



RewardGateway
the employee engagement people

How to Invest in Your People With a Limited Budget

Introducing cost-neutral initiatives to ease the cost of living burdens



Table of Contents

3	Introduction
4	A Look Inside the Cost of Living Crisis
7	How to Invest in Your People With a Limited Budget
13	Finding a Partner, Not a Vendor
15	Conclusion



Introduction

Hi there,

I'm Ollie Munday, the Lead Enterprise Consultant at Reward Gateway, and I've been privileged to partner with HR professionals for over a decade. While throughout 2020 (and 2021, and even 2022) the focus was squarely on supporting and engaging your people throughout a global pandemic, the topic on everyone's mind now is the very real cost of living crisis.

Inflation is continuing to soar, with the BBC [recently reporting](#) that it could reach close to 9% by the end of 2022, which would be a 40-year high. And we know that this is widespread, no matter your industry or even size of business. While employees are worrying daily about their

take-home pay, business leaders are doing their best to keep costs low, while sustaining business growth and retaining the people that keep their companies running.

Typically, the first place you look to increase engagement is your annual budget increase, and a company-wide pay rise can sound like an attractive – and easy – fix. But in reality, **cash is the most expensive way to reward your people, and it's forgotten about pretty quickly.** In this eBook, I'll explore the different ways you can innovatively reward your people whilst keeping your CFO happy.

Despite the challenges around you, there are always ways to support your people every day, and make the world a better place to work.

Let's get started.

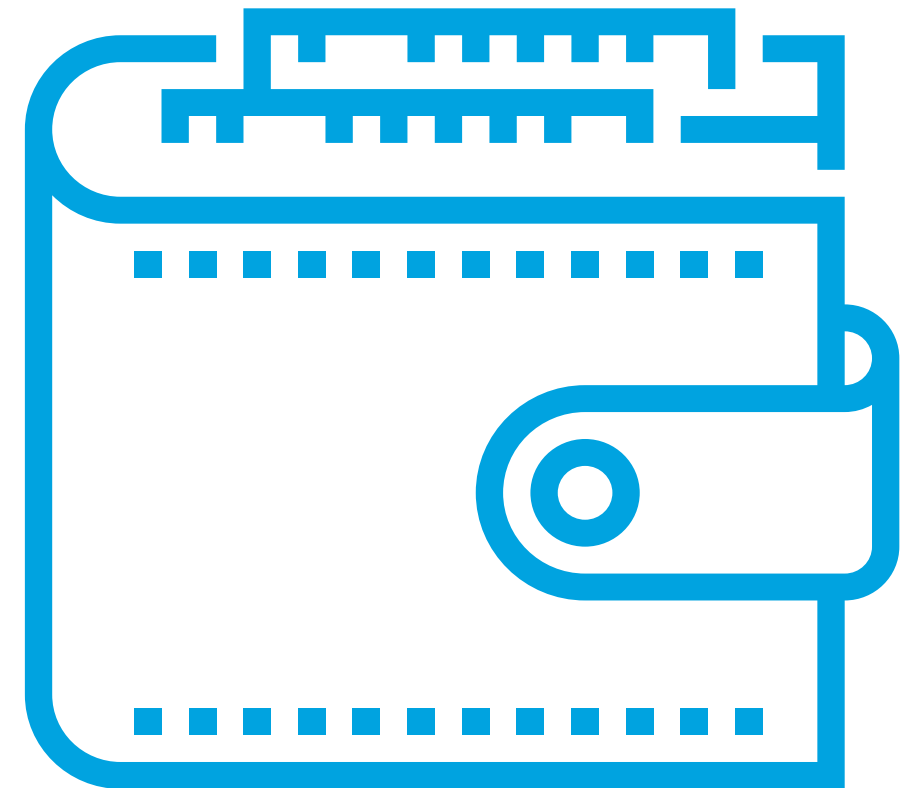
Sincerely,

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A Look Inside the Cost of Living Crisis



As businesses continue to deal with the operational and financial impact of the War for Talent, increasing inflation figures are putting pressure on employers to also do more to support employee financial wellbeing. And who's to blame them?



The day-to-day is getting more and more expensive

Recent reports are showing that there are many costs that will be increasing, including your weekly food shop, rent, rail fares ... and the significant hike in energy bills. Consider:



38% of people worry about money on a weekly basis
([Breakingnews.ie](#))



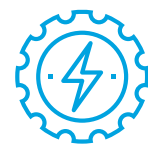
Cost of renting is expected to climb by nearly £1,000 (8.5%)
([BirminghamLive](#))



Average food shop predicted to increase by around £100 (+3,2%)
([BirminghamLive](#))



Regulated rail fares have risen nearly 4%, the biggest rise in nearly a decade ([gov.uk](#))



Energy prices could rise more than £1,000 per household by autumn 2022 ([The Guardian](#))



Average employee set to lose more than £1,000 in incremental costs each year ([HR Magazine](#))

To maintain the normal cost of living, an employee making £30,000 annually would need an 8% increase in their salary.

And we know, that's not feasible for most organisations, though we'd all love to see it!



And a pay rise won't solve it (seriously!)

As HR professionals, you're expected to drive results — real, tangible results that your stakeholders understand and appreciate — in an often cost-restricted environment. While employees are facing rising costs, so are businesses. The increasing cost of doing business in general means that those costs have to go somewhere, putting pressure on business leaders everywhere (especially HR) to figure out new ways to mitigate these rising costs.

The rising global price of energy and increasing inflation is putting pressure on companies everywhere to pass on the costs to customers ... so how can HR leaders keep their budgets intact?

The cost restriction is apparent.

So I find that HR leaders are now encountering two challenges:

1. How can you enhance employee engagement and support your people to limit the impact of a true financial crisis?

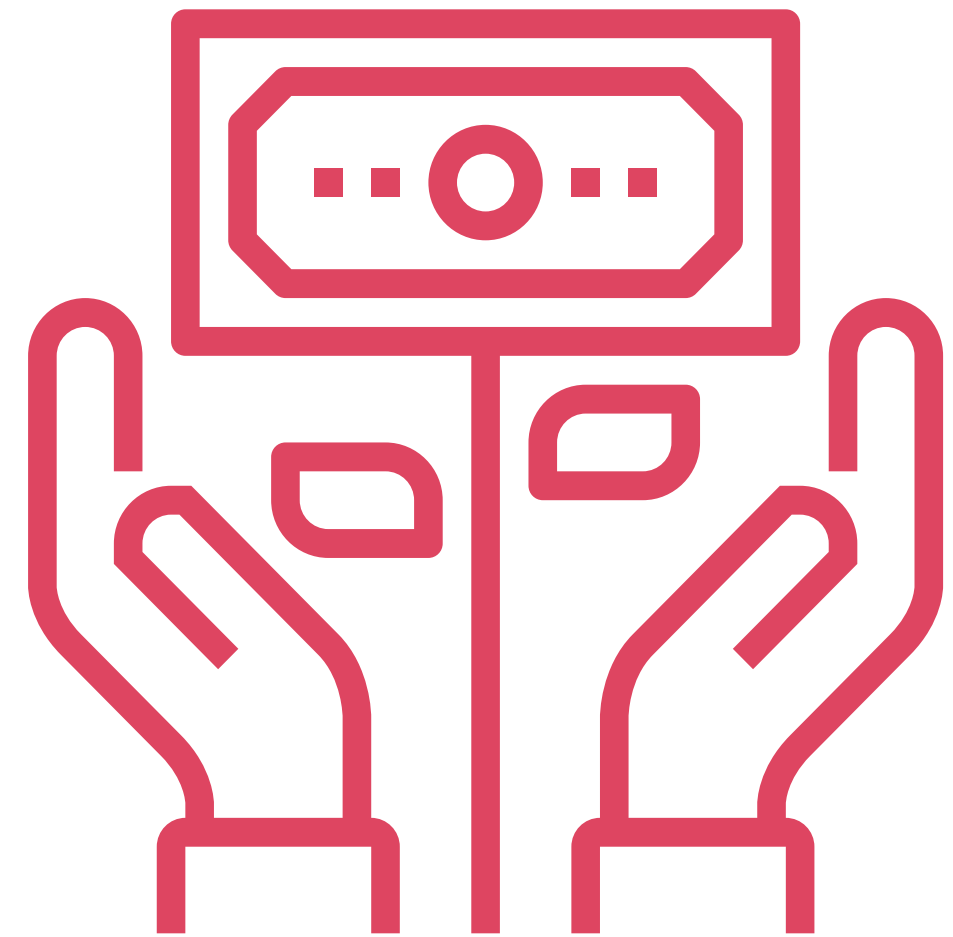
2. And how can you innovate, make a stronger employer brand and drive real results to make an impact, with a limited budget?

It's hard not to get caught up in the numbers, but by shifting your focus to a wider goal – driving engagement and strengthening your EVP – you can make both your employees and your leadership happy. Though you're trying, perhaps with free breakfasts, annual flu shots, higher focus on your training and development programmes

and birthday cakes, among other tactics, there's a cold hard truth that you face every year without fail: Your employees are forgetting all the reasons that they love their employer. But it doesn't have to be this way.



How to Invest in Your People With a Limited Budget



True job satisfaction is about more than salary for the majority of people. And though it might not seem it at first, the perfect opportunity to improve and strengthen your EVP, while still hitting your numbers, is right in front of you.

Now it's time to get to our secret. Your HR team probably have a long wish list of initiatives they are eager to implement to help deliver your people objectives. So what can you do? Invest in an all-encompassing engagement solution, one that will help not only your current challenge but help your company's future as well.

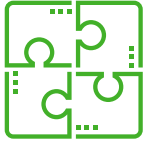


The ROI of employee engagement solutions

The benefits of investing in an engagement solution are well documented, with plenty of surveys showcasing the impact on retention, absenteeism and, ultimately, profitability. Aon Hewitt's engagement survey supports the business case for increased employee engagement, showing that companies with heightened, double-digit growth have employee engagement scores on average of 63%. And that's 20% higher than companies with single-digit growth! But even with a great ROI, gaining support behind for business case is significantly more challenging if you are in a period of cost control.

The good news is that with a bit of creativity you can become an HR Superhero in your business. **If you take a very small portion of your employees' post-tax wage increase and reappropriate it to an investment in your employer brand, you can re-invest in your employees, and watch their disposable income grow.**





Introduce a cost-neutral solution

By introducing a solution that aligns with your pay review and engagement initiatives – but from the same budget – you’re more likely to gain approval as it’s a huge positive for the company, with no additional investment. This is a highly effective strategy that involves allocating a portion of your annual pay review budget to your engagement initiative.

Here’s a look at how this works in reality, based on a business that is looking to give their **1,000 employees** a **3% company-wide pay rise**:

Without the cost-neutral solution (a regular pay rise situation)

Average Salary	Employees	Pay Cost	Salary Review Budget
£30,000	1,000	£30,000,000	3%

Additional Cost on Salary Review	£900,000
Additional Employees NI	£124,200
Additional Pension at 3%	£27,000
Total Additional	£1,051,200
Gross Annual Increase per Employee	£900
Less PAYE Tax	£180
Net Annual Increase per Employee	£720
Weekly Increase	£13.85

*Based on spring 2022 figures

The addition of the engagement initiative, at £30k and at £60k for additional investment in the overall employee engagement strategy

Average Salary	Employees	Pay Cost	Salary Review Budget	Salary Review	Engagement Initiative
£30,000	1,000	£30,000,000	3%	2.9%	0.1%
£30,000	1,000	£30,000,000	3%	2.8%	0.2%

Additional Cost on Salary Review	£870,000	£840,000
Engagement Initiative	£30,000	£60,000
Additional Employers NI	£120,060	£115,920
Additional Pension at 3%	£26,100	£25,200
Total Additional	£1,016,160	£981,120
Gross Annual Increase per Employee	£870	£840
Less PAYE Tax	£174	£168
Net Annual Increase per Employee	£696	£672
Weekly Increase	£13.38	£12.92

*Based on spring 2022 figures

While the difference to the employee is minimal on the surface, they can enjoy the benefits of up to £1,000 in savings and cashback per annum on top of their pay rise.

The difference to employees is only £0.47 per week (or £0.93 if the investment is £60,000), something that they’re not likely to notice. But what they (and your leadership team) will notice is the potential impact that an effective engagement initiative can achieve by helping to regularly reinforce your EVP and employer brand.

Companies that have implemented this cost-neutral solution have typically budgeted their initiatives (pay review and engagement strategy) together but implemented them at separate times. This provides two opportunities for good news stories to better connect employees.

What it looks like to your employees:

The right type of discounts programme provides everyday, real savings that positively benefit an employee's disposable income, and their families as well. While you can't give them that 8% increase to fully neutralise the effects of the cost of living crisis, you can give them the opportunity to save on everyday essentials and put money back in their pockets. Here's a look at the typical savings from some of our clients:



SmartSpending™

Meet Nicole

Nicole is a 29-year-old woman living in the city with her dogs, Bennie and Lucy.

Sainsbury's

£240 savings



£192 savings

Waggle

£118 cashback



£36 savings



£100 cashback



Overall, from using her employee discounts programme, SmartSpending™, she has managed to save **£686** for the year.

SmartSpending™

Meet Henry

Henry is a 47-year-old man, living with his two children outside of the city.

GoCompare

£35 cashback

sky

£90 cashback



£52 savings



£60 cashback



£240 savings



Overall, from using his employee discounts programme, SmartSpending™, he has managed to save **£477** for the year.

SmartSpending™

Meet Sam and Bonnie

Sam and Bonnie are in their mid-30s living in the city. They're avid travellers!

Booking.com

£288 savings



£15 cashback

M&S
EST. 1884

£420 savings



£100 cashback



£120 savings



Overall, from using their employee discounts programme, SmartSpending™, they have managed to save **£915.20** for the year.

Finding a Partner, Not a Vendor





The key to success is usage. You can have the flashiest platform in the world, but if your employees aren't using it, you aren't getting the true value of your investment.

The launch is arguably one of the most important pieces to pave the way to success. That's why you should never skip over asking providers how they'll help you launch your platform with a bang.

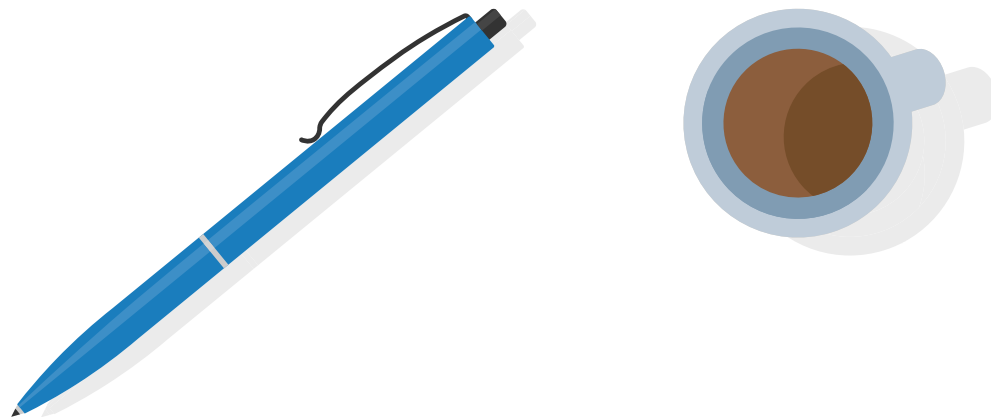
Consider:

- Are you provided with an expert implementation and launch team to give you guidance?
- Do you have support in creating launch materials (e.g. posters, flyers, direct-mailers or launch videos) to get your people excited?
- Is there manager or leadership training available to support with driving adoption?

And while it's good to spend a lot of time on this up front, pre-launch, make sure it doesn't stop once your platform is live. Continued employee communications are the key to success, using insights from platform usage to drive ongoing engagement. How will your provider help you get your people excited?

Reward Gateway's Client Success Managers provide clients with strategies for how to best communicate and launch new employee engagement hubs, which include developing materials aligned to the platform's brand and design, as well as teaser campaigns to get people excited in the lead-up.

We enlist the help of leadership and employee champions to get on board early and support with driving adoption and work on print and online content, teaser videos, animated "how to" videos and webinars to help your people get to know their new programme.



Discover the benefits of working with Reward Gateway:



12% increase
in staff survey
results



44% increase
YoY on employee
spend

WELCOMEBREAK



£135k reduction
in recruiting spend



17% decrease
in turnover



Increase in benefits
satisfaction jumped
from 75% to **85%**



Increase in rating by
1.5 stars

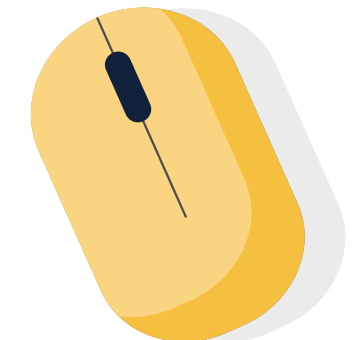


10% increase
in employee
retention rates

“

I cannot recommend using Reward Gateway enough. I have four of the reloadable discount cards that I can top up from my mobile phone just before I need to use them. They are for Tesco, Primark, Curry's and the EasySaver card. I've worked out that I save 4% on all my purchases and, in total, I've saved just under £1,000 since I started using the platform!”





- Sally Harris, Store Manager at Sofology



Reward Gateway Solutions

With Reward Gateway, you not only have access to employee discounts, but to our continually evolving portfolio of benefits, including:

Employee Wellbeing:

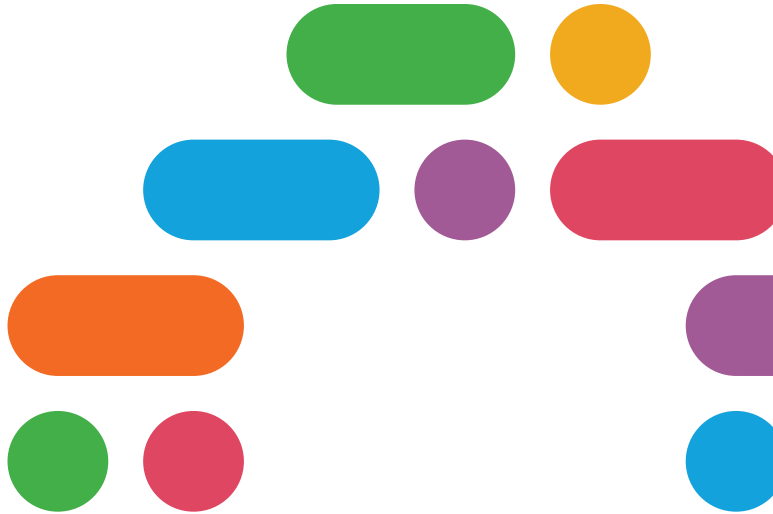
 <p>Improve employee physical wellness with Move</p>	 <p>Get ideas for healthy recipes with Munch</p>
 <p>Support financial wellbeing with Money</p>	 <p>Focus on mental wellbeing with Mind</p>

Our employee benefits platform:

Drives proven increases in benefits uptake	Automates and streamlines administration	Delivers a simple and friendly user experience	Increases visibility of benefit offerings	Centralises on one, custom-branded hub
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Reward Gateway salary sacrifice solutions, including:

Cycle to Work Save on cycling equipment	Holiday Trading Buy or sell holiday leave	Childcare Vouchers Transfer existing CCV schemes onto the Reward Gateway platform	SmartTech™ Free financing on the latest technology and whitegoods purchases	Car Salary Sacrifice Employees can purchase a brand new fully maintained and insured car without a deposit
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Conclusion

Employee discounts form one part of your engagement journey. They provide a unique opportunity to make a high-impact, quick win on your executive team's most pressing issues. They support you to increase disposable income, enhance your employees' experience and improve your EVP.

It's all part of making sure you're there for your people, supporting them in the areas they need it most to ease their financial burdens, and provide them with full access to wellbeing tools to improve their employee experience, in and outside of work.

What's more, the ability to increase your employees' disposable income in significant ways every year will reduce the impact of below-expectation pay reviews – especially during periods of cost minimisation.

I hope this eBook provided you with some inspiration into how you can become an HR Hero and put in place a discounts programme that will truly help your people, without adding to your company's bottom line.

I wish you the best of luck on your benefits journey and we're always here to help!

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Support employees with savings on essentials

Launch a new discounts programme in as little as 48 hours

Schedule your demo at rg.co/savenow



Reward Gateway empowers more than five million employees to connect, appreciate and support one another to make the world a better place to work. Our unified employee engagement hub provides the best of recognition, reward, wellbeing, surveys, benefits and discounts that support talent acquisition, retention and values-driven growth.

