
COST OF LIVING AND INFLATIONARY PRESSURES:

**How best to support your staff
and your business?**



Introduction

The cost-of-living and inflationary crisis is affecting many individuals and businesses across the world including the research sector. Businesses are grappling with the challenges of supporting staff whilst protecting their financial stability. Staff are having to cope with the stress of higher costs and increased financial pressures.

The impact of the cost-of-living crisis is affecting everyone in different ways. Research conducted by the CIPD in 2022 identified that 28% of participants said that money problems affected their job performance¹. But increasing salaries is not the only answer. Indeed, for many businesses this is not the affordable option.

Research has shown that many staff would prefer new benefits to a pay rise, as benefits can ease some of the financial pressures of the everyday costs of living. For example, six in ten workers who have hybrid working conditions report that flexible working has helped them to manage the increased cost of living².

¹ CIPD research 2022: <https://www.peoplemanagement.co.uk/article/1751850/one-10-employees-dont-earn-enough-pay-food-bills-cipd-poll-finds>

² Glassdoor research 2022: <https://www.employeebenefits.co.uk/58-say-flexible-working-helps-with-living-costs/>

What can you do?

The aim of this Briefing is to review different ways which businesses can support staff, and to consider some of the benefits and pitfalls of the options available, to help businesses identify what might work best for them.

Not all of the available options are financial; communication, policies, working culture and accessibility can all help.

Some of the suggestions may cost business significant sums, whilst others less so. No one single approach is 'right'. Businesses should consider what suits and mix and match to find the best approach for their business and staff.

But remember, even the smallest changes can often make the most difference if staff are really struggling. Anything organisations can do to ease the current pressure can help staff wellbeing, support staff morale, strengthen staff loyalty and improve staff retention. The important thing is to manage staff expectations and to ensure that whatever is offered can be delivered.

Some of the following suggestions are also applicable to those who are workers such as interviewers.

Some ideas to consider...

Action	Why a benefit...?	Think about...
Financial Rewards		
Pay a fair and liveable wage for all staff	<p>Businesses improve their staff retention and reputation by paying all staff appropriate wages.</p> <p>A fair and liveable wage gives all staff the opportunity to live their life with dignity with the option to participate in society.</p>	<p>The Living Wage differs across the country with London for example having a different rate to other parts of the country.</p> <p>The National Living Wage is different to the National Minimum Wage.</p> <p>New rates for the National Living Wage and National Minimum Wage will come into force from April 2023.</p>
Review your approach to awards and bonuses; consider one-off cost of living payments rather than % increases.	<p>One-off top-up payments can be more suitable rather than % of salary as one-off payments can have a bigger impact for those on lower salaries who tend to be hardest hit by cost-of-living pressures.</p>	<p>When making any additional pay reward consider if it might inadvertently affect support payments such as Universal Credit or Tax Credits.</p> <p>See the CIPD blog on one-off bonuses.</p> <p>Also consider if pay award increases affect tax thresholds and how any payments may affect tax free allowances and tax codes.</p>

Action	Why a benefit...?	Think about...
Consider introducing, promoting and/or extending salary sacrifice schemes.	A salary sacrifice arrangement is an agreement to reduce an employee's entitlement to cash pay, usually in return for a non-cash benefit.	Employers need to calculate the value of any non-cash benefits offered in a salary sacrifice arrangement. The only benefits which do not need to be valued and do not have to be reported to HMRC for a salary sacrifice arrangement are: <ul style="list-style-type: none"> - payments into pension schemes - employer provided pensions advice - workplace nurseries - childcare vouchers and directly contracted employer provided childcare that started on or before 4 October 2018 - bicycles and cycling safety equipment (including cycle to work).
Review and re-visit staff awards and payment decisions including outside of the 'normal' review cycle.	The cost-of-living situation is fast evolving and assumptions made previously may no longer be true. By reviewing the situation, you can catch those staff whose financial situation may have deteriorated.	Consider how frequently pay awards are reviewed.
If operating a bonus scheme, pay bonuses across the year e.g., quarterly, rather than only paying bonuses once a year.	Spreading out bonus payments can help staff with their cashflow and help with coping with increased living expenses.	Consider if bonus payments affect tax thresholds, tax free allowances and tax codes.

Action	Why a benefit...?	Think about...
<p>Creating an emergency staff fund for unexpected expenses which can occur such as domestic appliances breaking down.</p>	<p>Targeted assistance for those staff in most need easing the strain on household finances.</p> <p>Emergency funds can also ensure that the home arrangements, where hybrid working staff might be working some of the time, is suitable and conducive for working.</p>	<p>Determine how such a fund will operate, for example:</p> <ul style="list-style-type: none"> - The total size of the fund - The period when the fund will be available - Maximum amounts that can be given - Whether staff can repeatedly draw upon the fund - When (and if) the fund will be replenished
<p>Interest free staff loans.</p>	<p>Assistance with cashflow with repayments spread across months/years to help with short-term financial difficulties.</p>	<p>Many businesses may already have systems in place for interest free loans such as those offered to help with travel costs. These can be adapted for more general purposes as tax free loans.</p> <p>Consider what repayment periods will be offered and be clear about the repayment of loans for staff who leave before repayments have been made.</p>

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Financial Reimbursements		
Pay expenses promptly.	Expenses are in effect debts between businesses and staff. Therefore, prompt payment is essential and will help staff manage their cashflow.	Consider how your expenses system is managed. Effective expenses reimbursement systems are those that are: <ul style="list-style-type: none"> - Easy to access - Open for repayments at any time i.e., don't have fixed repayment windows - Provide clear timeframes when repayments will be made - Frequently repay expenses
Review mileage and fuel rates	Fuel charges have increased significantly since the energy crisis. By ensuring that mileage rates reflect the current cost will help to ensure that driving for work purposes is still affordable for staff.	Reviewing the mileage rate at least once a year to ensure that it is reflecting current market rates.

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Staff Benefits		
Review staff benefits and consider expanding what is offered.	<p>Employee benefits can help ease daily costs enabling salaries to stretch further. Benefits that are considered 'fringe benefits' can be more beneficial than big ticket items e.g. discount cards, loans or subsidies and cycle to work salary sacrifice schemes.</p> <p>See the CIPD tips for benefits packages.</p>	<p>Some benefits have to be declared and are taxed, such as health insurance, so check to make sure that the tax costs of the benefits don't outweigh the financial benefit being offered.</p> <p>One-off purchases where the value is less than £50 per head ought to fall within the trivial benefit tax rules. It is more problematic if purchases and payments are available all the time.</p>
Offer supplementary staff benefits such as free food at work.	Providing supplementary staff benefits such as refreshments can ease household food bills for staff and enable nutritious food at a time when some may skip meals to save money.	There may be tax implications for certain supplementary benefits. However, no tax is payable on lunches which are provided to all staff in the workplace premises.
Contribute to or pay for professional memberships and/or subscriptions	Professional associations offer support to help practitioners in their working lives. Staff may feel more comfortable seeking help outside of their employer via their professional association.	<p>HMRC offer tax relief on professional fees and subscriptions if being a member is relevant to a working role. More advice about claiming relief is available here.</p> <p>The list of HMRC approved associations is available here. MRS is on the HMRC approved list.</p>

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Staff Contracts

Review employment contracts to determine if staff can undertake second jobs.	Staff can undertake additional work to supplement their income and help with their household expenses.	Consider the legal implications of second jobs e.g., Restrictive Covenant clauses in contracts, zero rated contracts.
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Working Conditions

Allow flexible working including offering the options for home or office-based working.	For some staff being able to work in a warm office with work supplied refreshments will be appreciated as a great benefit. For others, the ability to work from home saving potentially on travel and childcare costs would be much more important. For most staff hybrid working with a mixture of office and home working provides the best balance.	Work with staff to devise the working arrangements that work best for them and the business.
Pay an allowance or provide a contribution to heating costs.	Heating costs is one of the significant downsides to home working. Contributions can make home working more affordable – and can help to ensure that staff are more efficient and effective when working from home.	HMRC has changed the rules about claiming tax relief when working from home. Individuals can claim tax relief if they work from home for example: <ul style="list-style-type: none"> – If their job requires the individual to live far away from their office – If an employer does not have an office

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		<p>Individuals cannot claim tax relief if they choose to work from home. This includes if:</p> <ul style="list-style-type: none"> - Employment contract lets individuals work from home some or all of the time. - Individuals work from home because of COVID-19 <p>Employers have an office, but individuals cannot go there sometimes because it's full.</p>
Create staff eating areas within offices/employer work areas.	Eating areas within offices/employer work areas offering utilities such as fridges and microwaves enable staff to bring in their own food from home.	Converting unused spaces such as storage spaces within offices/employer work areas into storage areas for food, hygiene and cleaning products if you don't already have designated spaces.

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Staff Policies and Training

<p>Implement a Financial Wellbeing Policy and/or provide financial wellbeing workshops, advice and information.</p>	<p>Many staff struggle or lack confidence in managing their financial affairs. By providing guidance and directing staff to independent guidance can help staff to discuss money which they might otherwise be reluctant to do.</p>	<p>Staff may be reluctant to participate in Financial Wellbeing programmes, so communication is key.</p> <p>The CIPD offers some good advice on developing financial wellbeing policies and approaches.</p> <p>Employee Assistance Programmes can help to support financial wellbeing policies.</p>
<p>Train your managers to supplement any financial wellbeing policies to ensure managers are providing the right support to staff.</p>	<p>Supportive managers can help staff more than policies alone. Well trained managers can ensure that any financial wellbeing policies are properly implemented.</p> <p>Managers can also be trained to look out for those who might be struggling in silence and maybe most in need; and this might not necessarily be the lowest earners.</p>	<p>Managers are best placed to identify those staff that are affected by financial pressures and concerns. However, managers need to be supported to ensure that they are not overburdened by other staff members' concerns. Consider introducing Financial Wellbeing First Aiders who are specially trained to deal with financial issues affecting staff.</p>

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Working Culture & Communication

<p>Empower your employees to be heard.</p>	<p>Businesses where staff and leaders work together are more likely to devise solutions that work for the majority. No solution will satisfy everyone's needs but a combined approach is more likely to succeed.</p>	<p><u>The CIPD offers some good advice on empowering the employee voice.</u></p> <p>Consider team challenges to encourage the identification and sharing of saving tips between colleagues.</p> <p>Consider tracking savings and rewarding staff who identify savings which have a wider societal impact on wellbeing or the environment.</p> <p>Separately MRS is working on some new guidance assisting businesses in developing ways to enable employees to play a more significant role within businesses.</p>
<p>Devise a communication strategy detailing your cost-of-living approach</p>	<p>Communication is key to ensuring that all staff understand what is available and what is being supplied to support them.</p>	<p>Consider delivering your communications through multiple channels e.g., face to face, online portals, workshops, etc.</p> <p>Social media can also be a helpful resource, including short videos with tips.</p>
<p>Be transparent about your businesses' financial performance.</p>	<p>Understanding financial performance helps staff to contextualise salaries and benefits, including capacity for pay rises and bonuses.</p>	<p>Consider how this information is communicated and ensure it is understandable for all staff across your business.</p>
<p>Be transparent about pay bands and/or role salaries.</p>	<p>Clarity about salary bands and role ranges reduces the likelihood or perception of unfairness and helps to manage staff salary expectations.</p>	<p>Consider undertaking salary benchmarking to track pay bands and salaries for roles and their comparability with other employers and sectors.</p>

Have you identified other options we have not thought of?

If you have applied successfully other solutions which we have not covered please let us know via company.partners@mrs.org.uk. We will review the Briefing document and expand the guidance with your feedback to ensure it remains practical and relevant.

Support for Research Practitioners

[The Market Research Benevolent Association \(MRBA\)](#) exists to provide financial support and advice to practitioners who work or have worked in any aspect of research and are based in the UK. Details of the MRBA should be made available to any research practitioners including interviewers who are experiencing financial difficulties due to Covid-19 and are not being supported by other means.

Other financial advice, support and resources available

Government Support:

- **Cost of living support** is a UK Government site with a wide range of support options including support with income, bills, childcare, housing, travel, business and support for those disabled: <https://www.gov.uk/cost-of-living>
- **Help for Households** is the UK Government's site detailing available support to help with the cost of living and energy saving tips: https://helpforhouseholds.campaign.gov.uk/?gclid=CjwKCAiAuOieBhAIEiwAgjCvchk5h59GJ8MKGasfkkWBXQk1GP83chVSKrjOTWoLxVcujQ5G1SR5LRoCPoQQAvD_BwE&gclidsrc=aw.ds

Others:

- **Citizens Advice** has information about help and support available including available benefits: <https://www.citizensadvice.org.uk/debt-and-money/get-help-with-the-cost-of-living/>
- **The Money Charity** is a financial capability charity that helps people manage their money: <https://themoneycharity.org.uk/advice-information/>
- **Which?** provides free advice on saving for example on energy, broadband and mobile bills plus some advice on managing finances and switching services: <https://www.which.co.uk/topic/cost-of-living>