

# The rising cost of living: key facts, employer response and resources

# How we have been supporting you

- In April 2023, we published our cost-of-living hub, that draws together emerging practice and resources on supporting the cost of living, as well as key recommendations for employers.
- In May 2022, we delivered a [webinar](#) with CIPD, Joseph Rowntree Foundation and employer case studies to help inform your work on the employment response to the rising cost of living. With our colleagues in the NHS Confederation, we also held a workshop for provider and ICS chairs.
- In November 2022 we launched our cost of living workshops with a cohort of employers to provide insights, experience and expertise to help shape the agenda around this important work.
- Over the summer many HRD networks had focused conversations on this and shared learning.
- We have shared examples of practice and ideas.
- We have called for urgent action on pay in social care, flexibility in the pension scheme and support on fuel / energy costs.

These slides provide a summary of the areas you may wish to explore as an organisation and outline what we will be doing next to continue to support you.

# The current cost-of-living climate

In the UK, one in eight workers are already unable to make ends meet or cover their essential living costs. It is predicted that this number will increase due to the rising costs of living expected during 2023.

Currently inflation rates are at their highest in decades with individuals and business feeling the impact of soaring energy, food, housing, and transport costs. Those on the lowest incomes will be impacted the most.

In March 2023 it was announced the Energy Price Guarantee (EPG) will be kept at £2,500 for an additional three months from April to June.

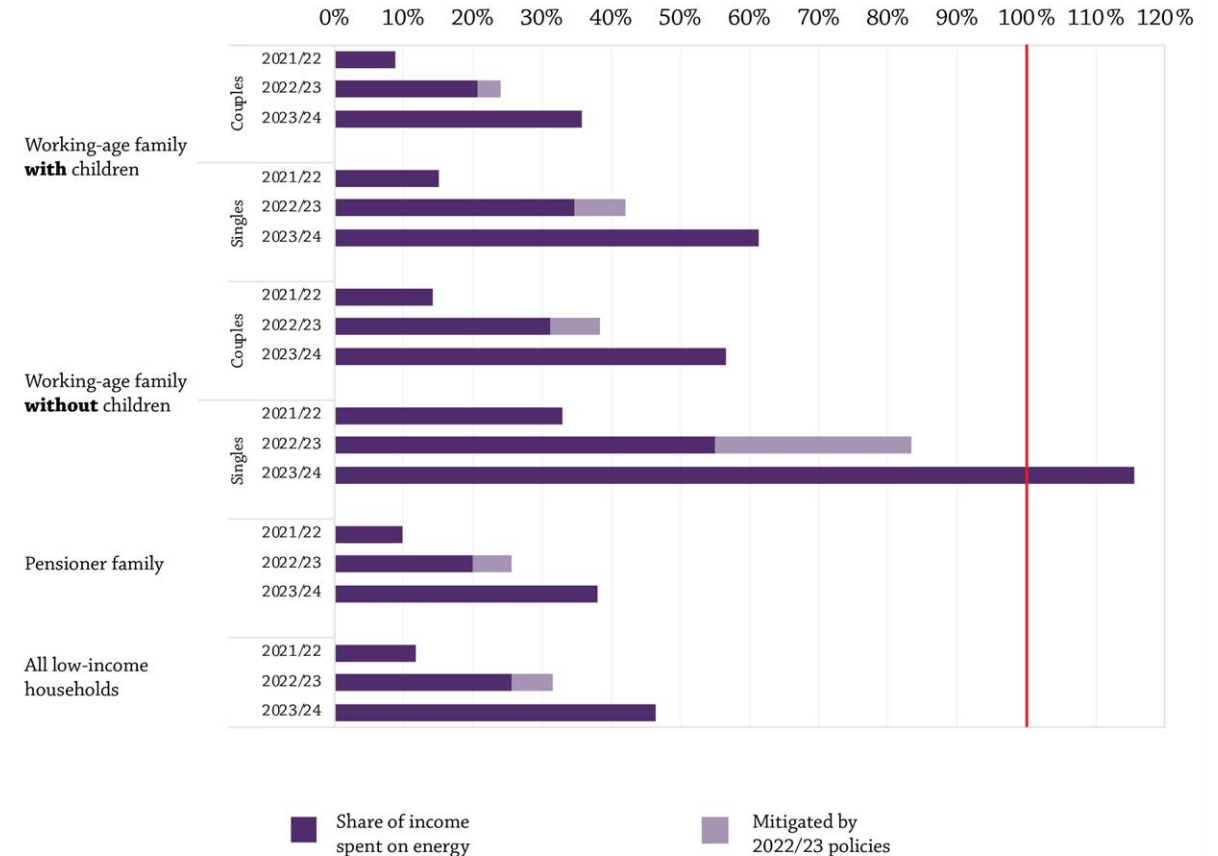
The following slides highlight evidence provided by Joseph Rowntree Foundation and CIPD on those vulnerable groups, as well as, the impact of financial worries on staff from the Mental Health Foundation.

# Who is most vulnerable?

Everyone is affected by the rising cost of living. Some are more vulnerable than others and everyone's circumstances are different. According to the [CIPD](#) the groups most affected by the rising cost of living include:

- families without full-time workers
- single-parent families
- families with a disabled person
- families with three or more children
- rented accommodation
- households headed by someone of non-white ethnicity (particularly those of Pakistani, Bangladeshi or Black ethnicity).

## Energy bills as a proportion of income after housing costs



Source: JRF analysis of ONS' Living Costs and Food Survey, Ofgem's Energy Price Cap data and Cornwall Insight forecasts (26 August 2022)

# Financial worries

There is growing evidence that money worries are having an impact on mental health across the whole of our workforce.

Poor financial wellbeing is linked with higher levels of stress, anxiety and depression.



19%

of employees report having lost sleep over their finances.



10%

of employees reported finding it hard to concentrate or make decisions.

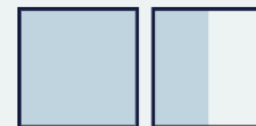
Source: Mental Health Foundation

# Financial worries

“Employers need to normalise conversations about money so people don’t feel embarrassed seeking help. The earlier they can act, the less likely money problems will impact their mental wellbeing and productivity.”

- Senior CIPD Policy Adviser

## 1.5 days

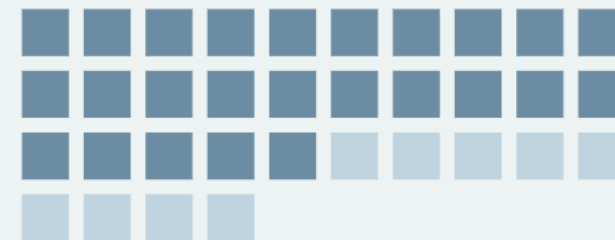


is the amount of sick leave taken on average per year by an employee with poor financial wellbeing, because of their situation. (Salary Finance)

## 30%

of employees in the public sector have reported that their financial concerns have affected them to do their job. (CIPD employee view)

An employee with poor financial wellbeing has lower productivity by **25-34 days** per year on average. (Salary Finance)



# Supporting staff with the rising cost of living – good employment practice

The following slides highlight four key areas for employers to consider in response to the rising cost of living for staff and additional actions to support engagement and communication.



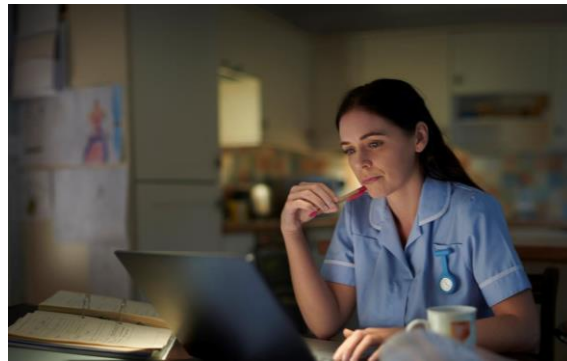


# Four core areas for employers to consider



## **Pay and reward:**

Providing the right employee benefits and ensuring that they are accessible to all staff is crucial to helping with the rising cost of living.



## **In-work progression:**

The offer available to colleagues to access development, training and experience to progress and enter higher paid work in the medium to longer term, can be transformational for colleagues impacted.



## **Financial wellbeing and education:**

Encouraging staff to have conversations about financial wellbeing and ensuring they are empowered to access support available to them is vital.



## **Flexible and agile working:**

Ensuring staff are enabled to take up flexible working arrangements that may support them in a way which helps with managing household costs.



# Additional actions

We also recommend four additional actions for employers:

- Work in partnership with your local staff representatives and encourage staff who are members of a union or professional body to be aware of the benefits they can access through membership.
- Have a comprehensive communication and engagement strategy to underpin the work developed and ensure its known and accessible.
- Keep talking in your networks to share ideas / approaches and utilise your local data to take a targeted approach. For example, see how [Mersey Care](#) took a targeted approach to support staff with the increase in cost of living and other mitigating financial issues.
- Connect with key partners in your system to explore joint work and to be sighted on local support being offered through councils or local authorities



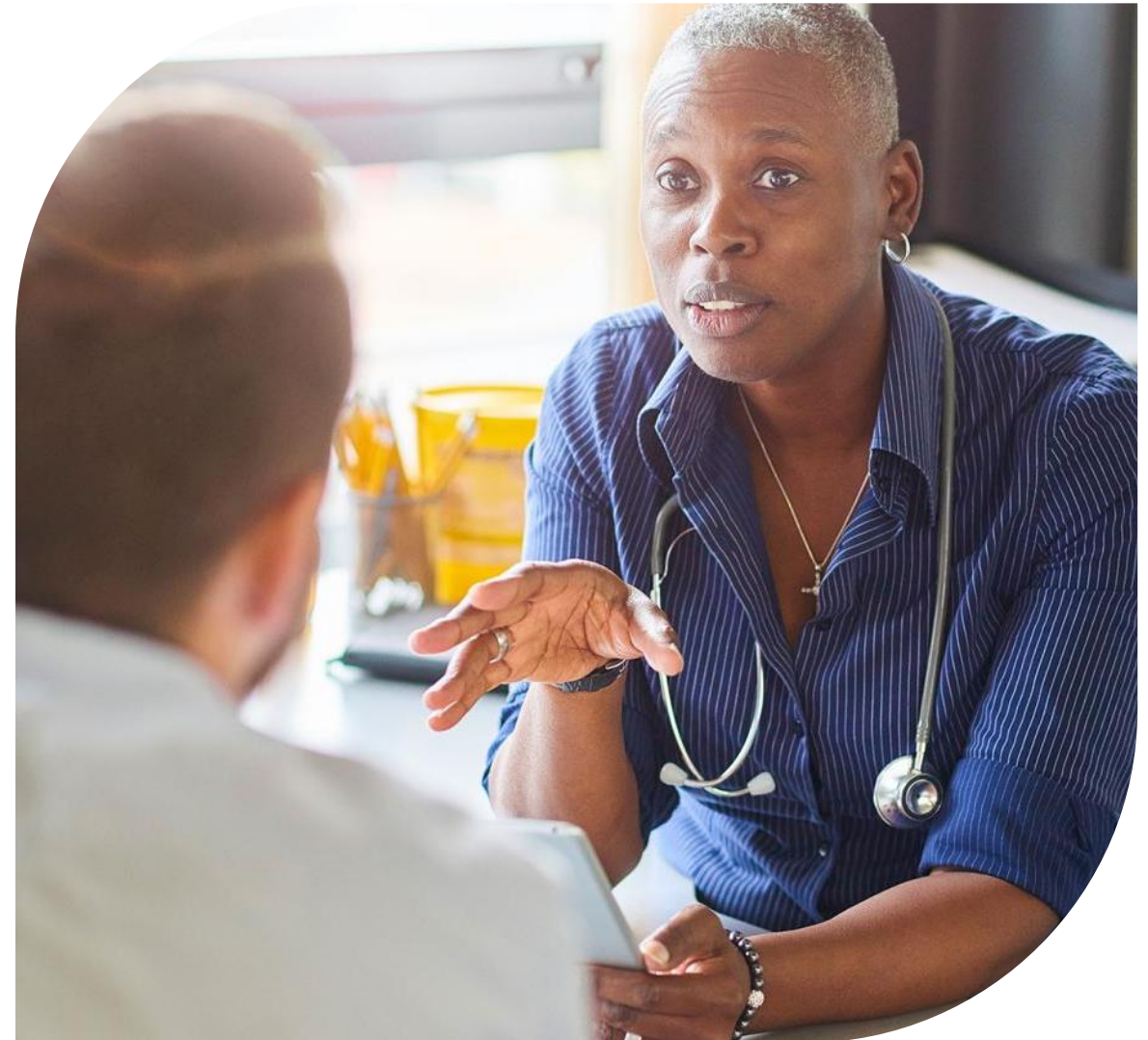
# The importance of regular communication

Regularly communicating about money issues and signposting to support will help raise awareness and encourage staff to access support when they need it. Think about the different channels and mechanisms you can use to reach a wide range of staff:

- Leaflets, posters or payslip attachments are good ways of reaching staff based in the community or staff who don't have regular access to a computer.
- Communicate your financial wellbeing offer alongside other initiatives. You could align it with communications around mental health or employee benefits.
- Videos, podcasts or online articles on your intranet can raise awareness of your offer and can be re-used and re-purposed for future communications.
- Highlight the organisation's approach to financial wellbeing regularly, including at staff events, training days and induction.

# Pay and pay processes

- Pay: 2022/2023 pay award information: access [supporting products](#) following the government's announcement on the pay award for staff under the NHS Terms and Conditions Handbook (Agenda for Change).
- Information on pay and how to access additional support is available to all.
- Prompt payment of any additional hours worked.
- Overpayments or any repayments required from staff are communicated in advance and are processed pragmatically.



# Childcare support

In the 2023 Spring Budget, the Chancellor announced more working parents will be supported through an extension of the free childcare offer.

## 30 hours free childcare

Currently, parents who work more than 16 hours a week and earn less than £100,000 are entitled to 30 hours free childcare a week for children aged three to four.

The government is now expanding the scheme, to propose that working parents of all children over the age of nine months will also be entitled to 30 hours of free childcare.

## When will it start?

From **April 2024**, working parents of two year olds will be able to access 15 hours of free childcare.

From **September 2024**, 15 hours of free childcare will be extended to all children from the age of nine months.

From **September 2025**, working parents of children under the age of five will be entitled to 30 hours free childcare per week.

# Cost-of-living workshops

The staff experience and reward team came together to provide support to employers. With the support of the Innovation Unit, the team hosted a series of active learning workshops, working with a cohort of employers that provided insights, experience and expertise to help shape the agenda around this important work.

The workshops explored barriers, good practice, innovation and improvement approaches to support the NHS workforce. As part of our ongoing work in this area, we will continue to have conversations in our reward and recognition, and health and wellbeing networks, about the practical steps that can be taken to support staff during this time.

The themes discussed during the workshops were:

**Workshop one: initial meeting to dig into emerging problems and themes relating to the cost of living**

**Workshop two: *population health***

**Workshop three: in-work progression**

**Workshop four: systems working**

**Workshop five: stigma**

**Workshop six: sharing and celebrating work to date to address the cost of living crisis.**

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# Development of employment offer: financial wellbeing

Research by Joseph Rowntree Foundation, has shown that lower earners attach greater value to those benefits that mitigate their highest living costs such as food, housing, utilities, travel and childcare. The list below has been created from examples currently provided by NHS organisations:

- **Housing and utilities** - rental deposit schemes, accommodation and rent subsidies, technology and telecommunication loans or subsidies, home electronics salary sacrifice scheme.
- **Childcare** - subsidised childcare, on-site nurseries, government tax free child support scheme.
- **Travel** - free parking, transport season ticket loans, cycle to work scheme, car salary sacrifice schemes, public transport subsidies, receipt fuel, fuel cards, provide hire cars / pool cars for teams, pay expenses weekly.
- **Food and leisure** - free or subsidised meals on site, discounted staff shops on site, deals with local business to offer NHS discount, signpost to emergency service discount sites (for example, [Blue Light Card](#) and [Health Service Discounts](#)), access to free sanitary products.
- **Other financial support** - saving schemes, will writing services, financial education workshops, budget planning guidance, credit union membership, hardship loans, low-cost crisis loans, early access to pay, debt management support, retirement planning support.



# Pension flexibilities

Following a period of consultation, the Department of Health and Social Care (DHSC) has confirmed it will implement changes to the NHS Pension Scheme to help employers to attract and retain valuable experienced staff, maintaining the capacity required to deliver high quality patient care.

The consultation outcome has confirmed the following changes:

1. Employees who have taken their pension from the 1995 section will be able to join the 2015 scheme and build up further pension.
2. Members of the 1995 section will be able to take some or all of their pension while continuing to work for the NHS.
3. Removal of the 16-hour rule
4. Annual allowance calculations will be amended to exclude pension growth caused by rapidly rising inflation.

Read the [consultation outcome](#) in full.



# Signposting to help

Employers can support their staff by signposting them to their Employee Assistance Programme and organisations that provide financial support, advice and services, including:

- [Citizen's Advice](#)
- [Money and Pensions Service](#)
- [Debt Advice Foundation](#)
- [Financial Conduct Authority's register of independent financial advisers](#)
- [Money helper](#)



# Flexible and agile working

Flexible, agile or predictable working approaches could help people manage and reduce some of their household expenditure costs, as well as enhance work/life balance.

- Can work can be organised differently? For example, start and finish times, the number of days, the place work is undertaken.
- Sufficient advance notice of working patterns to help individuals to plan ahead.
- Support staff to access flexible working in their current role as well as on promotion. Are opportunities available for all staff, including less senior roles?





# Supporting in-work progression

Supporting staff to progress in their careers, achieve their potential and earn more money can be transformational for some colleagues, providing a positive impact in the medium-longer term.

- Hold careers events and open days for existing staff.
- Review internal processes to make it easier for staff to move to jobs within the same organisation.
- Access to numeracy and literacy courses/qualifications.
- Employer supported traineeships, apprenticeships, training programmes for new and extended roles (at all levels).
- Coaching, mentoring, shadowing.
- Interview training.



The background of the slide is a photograph of an audience seated in a lecture hall or conference room. The audience members are seen from behind, sitting in rows of wooden chairs with attached desks. They appear to be listening to a presentation or attending a meeting. The lighting is bright, and the overall atmosphere is professional.

# The financial challenges affecting our NHS people - insights and solutions

Watch our [webinar](#) recording. With speakers from the Joseph Rowntree Foundation, CIPD and good practice from The Newcastle Upon Tyne Hospitals NHS Foundation Trust.

# The financial challenges affecting our NHS people insights and solutions.

## Key takeaways from our webinar

- Employers should make effort to understand their staff's needs and circumstances. They should treat staff with dignity and respect, and help to break down any barriers preventing them from securing a liveable income.
- There is no one size fits all approach – ask your staff what do you need now? What will make the biggest difference? Bringing staff into the conversation and working together to co-design a support offer will help ensure it meets their needs.
- Supportive and skilled line managers are key, as they are more likely to enable a culture of flexibility, have supportive conversations about financial wellbeing, and have effective career conversations to help their teams progress into higher-skilled and more highly-paid roles.



# Summary and next steps

It is predicted that inflation will continue to rise into 2023, the labour market looks likely to stay competitive for the immediate term and the industrial relations landscape means we will need to keep working on this agenda with you into next year.

- We will continue to connect with experts in this field to keep you up to date with emerging practice.
- We have joined a cross-industry group of large employers to explore new and additional solutions to inform national policy and practical approaches employers can take. We will bring the key relevant learning back into our work with you.
- We will continue to build the bank of case studies and shared learning, and work with you to find the most helpful ways to share ideas.
- Our reward and health and wellbeing networks will continue to have a focus on this area in their regular meetings.
- We will also continue to make the case to the Secretary of State and Chancellor for a review of pay in social care.

**If you have any examples of the work that you are doing to support staff with the rising cost of living or can make suggestions on how else we can help you and your teams, please contact [costofliving@nhsemployers.org](mailto:costofliving@nhsemployers.org)**

# NHS Employers cost-of-living hub

Our cost-of-living hub pulls together long and short-term solutions to support employees with the rising cost of living. Our enablers provide the key elements you need to get to the next level to help maximise your impact in supporting staff with the cost of living.

The hub also includes emerging practice and resources on supporting the cost of living, as well as key recommendations for employers.



# Further useful resources

- [NHS Employers cost of living and good employment web page](#) contains the latest guidance, resources and good practice
- [CIPD in-work poverty web pages.](#)
- [Joseph Rowntree Foundation in work poverty web pages](#)
- [NHS England financial wellbeing support.](#)
- [NHS England wellbeing conversations.](#)
- [Flexible working in the NHS: a toolkit for individuals](#)
- [Supporting your team to work flexibly: a line manager guide](#)
- [Improving staff retention guide](#)