

Cost-of-living crisis: Employers can think differently

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As the cost-of-living crisis intensifies, expert in global payroll solutions, CloudPay has called on employers to consider how small changes can support staff struggling to make ends meet each month.

According to latest figures from the Office for National Statistics (ONS), the rate of inflation hit a 40-year high last month, with consumer price inflation reaching an annual rate of 9.4% in June. In this environment, businesses need to look at means of helping employees when pay rises aren't feasible.

CloudPay CEO, Paul Bartlett, explained:

"The rise of inflation and on-going cost-of-living crisis in the UK is a significant concern for staff and employers alike. While not all firms are able to offer wage increases in line with inflation spikes at the moment, there's a real need for firms to consider what else they can do to support their staff. As purse strings tighten, an individual's financial stability will be impacted should unexpected events occur that require additional investment. Repairs to vehicles, for example, can be hugely problematic for those already struggling. If they need to make the repairs in order to travel to work and earn their wages, then the situation is exacerbated. In these scenarios, employers can help employees manage their cashflow, which would help steer them away from loans or credit card payments which will ultimately have a negative impact on a longer-term basis.

"I'd argue that how staff are paid needs to be turned on its head. As the month progresses, employers are effectively indebted to their staff, owing them wages for work delivered. Why should individuals wait until the end of the month in order to tap into the money they've already earned while struggling financially? It's now entirely feasible for businesses to give staff access to their pay checks throughout the month without the need for supplemental payroll runs or salary advances. A simple mobile app can put the control in the hands of the individual, allowing them to draw down parts of their earned salary any time of the month to suit their financial situation. And it's an easy bolt-on to an existing payroll system, with no additional administration burden.

"The growing cost of living is only going to continue to have an adverse impact on staff. Rather than lose them to competitors at a time when skills shortages are rife, firms need to look at innovative ways to support and ultimately retain staff. Giving them access to on-demand pay is, in my view, a significant benefit that shouldn't go ignored."

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