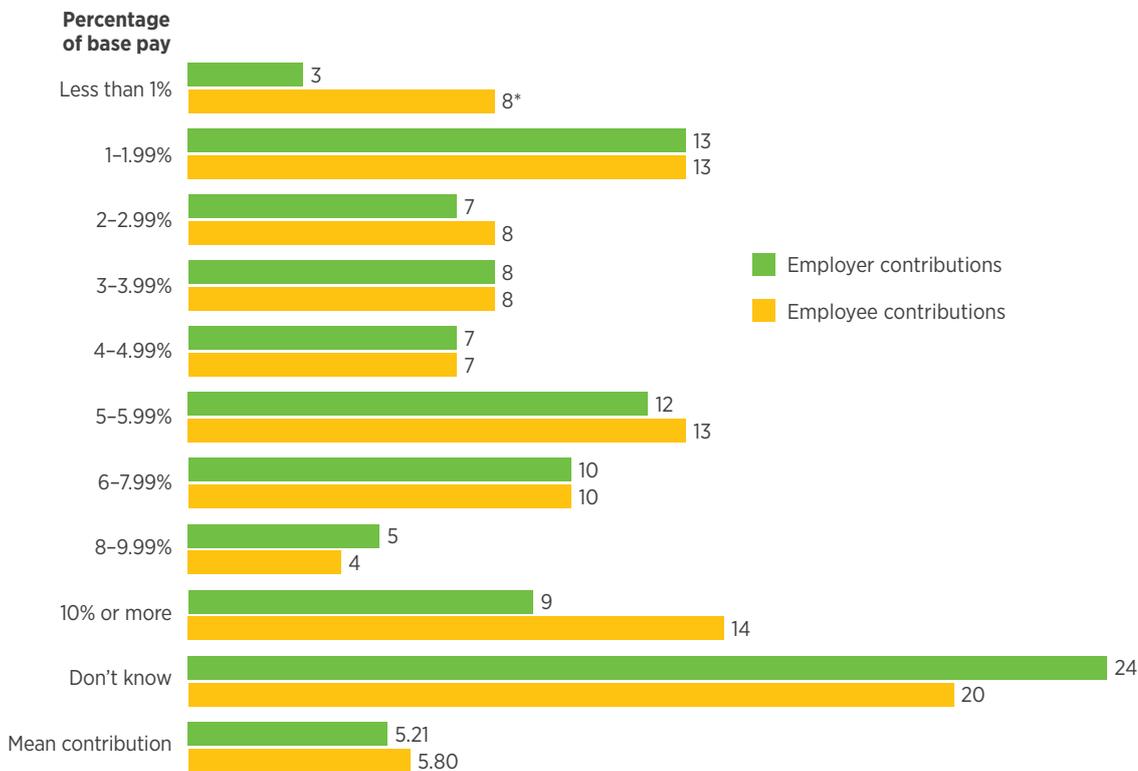
Among those that do report making a change, 12% say they've reduced their spending, while 9% have cut back on their non-pension saving. By income group, those earning between £40,000 and £49,999 have been most likely to cut back on their spending (20%).

It will be interesting to note whether the increase in the minimum automatic enrolment contribution rates in the coming years makes workers more aware of how much they are paying into their pension and the impact on their spending and saving and whether this will influence their decisions to stay in the pension.

Pension contributions

Our research shows that pension awareness among employees is high, with most knowing how much both they and their employers are contributing. However, awareness levels are lower among members of defined benefit (DB) arrangements than among those in a defined contribution (DC) plan. Among DB members, 70% know what they are contributing and 57% know what their employer is paying. By contrast, 80% of DC members know what they are contributing and 76% know what their employer is paying in. Our findings suggest that employers providing a DB scheme could be doing more to communicate the full value of their pension contributions to their employees.

Figure 9: Employer and employee DC pension contributions as a proportion of salary (%)



Base: All working respondents in a workplace DC pension scheme (n=555)

*includes non-contributory plans.

As a proportion of employee salaries, employer (8.06%) and worker (8.14%) pension contributions are higher (by a total of 5.19%) in DB than DC plans. Figure 9 shows employer and employee DC pension contributions. If inflation and the cost of living starts to rise significantly in 2017, it will be interesting to see whether this has a downward influence on what workers contribute to their DC plans.

Focusing on DC schemes by sector, the average employee contribution is highest in the public sector (9%), while the average employer contribution is also highest in the public sector (7%). By age, the average employee contribution is highest for 25–34-year-olds (7%), while the average employer contribution is highest for 45–54-year-olds (5%). By region, the average employee contribution is highest in the Midlands (6%), while the average employer contribution is highest in Scotland (7%).

Changing work and retirement patterns

Looking to the future, Table 7 shows when employees expect to retire from paid employment. Overall, the data shows that among those who're able to make a prediction, more expect to retire after 65 than those who expect to leave at or before that age. While just 31% of 45–54-year-olds suppose that they'll carry on past 65, 49% of those aged 55 and over think they'll soldier on past 65. By region, 44% of workers based in the south-west of England predict carrying on past 65, while just 32% of those working in London or Wales expect the same.

Those employed in the relatively physically demanding sectors of construction (43%), retail and hotels (46%) and catering (46%) are most likely to predict working past 65. Also, those staff not saving through a workplace pension are most likely (42%) to think they'll work past 65 than those in a scheme (35%). By salary, 42% of those earning less

than £20,000 a year think they'll still be in paid employment past 65, while just 28% of those on £70,000 think likewise.

However, 24% of respondents don't know when they'll stop work. Women (29%), those employed in the voluntary sector (31%) and those being paid less than £20,000 a year (31%) are most unsure. Just 14% of those earning more than £70,000 don't know. Unsurprisingly, 18–24-year-olds are less sure (40% don't know) than those aged 55 and over (just 15% don't know). Those employed in the public (29%) or financial (30%) services or earning more than £70,000 (36%) are most confident that they'll leave work before 65.

Among those predicting that they'll carry on working past 65, the average (mean) year at which they think they'll stop working is 69.6, slightly higher for male (69.9) than female (69.2) employees.

Table 7: When employees expect to retire from paid employment (%), by gender and sector

	All	Men	Women	Private	Public	Voluntary
Intend to retire after 65	37	40	35	39	30	44
Intend to retire at 65	17	19	15	16	20	11
Intend to retire before 65	19	20	18	17	29	11
Don't know	24	18	29	24	21	31
Not applicable	3	3	3	3	1	3

Base: All working respondents (n=1,658)

Just over two-fifths (42%) of staff think they'll retire from their current employer, while the rest don't think they will (31%) or don't know (27%). Those aged 55 and over are most likely (71%) to predict that they'll retire from work with their present organisation. By contrast, just 28% of those aged between 35 and 54 think likewise. This has employment implications for employers in that any employee in their 50s and over is going to be very likely to stay with their existing employer until they retire.

Figure 10 shows the extent to which workers agree that the state pension age (SPA) is/will play a crucial part in their decision to stop working and retire from paid employment.

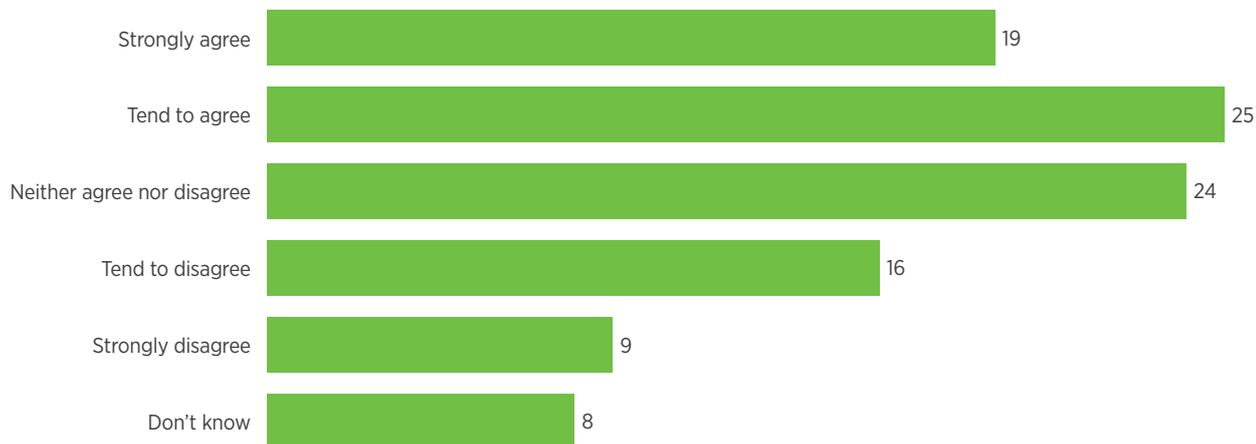
Employees more likely to agree that it's important are those who are 18-24 years old (52%); work in the voluntary sector (51%); earn less than £10,000 a year (59%); and are employed in transport and communications (54%). Therefore, any changes to the SPA are going to have a bigger impact on employment practices in these sectors and among these workers.

However, while important, the SPA isn't the only consideration in retirement decisions. When we ask employees to rate the factors that they think will be important to them when deciding to retire, not being able to physically continue working comes out as the most common response, especially for

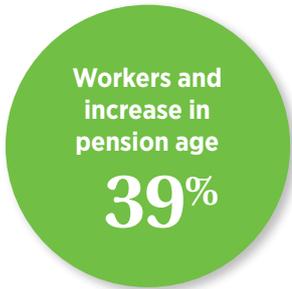


Those aged 55 and over are most likely (71%) to predict that they'll retire from work with their present organisation.

Figure 10: The extent to which staff agree the SPA influences their retirement decisions (%)



Base: All working respondents (n=1,658)



39% of workers claim that they do not know that the state pension age will increase from 65 to 66 between 2018 and 2020.

female and voluntary sector staff. Table 8 also shows that reaching the age at which they can get their company or their private pension is most important for male and public sector workers. While physical health has a strong role in determining retirement, mental health appears not to have such a significant role.

While the state pension plays an important part in employee retirement decisions, there's a concerning lack of awareness among workers regarding certain aspects. For instance, 39% of workers claim that they do not know that the state pension age will increase from 65 to 66 between 2018 and 2020. Fortunately, among those nearer to retirement, the percentage of those aged 55 and over who are aware of the change is 74%. However, it's concerning that 26% of this age group claim that they are unaware of the increase that starts next year. The 26% of those aged 55 and above who are unaware are most likely to be female (61%), from the south of England (28%) and earn between £15,000 and £25,000 per annum.

Among 35–54-year-olds, 59% are aware of the increase to 66, while 41% are not. When we also asked this age group whether they knew that the state pension age was going to increase from 66 to 67 between 2026 and 2028, 48% reported that they didn't know that this was the case.

There's also a significant minority of employees who are unaware that they need to have paid National Insurance contributions for ten years to get the minimum state pension (36%) and that they must have paid National Insurance contributions for 35 years to get the full state pension (32%).

While it's good news that 76% of those aged 55 and over know that they need ten years of contributions to get the minimum state pension and 86% know that they must have 35 years to get the maximum, it could come as a nasty surprise to those who do not.

Regarding the impact of contracting-in on the size of the state pension, just 39% are aware of it. Even among the over-55s, just 54% know that you need to have been contracted in for 35 years to

Table 8: The factors influencing retirement decisions (%), by gender and sector

Factors	All	Men	Women	Private	Public	Voluntary
When I feel I'm not physically able to continue pre-retirement employment	28	24	32	30	19	32
When I reach the age at which I can take my employer or private pension	22	28	17	19	37	17
When I reach the age at which I can take my state pension	19	18	21	19	19	16
When I feel I'm not mentally able to continue pre-retirement employment	10	12	9	11	8	10
When I'm able to access non-pension wealth	9	10	9	9	11	11
Not applicable	11	10	13	12	7	14

Base: All working respondents (n=1,658)

get the full state pension. Just 35% of those aged between 35 and 54 know about the possible consequences of being contracted in or out.

These findings point to the importance of getting the message to employees about the age at which you can get the state pension and how long they must have contributed to get the full amount, as well as what employees can do if they want to get the maximum, such as paying voluntary contributions or getting credits if they were ill or unemployed.

While government should take the lead in providing prompt and accurate information, employers have a role in signposting where their

workers can get the data they need to make informed choices when deciding to retire, such as how to get their state pension statement and their National Insurance statement.

If the message does not get out, we will be storing workplace problems for the future. There will be a significant impact on employers in terms of catering for workers who have had to postpone their retirement because they were unaware of what they needed to do to get the full state pension and when they could get it.

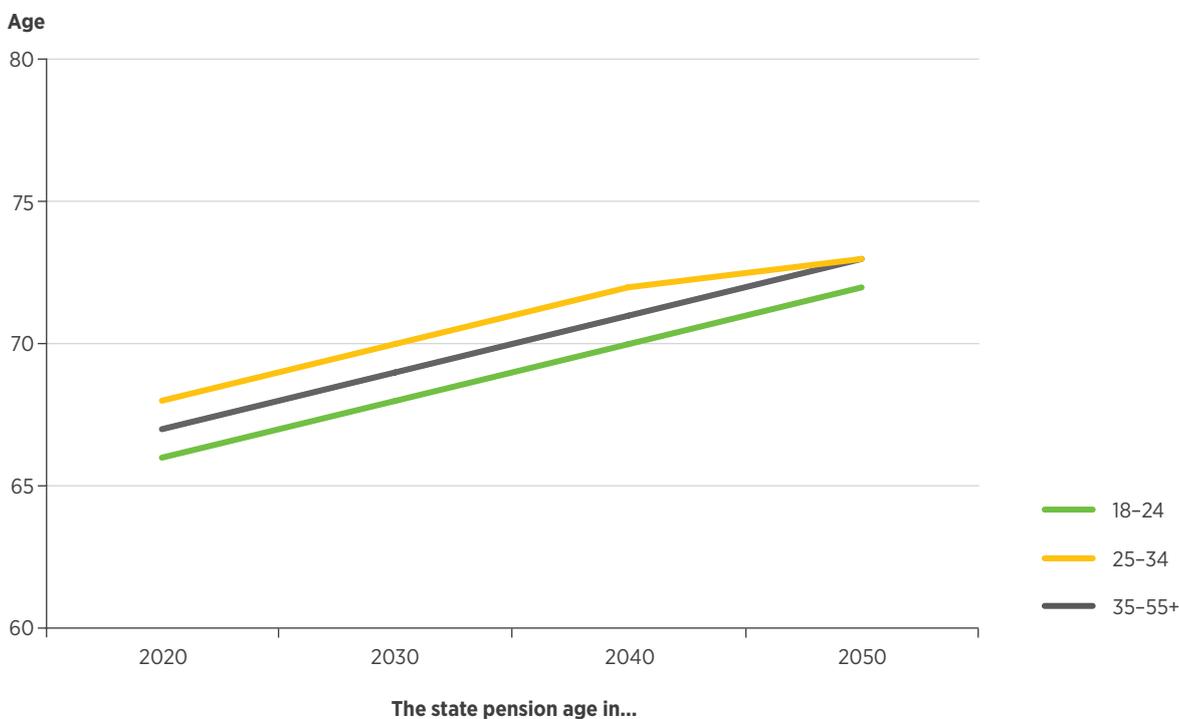
Looking to the future, 48% of those questioned prefer a state pension that is paid earlier but is less

generous, while 18% prefer a state pension that is paid later but is worth more. The remainder either express no preference (23%) or do not know (11%).

The majority of employees (66%) do not have any worries that they'll eventually receive a state pension, though a third (34%) do have concerns. Women are more likely to express worries (38%) than men (30%), as do 35-54-year-olds (41%).

When asked what the SPA will be in the future, most staff predict it will be somewhere between 70 and 72 by 2040 and somewhere between 72 and 73 by 2050. Figure 11 shows the forecasts by age.

Figure 11: Future state pension ages (%)



Base: All working respondents (n=1,658)

Working past 65

Among those workers planning to carry on in employment past the age of 65 (37%), the most common explanation (32%) is that they believe that doing so will keep them mentally fit, followed by a desire to earn money so as to enjoy themselves (27%), such as going on nice holidays, eating out, helping out friends and family, and so on. Just 8% thought that they would need to continue working because of financial necessity, such as bank loans or mortgage commitments. However, 40% of those planning to remain in employment past 65 were unable to give any explanation of why they were planning to do so; this is especially true of those aged 55 and over (51%). This may indicate that for some older workers, work

has become a habit, and they'll carry on in employment even if they don't know why.

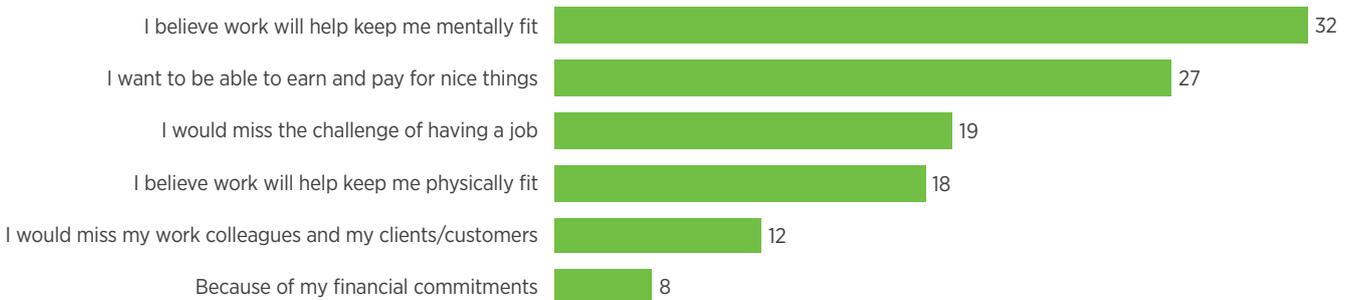
When asked how they would like to be employed past the age of 65, among those planning to stay on at work the most popular option is in a permanent part-time role (16%) until they retire from paid work, followed by permanent full-time work (9%), and starting off in a permanent full-time job and then gradually shifting to part-time work (8%).

While 42% of workers expect to retire from work with their current employer, 31% don't. Half (50%) think they'll do this with a new employer, 16% plan to become self-employed, while 8% think it will be a mixture of working with new

and previous employers. However, 26% don't know by whom they'll be employed.

Compared with other workers aged 45 and over, Table 9 shows that public sector staff are taking more steps to prolong their working lives. Over half of them are keeping their skills and knowledge up to date (such as through courses or training) and taking regular exercise. This may be a reflection of various initiatives in the public sector focusing on promoting employee well-being and training and development. The private sector could face issues in the future with employees staying on past 65 who haven't been keeping themselves fit and don't have the skills and knowledge required.

Figure 12: Reasons why employees would like to carry on working past 65 (%)



Base: n=316

Table 9: The steps the over-45s are taking to prolong their working lives (%)

	All	Private	Public	Voluntary
Healthy diet	45	44	49	43
Taking regular exercise	43	42	50	43
Keeping skills and knowledge up to date	38	33	54	48
Focusing on career that has long-term prospects	12	11	15	11
Other steps	4	3	7	4
No steps being taken	35	37	23	34

Base: n=1,079

With the increase in the SPA and an ageing workforce, we asked employees how much they feel that their workplace currently meets the needs of those workers aged 65 and over. Table 10 reveals the scale of the task, with just around one in four employees thinking that their employer is meeting the various employment needs of this group of workers. The rest of respondents either think that their organisation is neither prepared nor unprepared or think that their workplace is unprepared.

Overall, respondents think that their organisations are most prepared (28%) to meet the performance needs of those aged 65 and over and least prepared to adapt their working conditions (22%) to meet this group's wants. By age, those workers 55 and over are most likely to say that their organisation is unprepared to meet the various needs of those aged 65 and over. This is concerning as this age group is probably more aware of

the working requirements of older workers and so in a better position to assess how well their employer is currently meeting them.

Most workers (61%) are now aware that employers are not able to retire someone solely because of their age, unless they can objectively justify their decision. Those that are most aware are workers aged 55 and over (74%) and those aged between 35 and 54 (51%). However, it does indicate that 25% of those who are approaching retirement are still unaware that since 2011 they can't be retired by their organisation because of how old they are.

Almost nine in ten workers (86%) think that the removal of retirement ages (unless objectively justified) has had a positive impact in their workplace. The remainder are unable to express an opinion. No one thought that the abolition of retirement ages had been a bad thing.



Almost nine in ten workers (86%) think that the removal of retirement ages (unless objectively justified) has had a positive impact in their workplace.

Table 10: How prepared workplaces are to meet the needs of workers aged 65 in terms of...(%)

	Recruitment, selection and induction	Training and development	Reward and recognition	Managing employee performance	Adapting hours	Adapting work conditions	Including them in the organisation's culture
Very prepared	6	6	5	6	7	6	7
Somewhat prepared	18	20	18	22	20	17	19
Neither prepared nor unprepared	17	16	18	18	16	16	17
Somewhat unprepared	13	13	11	11	11	13	12
Very unprepared	9	11	12	12	11	13	10
Need not being considered	16	14	15	12	15	17	14
Don't know	22	19	20	20	19	19	20

Base: All working respondents (n=1,658)

7 Living standards

Despite low inflation over the past 12 months, more employees (23%) report a decline in their living standards between 2015 and 2016 than say it has improved (17%). This is broadly in line with what employees predicted would happen in December 2015 (23% forecast a fall and 18% an improvement).

Figure 13 shows that voluntary sector workers are both more likely (20%) to report an increase in living standards and most likely to report a decline (34%). Workers seeing their living standards fall are most likely to be those: aged 55 and over; located in Wales; earning less than £10,000; and who have received a pay cut or a pay freeze.

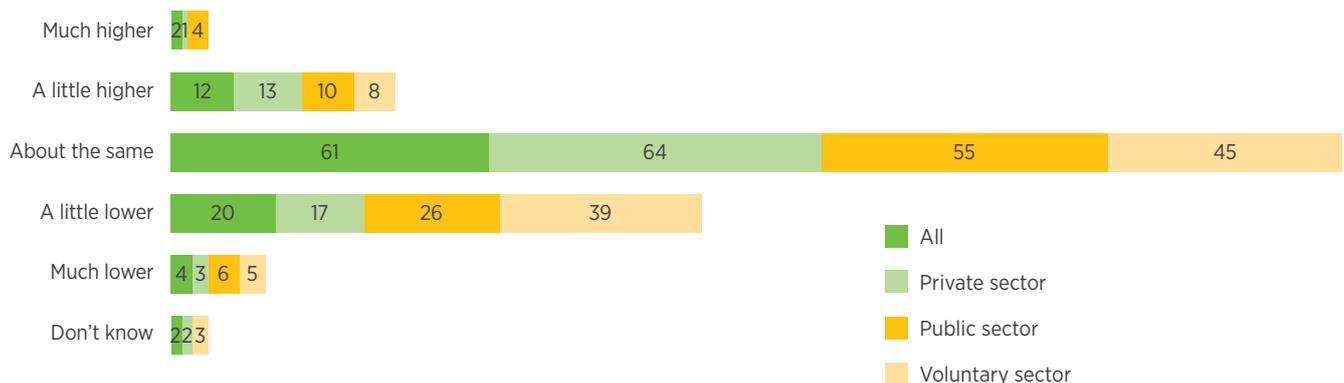
Looking towards 2017, Figure 14 shows that 13% think that their living standards will improve, while 24% think they'll decline. Private and public sector workers are most optimistic (14%) that their living standards will rise, while voluntary sector staff are most pessimistic (44%). The most hopeful about improving their living standards are those aged between 18 and 24, based in London, and earning between £30,000 and £39,999.

Figure 13: How employee living standards have changed between 2015 and 2016 (%)



Base: All working respondents answering (n=1,658)

Figure 14: How employee living standards are predicted to change between 2016 and 2017 (%)



Base: All working respondents answering (n=1,628)

Background to the survey

The aims of the CIPD's annual survey of employee attitudes to pay are to examine: employer pay decisions; the basis of these choices; employee reactions to these pay and bonus decisions; employee pay and bonus decision forecasts for 2017; and employee attitudes towards pensions and retirement.

On behalf of the CIPD, YouGov undertook this research among UK employees and builds on the data collected previously.

Method

The survey was conducted online via the YouGov panel. Fieldwork was carried out among 1,658 working adults between 12 and 21 December 2016 and was selected and weighted to be representative of the UK workforce in relation to sector and size (private, public, voluntary) and industry type. The sample profile is normally derived from census data or, if not available from the census, from industry-accepted data.

Sample breakdown

Table 11 provides a breakdown of the key groups within the sample for the 2016 survey.

Table 11: Sample breakdown

Key groups	% (weighted)
All working	100
Gender	
Men	49
Women	51
Working status	
Full-time	70
Part-time	30
Sector	
Private sector	73
Public sector	20
Voluntary sector	6
Organisation size	
Micro organisation (2-9)	14
Small organisation (10-49)	16
Medium organisation (50-249)	13
Large organisation (250+)	56
Don't know	3
Management level	
Middle management and above	24
Junior manager/team leader/supervisor	18
No managerial responsibilities	56
Region	
London	11
The east and south of England	37
Midlands and Wales	18
North of England	21
Scotland and Northern Ireland	14
Age	
18-24	9
25-34	8
35-44	19
45-54	26
55+	39
Base pay	
Less than £10,000	8
£10,001-19,999	21
£20,000-29,999	19
£30,000-39,999	14
£40,000-49,999	9
£50,000-69,999	8
More than £70,000	6
Prefer to not say or don't know	16

The CIPD logo is rendered in a bold, white, sans-serif font. The letters are thick and closely spaced, with a clean, modern aesthetic. The background of the entire page is a vibrant green, with a large, white, curved shape on the right side that partially overlaps the logo area.

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Issued: February 2017 Reference: 7474 © CIPD 2017