

The Heritage Alliance Roundtable with Bates Wells: HR Clinic

OCTOBER 2022



Managing the Impact of the Cost of Living Crisis

These monthly sessions are led by **Paul Seath** (Partner) and **Damian Ward** (Senior Associate) from law firm Bates Wells.

This session focussed on how members can address the impact of the cost of living crisis on their staff in light of a potentially limited scope to increase wages.

The session was not recorded to enable an open conversation. Instead, this note provides an overview of what was discussed.



1. The role of your organisation

Overview

Organisations can feel limited in what they can do to address the rising cost of living. Challenges over the past few years, including the pandemic, have led to a loss of staff due to budget constraints. Income is being further affected by lower visitor numbers compared to before the pandemic. The current cost of living crisis has posed an additional challenge for employees' financial wellbeing and mental health. It is not always possible to increase pay or provide loans. While employers cannot 'fix' employees' mental ill health, they can signpost them to support and resources. It is a similar situation for financial wellbeing which also affects staff from a range of backgrounds. Employers can provide benefit schemes which include access to resources and tools enabling staff to improve and manage financial wellbeing. Increasing numbers of people are needing support. Organisations, particularly at senior management or budget holder level, have become increasingly aware of the issues their staff are facing.

Staff expectations

When it comes to recruitment, candidates are increasingly prioritising their wellbeing. Flexible policies and support for employees' welfare can often be more attractive than financial perks. More staff are looking to their employers and there is a greater expectation generally that employers will support staff in some way. Historically, this has been most common amongst staff nearing retirement. Recently, however, there has been a rise in the number of younger people seeking support. A YouGov survey showed that 69% of the UK public agreed that it was business leaders' responsibility to act to reduce the burden of the cost of living crisis for their employees, customers and/or suppliers.

Building in time during the working day for staff to discuss their thoughts and concerns can be useful. It means employees do not have to try to think through their personal issues when they reach home tired in the evening. It can also help staff to then focus on their work for the rest of the day rather than worrying about their finances and not feeling able to talk about their concerns.

Facilitating conversations with staff

Facilitating such discussions can help to combat the stigma we have in the UK around talking about money. It can make staff more willing to engage with, and discuss, financial wellness. We have seen a positive shift in recent years in the dialogue between employers and staff around mental health. Employers are wary of 'talking at' staff about money and sounding presumptive, despite their good intentions. It has held some organisations back from promptly addressing the issue.

It is therefore important to think about how to convey messages around money. Organisations can build trust with staff by creating a supportive environment. Different people prefer different methods of communication, such as face-to-face or virtual conversations, anonymous emails or chats, and one-on-one or group sessions. Employers will need to bear in mind the demographic and personalities of employees they are communicating with. This will allow discussions to progress and become more engaging for each employee.

Sharing know-how with staff

Paul provided suggestions which organisations can weave together to encourage people to think about their finances in a broader way and lessen the taboo associated with discussing financial wellness. These included:

- Having a financial health first aider who could signpost people to available tools and resources.
- Asking staff to share tips on money-saving practices that have worked for them on an anonymous basis. Social media can be a helpful resource, including short videos with tips on apps like TikTok which can be shared with colleagues who may not use the media.
- Having team challenges to encourage saving, such as bringing a homemade lunch.
- Emphasising the fact that, often, saving money has a positive impact on health and wellbeing, as well as on the environment. For example, cycling or walking to work can have significant benefits over driving or taking public transport.

Ask staff about their priorities and financial objectives. Consider what you want to achieve and potential limitations. Think about the support already being provided and what additional or new support can be implemented. Sitting down to plan for upcoming developments or challenges can help to prepare your business. There may be hundreds of resources available online, for example.

Participants agreed that having links and tips in a single space for staff to access when they need them would be beneficial, especially if their organisation lacked the funds to provide more resources to staff. It might be too time-consuming to add to a HR team or single HR person's to-do list. In response, The Heritage Alliance said that it is considering setting up a blog for this purpose. Members would contribute links and ideas and everyone would be able to access it.



2. How other organisations are responding

Paul recapped various initiatives set up by other organisations in response to the increased cost of living. Examples included:

- Targeted support towards lower income colleagues through offering a pay rise to all except the Senior Leadership Team.
- Creating emergency funds for unexpected expenses such as a boiler breaking down.
- Financial wellbeing programmes with hardship loans and financial coaching.
- Converting a storage area into a staff pantry with food, hygiene, and cleaning products.
- Offering interest-free loans of up to £10,000.
- Organising free lunches.
- Establishing a 'Talking Shop' boardroom to listen to ideas from staff. This can be an opportunity to discuss what is on people's minds and bring their ideas to life.
- Bringing ideas from staff into reality. Examples included supporting NHS Healthy Start schemes, offering micro loans for food shopping and improved family-friendly policies and carer's rights.
- Teaming up with Experian to create a United For Financial Health programme.
- Sharing knowledge, advice and practical tips for financial resilience.

Tax implications

There will be tax implications to certain measures. One-off purchases where the value is less than £50 per head ought to fall within the trivial benefit rules. It is more problematic if purchases and payments are available all the time. No tax is payable on lunches which are provided to all staff in the workplace premises. Free lunches can provide staff with a free and nutritious meal at a time when many may skip meals to save money. There are limits to what is free from tax; it would not cover extravagant food and drink.

Non-financial measures

Sometimes non-financial measures can be more effective in making a positive difference in employees' lives. An example is improving flexibility around family and caring responsibilities, which can be a deciding factor in whether someone joins or stays on at the organisation.

Targeted pay rises

Pay rises for certain people and not others further up the pay scales can help. Bear in mind that some lower income employees may not be the primary or only earner in their household. Tailored plans are preferable to blanket measures. Looking at when and how regularly people are paid can help them to budget more effectively.

Participants had the following thoughts:

- A one-off payment from organisations which are currently performing slightly better than a few months ago, but cannot commit to a regular payment, can help staff with the cost of living. Lots of businesses are looking at one-off allowances of £500-£750. There had previously been some reluctance to commit to this while

there was uncertainty around National Insurance contributions.

- Paul noted that it was important to be clear around the messaging accompanying one-off payments. It might help to tell staff that the organisation recognises the unprecedented times we are living in and that it has therefore drawn from a small budget to make the one-off payment to everyone or just people up to a certain pay level. Alternatively, the payment could be a certain amount for some people with the opportunity for others to receive from a pot dedicated to emergencies.
- Organisations are finding it a challenge to encourage staff to return to working in the office. Paul noted that getting people back into the office is a national issue. Legally, you can contractually oblige people to work from the office but there are lots of non-legal risks to this. Participants thought that having an onsite financial first aider might be an attractive way to encourage employees back to the office without making it mandatory.
- One participant wanted advice on tone, timing and delivery of help to employees. Another informed the group that something which had helped was setting up coffees, which are an informal way to help people to talk. For small organisations, the HR person can also be in charge of communications: it falls under their role to discuss issues like World Menopause Day. Their approach may involve treating each message and communication as though they are talking to someone individually, person to person. Sometimes it can help to empower team members to join efforts to tackle the issues, breaking down the top-down angle.
- It was suggested that a HR representative could say, perhaps on a staff forum, that the organisation noticed the elephant in the room but wanted to open a discussion for people to make it easier to talk, as has been done with mental health over the past few years. The discussion could be added to existing structured one-to-ones with staff if the organisation feels that managers could handle this effectively. Staff may then see that their employee is taking the matter seriously and view this positively
- A participant said that a charity may feel behind on employee support. There can be problems, even for a flexible employer that aims to listen to its staff, with recruitment and retention. Staff will most likely be grateful for the chance to talk about things. It can help to discuss this with trustees.
- For salaries from April 2022 to March 2023, management team for one organisation has increased rates according to wage levels. This was a challenge but was done on a moral basis. The increase was so significant that it changed the order of how much people earned so the organisation decided to act to preserve the original differentials. From April 2023, the arrangement would return to normal.
- One organisation had help from a pensions advice organisation which has a finances hub.
- The participants agreed that HR also need to think about their own mental wellbeing and not overstretch themselves in the task of improving colleagues' wellbeing.

3. Supporting low-income workers

Paul put forward the following questions for the group to consider.

- Do you pay a real living wage?
- Can you offer guaranteed hours to low-income workers?
- Do you have structures in place to pay people fairly when their shift is cancelled at the last minute?
- How can you track and redistribute salaries across your organisation to mitigate the impact of inflation on less privileged groups?
- Do you always pay your employees on time?
- Can you offer employees an option to be paid more regularly instead of just at the end of the month?



4. Protecting households from poverty

The poorest households are being hit the hardest because they are spending a greater proportion of their income on essentials which are increasing in cost, such as food and fuel.

The heritage sector is particularly well placed to help those in their communities.

First, you would need to identify those in the community most in need of support, such as older people or working families on low incomes. Then, you can look at what you can offer. Various museums and galleries are grouping together to open up their shared spaces. Some are creating picnic spaces for families to bring food from home to spend time during their day out.

Giving guidance to staff on how they can signpost to others in their community or family can be helpful. Volunteer days can be a rewarding experience for employees and help causes they care about. Feedback from a participant was that this can be a cost-effective and capacity-effective way to help externally.

Paul provided the following questions for the group to consider:

- How can you support those most in need in your communities?
- Can you offer warm, accessible spaces for those who cannot afford to heat their home? Work with your local council on this.
- Which resources can you access and redistribute to those who need them most? E.g., food, clothes, skills and knowledge.
- What can your employees offer their neighbours? E.g., internet and financial literacy.
- Do your employees have volunteer days to help in the local community?

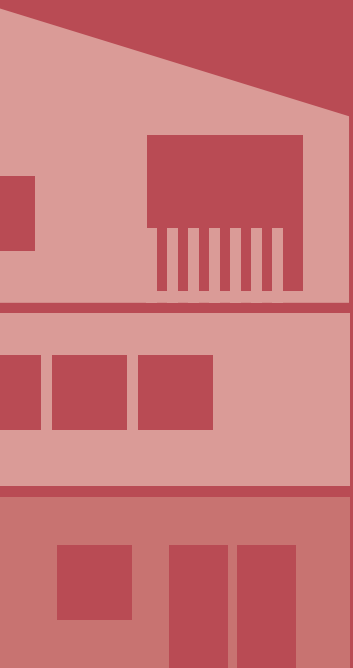


5. Support for small businesses

Spiralling energy costs and pressures to increase wages can create a perfect storm for small businesses. As early as July this year, 70% of SMEs had identified rising costs as their single biggest challenge.

Paul asked the participants:

- Can you seek out small, local and under represented suppliers?
- Can you offer small businesses you work with more flexibility and security?
- Can you incorporate living wage standards into your contracts with suppliers?



6. Accelerating environmental action

There is now widespread agreement that the window to act on environmental challenges is narrowing. To avoid deprioritising this when trying to cut costs, maintaining the momentum on the following questions is relevant.

- Has your organisation set a net zero goal ahead of 2050?
- How can your organisation accelerate reductions in energy consumption?
- Have you considered how to tackle issues like transitioning from traditional materials including plastics to more sustainable alternatives?
- Do your employees ever work from home? Can you support them in helping cut down their energy consumption?
- Paul noted that, by reducing its environmental impact, an organisation can benefit commercially as sharing this development would boost their profile. It can also cut costs for the business: a participant said that their organisation had taken on an environmental consultant to help with cutting energy bills.
- External-facing issues such as helping the community were lower down in priority for some organisations, according to a participant. Offices may not be suitable other than perhaps opening a room up to older people in the neighbourhood to have coffee. There would be health and safety aspects to consider, as well as checking the lease.
- A participant wanted these notes to reflect that capacity and burnout are currently big issues for HR and internal teams within organisations. The climate crisis, pandemic and cost of living crisis can feel like a monolith of a problem and need to be broken down. The participant noted the relatively small attendance at the session speaks to this issue. It is not a lack of demand but a lack of time that most likely contributes to people not attending such sessions. Another participant said that it might be helpful to run this session again for the Charity Finance Group. Greater awareness of these sessions might be beneficial.

The hybrid/working from home guidance for employees can include simple tips like switching off devices rather than leaving them on standby and using a washing machine more effectively.

Participants put forward the following thoughts and ideas.

- A participant said their organisation may not yet have a net zero goal. THA can put them in touch with an organisation which can help them to assess their current environmental impact. Bates Wells can help with this too.
- A participant shared that there are lots of heritage buildings which are not modern in terms of their heating and lighting. Those with tenants require realistic actions. There is a current discussion on recharges.

Key contacts



Paul Seath

Partner, Bates Wells

020 7551 7703 | p.seath@bateswells.co.uk



Damian Ward

Senior Associate

020 7551 7905 | d.ward@bateswells.co.uk



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Get in touch:

+44(0)20 7551 7777

hello@bateswells.co.uk

