

cost of living

How is the global cost of living crisis impacting chartered accountants?





introduction from Dr Cristian Holmes, CEO of caba

Globally we are wrestling with a cost of living crisis. Inflationary pressures impacting everyone's day-to-day financial choices are being affected, and with the prospect of further difficult economic challenges through the remainder of the year and in to next, the impact is only expected to get worse.

We are just as vulnerable to this crisis as anyone else. Accountants in well-paid positions might be worrying about their finances for the first time in their professional lives, students and newly qualified accountants balancing the amplified financial challenges of being a young professional, while those who might have already been struggling, such as carers, retirees and single or young parents, find their resources even more thinly stretched.

And yet, it is an area we don't feel comfortable talking about, leaving many to struggle in silence. There seems to be a sense of embarrassment, stemming from concerns about what colleagues, employers and clients will think of an accountant who requires financial support or guidance themselves. It should therefore come as no surprise that this crisis is causing rising levels of stress and anxiety within our profession.

At caba, the occupational charity for chartered accountants, we help the global ICAEW community thrive through everyday and exceptional situations, whether they are struggling financially, mentally, physically or in their careers. With that mission in mind, we wanted to understand how this crisis, and the prospect of a looming recession, is affecting the community, both practically and emotionally. We have therefore prepared this report, in order to help guide students, past and present chartered accountants and their families through this worrying period.

We asked 2,300 employed and unemployed ICAEW members, students, retirees and their families a series of focussed questions to better understand how this crisis is impacting on them now, and their future concerns. We identified two key take-outs, one emotional and one practical. First, we heard just how real the challenge is for us that over a third (34%) of working accountants are concerned about their future, with many feeling anxious, stressed and even depressed. The second, is that there is a growing sense that in this challenging time, one-in five (20%), felt their job progression is being negatively impacted.

There is clearly a challenge here for our community. One we must be more open about, but also more attentive in supporting. With this report, we hope to shine a light on the size and scope of the issue and to highlight how caba, and other organisations, can help and empower the ICAEW membership to take steps to support themselves. I hope those reading find our advice helpful and understand that caba is an organisation that you can turn to, should you need our help.

Dr Cristian Holmes,
Chief Executive of caba

introduction from Tooba

Despite our financial expertise, accountants aren't immune to these disconcerting times. Every day, I'm seeing colleagues struggling as a result of the cost of living crisis, both with their financial wellbeing and their mental health. What I'm also seeing is that many are reluctant to ask for help.

It isn't difficult to imagine what's causing this reluctance to open up. Businesses in virtually every industry are struggling, putting increased pressure on accountants to help keep them afloat. There are also concerns about job security, with teams shrinking as vacancies dwindle. To admit to a colleague or even an employer that you, yourself, are in financial difficulty must feel like an impossible prospect in the current climate.

So, as I read through the data in this report, two statistics which really hit home were that one-in-five (21%) of those surveyed were embarrassed by their financial struggles, while fewer than two-in-five (38%) would seek financial advice from an organisation like caba.

It's for this reason that I felt it important to speak up. From my own experience of asking caba for help, my message to my accounting colleagues is that suffering in silence is not the answer. You are not the only one who is struggling and there is no shame in asking for help.

In this report, you will read insight provided by just a few of caba's resident experts. From debt advisers to mental health experts, these people are ready to guide our community through the cost of living crisis. When I needed their support, all it took was a phone call. I spoke with the caba team, and from there I was given exactly what I needed. It was quick, confidential and – crucially – completely free of any judgement.

You might be reading this and thinking your circumstances are too severe for caba to help. Or perhaps you feel your situation isn't severe enough. Perhaps you think you'll make that call when the time is right. My view – indeed, my own experience – is that it isn't about waiting for the time to feel right. It's about making it right now.

If you're worrying about the prospect of speaking to someone, I hope you'll trust me when I say that you'll likely be amazed by what caba can provide. There's no expectation or strings attached. If you can find it within yourself to make that call, they will do the rest.

Tooba Siddiqui,
Chartered accountant



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chapter 1

the research

cost of living crisis is taking a toll on mental health

The cost of living crisis is causing a significant amount of emotional distress in the accounting community. Over a third (34%) of working accountants told us that they are concerned about their future, with a third, respectively, feeling more anxious (33%) and stressed (32%).

More than two-in-five (42%) working accountants and students are already struggling financially. Of those...



66%
feel anxious



59%
feel stressed



34%
feel depressed

Of ICAEW's members specifically, over a third (34%) are already struggling financially. Again, of those...



60%
feel anxious



48%
feel stressed



33%
feel depressed

A third (32%) of chartered accountants are also worried about their friends and family.



accountants say career progression is being hindered by the cost of living crisis

As well as the heavy emotional toll that the crisis is taking, many within our community are also worrying about the more practical impacts.

One-in-five (20%) working accountants say their career progression is suffering as a result of the crisis.

Of those...



65%
say their employer is focusing more on business finances than employee progression



38%
say they are having to fill in for others due to cost cuts

Over a quarter (27%) of working accountants say there are fewer opportunities available in the workplace because of the crisis, and one in five (19%) are either considering or have already moved to another organisation or industry.

Two in five (40%) working accountants are working from home more often to avoid higher commuting costs, which, in turn, they feel has a knock-on effect on their progression.

As well as career progression, however, there are real concerns about job security. One-in-five (22%) working accountants told us that they're worried about losing their jobs as a direct result of the cost of living crisis. 16% have either started working or are considering taking up an additional job to keep themselves afloat.

chapter 1

the research



chapter 2

debt advice from Paul Day

Paul Day is one of caba's senior support officers, and has been a specialist debt advisor at the charity for over ten years.

First and foremost, it's important to define what we mean by cost of living – we're talking about the amount of money required to cover expenses such as food, energy and fuel. These costs are all going up, and there are several reasons why: The conflict in Ukraine, the fallout from the pandemic, Brexit... These are all extraordinary events, and they have all contributed in their own unique ways.

As we navigate this crisis, it's important to remember that being a qualified accountant doesn't make you immune to the challenges posed. These are global issues, and they're impacting everyone, including our community.

A quarter (24%) of the accountants who told us they aren't already struggling financially said that they expect to, going into winter.

Others are already finding themselves falling into debt. ICAEW members have already made changes to cut their spending on...



13%
their water costs



11%
their internet bills



37%
their transport costs



41%
their food spending



50%
their energy bills



It can be difficult, though, for accountants to admit that they need help with their finances. Many of our members find that a huge amount of their identity is wrapped up in their profession. As a result, not being able to maintain a good financial status can have a significant impact on their self-worth. There is work being done to tackle this stigma, and some progress is being made. But more of these conversations need to happen. Whether they decide to speak with their employers, their families or to us at caba, it's vital that those who are struggling get the support they need.

for those facing debt, where should they start?

Lots of people try to avoid the issue because, ultimately, debt is frightening. But the best way to get a handle on it is to split your debt by priority.

Start by listing your debts and the different sanctions you might face as a result of who you owe. For example, if you fail to pay your energy bill you may have your energy cut off. If you don't pay your mortgage, you can lose your home. Tackle those debts with the most significant sanctions first. It's easy to get distracted to deal with lenders for overdrafts and credit cards, as they can often shout the loudest, and most frequently. But the impact of delaying payment of credit card debt is less severe than for example your council tax. The most sensible approach is to prioritise based on the potential consequences.

chapter 2 debt advice from Paul Day

should employees share financial struggles with their line managers?

A large part of starting to deal with financial worries is addressing the situation, and in my experience speaking to people about the issues you are facing can ease the burden. The feeling of trying to balance everything becomes less. This includes family, close friends but also a line manager or employer if your financial issues are affecting your mental health or your ability to concentrate and deliver in the workplace.

We are seeing more employers trying to start financial discussions at work. But having a dialogue is only beneficial if you're comfortable opening up, and in this profession, the stigma can prevent us from feeling happy discussing our finances.

Professional reputation is precious, but nobody is immune. The greatest accountant in the world will still be affected by extraordinary global events. Chances are, even your line manager is feeling the pressure. We need to separate accountants' minds from their professional lives. If debt is having a material impact, then the more conversations you can have about it, the better.



Only 8%

of working chartered accountants would turn to their employer if they were concerned about their financial circumstances



45%

Almost half would turn to their partner



37%

would turn to a support organisation like caba



chapter 2

debt advice from Paul Day

how do we make people feel comfortable opening up?

When trying to encourage more people to talk about their financial situation, the first task is to normalise these conversations and remove any associated shame. Being in debt is awful enough – there's no need for additional pressure.

At caba, we're receiving calls for help, which is encouraging. However, we are seeing far more young people asking us for help than older people. Nobody is immune to this crisis, which means there must be groups of people out there who will be struggling too but aren't reaching out.

54% of working and student accountants say the pandemic has impacted their day-to-day spending

Students are the most badly affected:



94%
of students say the crisis has impacted their day-to-day spending



59%
of full-time employees say the crisis has impacted their day-to-day spending



43%
of part-time employees say the crisis has impacted their day-to-day spending



45%
of self-employed accountants say the crisis has impacted their day-to-day spending



41%
of students also said that their household income does not meet their essential expenditure



Whether everyday or exceptional, we all face challenges throughout our lives, and when they affect our finances, it can feel particularly overwhelming. Whatever your worries, big or small, you're not alone. Equipping yourself with a range of tools and advice can go a long way towards supporting your everyday financial health. At caba, we have the services in place to provide support.

Kirsty Lilley is an award-winning mental health trainer, coach, and mindfulness facilitator.

There is a tangible link between economic downturn and poor mental health. A home, shelter, food, warmth, even our social standing... these are all basic necessities for life, and without them we feel threatened. We begin to sense that we can't provide for ourselves and our family. In essence, poor finances erode the pillars that keep us afloat.

Financial wellbeing, therefore, is about control. Specifically, control over your day-to-day decisions and long-term goals.

When we lose this sense of control, we find ourselves stifled, caged in, helpless. Anxiety starts to creep in.

It's very common to withdraw from that anxiety, and to bury our heads in the sand. Likewise, it's easy to feel as though everyone else is doing a better job of coping than we are, but often that's just not the case. Everyone is affected by the current situation.

If something isn't right, the best course of action is to reach out for support as soon as possible. Ideally, this would come from someone who isn't emotionally entangled with your situation. But even hearing from a friend or a trusted colleague that they're in the same boat can go a long way towards providing some reassurance. Speak to someone, identify the cause of your distress and you can work out a plan to deal with it. It won't just go away, so try to recognise when you're avoiding something and search for credible sources of support. Focus on what you know to be true, rather than allowing anxiety to guide you to false conclusions.

For accountants, specifically, this cost of living crisis could prove particularly difficult. Accountancy is an industry in which perfectionism is rife. On top of that, we know that accountants strongly identify around their professional identity, making it difficult to accept when they're struggling with their financial management. In the same way, academics find it difficult to talk about their emotional state, fearing what it implies about their ability to reason and think logically.

But nobody is immune to financial difficulty, especially in the current crisis. Accountants face exactly the same global challenges as everyone else – there's no shame in struggling to make ends meet, just as you shouldn't be ashamed to need some help with your mental health.

chapter 3

mental health advice from Kirsty Lilley



chapter 3

mental health
advice from
Kirsty Lilley

how should we prepare to cope with this situation that is so out of our control?



Be mindful of where you focus your attention. When we're stressed, our minds drift towards things we can't control. Instead try to divert your attention to what you can influence.



Our brain is hardwired to focus on negativity, so with words like 'crisis' and 'survive' being so readily used in the media – words that tap into our inherent threat 'system' – we need to take extra care that the information we're absorbing is credible. The more information we have the less we're able to sift through it.



When it comes to mental health, we place a huge amount of pressure on ourselves. But our mental health is affected greatly by the world around us. If someone's struggling, consider the broader picture. What's happening in their lives to make them feel this way?



Our physical body influences the way our mind processes information, so it's important to make sure you eat well, sleep well, do some exercise and make time for rest.



When we're anxious, our brain tells us that the problems we're facing are of our doing – that everything's our fault. We then feel guilty about doing the things that bring us pleasure. But it's important to our health and wellbeing that we unwind and keep doing the things we enjoy, especially if the stress we're dealing with is going to be with us for a long time.



chapter 3

mental health advice from Kirsty Lilley



If you're nervous about reaching out for help, remember that you don't have to disclose everything about your personal situation. Give some thought to the details you want to share before you approach someone.



You might not fix all of your problems with one conversation, but that's OK. There are so many different experts and organisations that will help get you the support you need. The help you're looking for is out there.



Finally, we are social animals, so spend time with people you trust. When all's said and done, we need each other.

When should you speak to a professional?

We all live on a mental health continuum that we slide up and down on a daily basis. It's difficult to put a line in the sand and say this is the point at which you should speak to a professional. Generally speaking, things to watch out for include your ability to function starting to erode, your usual coping mechanisms not helping anymore or a general sense that things are just getting more painful. Make a doctor's appointment. Alternatively, caba offers a great deal of professional therapy and coaching.



chapter 4

health and
wellbeing advice
from Mark Pearce

Mark Pearce is caba's Head of Service Development and Delivery. He holds a wealth of experience in health and social care, having worked previously with the UK's National Health Service, as well as not-for-profit organisations and social housing groups.

As this financial crisis begins to really hit home, caba is receiving a noticeable increase in requests for much more extreme emotional support.

We're seeing instances of self-harm and eating disorders, with even the children of members we speak with needing more intensive support. The research we've conducted for this report has found that nearly one-in-ten (9%) working and student accountants are regularly losing sleep over the cost-of-living crisis. And then there's the ripple effect, on the surrounding family members. It's like a pressure cooker, with feelings of inadequacy building and building.

It's easy to see where this pressure is coming from. Our financial wellbeing has the potential to affect our careers, our mental health and even our physical wellbeing. With the accountancy profession, specifically, there is a particular stigma surrounding the idea of being in debt, and the temptation is – understandably – to avoid the problem. To internalise your worries and bury your head in the sand.

We need to normalise conversations about debt, and find ways of encouraging people to open up sooner.

If you don't talk, you can't find solutions. The earlier you face this problem, the easier it is to manage.

The first thing to do is have that initial conversation and get access to some practical solutions. Try to do this as quickly as possible – it's always better to have an intervention at a good juncture, before spiralling into greater debt or financial anxiety and stress. If you can just tell someone that you're struggling, you're on your way to getting support and opening other doors. Take that first step. It won't be as bad as you think.



Mark's tips for maintaining health and wellbeing:

- Try not to be too critical of yourself and your situation, as that's often the basis of a lot of negative feelings.
- Find safe spaces to talk, rather than simply turning to social media. Identify a trusted friend, who will listen without judgement. You might need to try a few people, but that's OK. If you have a bad experience, don't shut down. Keep trying.
- We often bury our heads in the sand, thinking we might get a pay rise or that the issue will just blow over. But avoiding problems won't make them go away. Developing a greater understanding of the issue is the way to start to deal with it. In the current crisis, it might be about realising that financial difficulties is a wider problem, as opposed to something that you alone are facing or have caused. Knowing that you are part of a group all facing the same problem can provide a huge amount of reassurance.
- Looking after our everyday health isn't just about staying active. From getting a good night's sleep to thinking about the foods we eat, simple changes and healthier habits can give your mind and body a real boost, bolstering our ability to deal with everyday pressures.
- Look at things you can do that is low cost, or free, but helps your mental health. A walk in the woods, for instance, costs nothing but can be incredibly positive for your mental health.

At caba, our role is to help the accountancy community, without any fear of judgement. We have a wealth of online career-focussed advice, from personal development tactics to advice for those looking to make changes in their career. In addition, caba advisors can offer free, confidential financial support to help members secure a longer-term financial future. We can also offer emotional support when money worries are taking a toll on members' mental health. If you haven't turned to us before, you might not be aware of what solutions caba offers. Our support officers will even just listen, if that's what you need.

chapter 4

health and wellbeing advice from Mark Pearce



chapter 5

first-hand advice
from Tooba
Siddiqui

Tooba Siddiqui is a recently qualified chartered accountant. Here, she shares her first-hand experience of the challenges those in the accountancy profession might be facing.

I have worked in a number of different firms and industries and one thing that unites them is a shared sense of stress. Different environments can impact the stress levels of employees and how organisations' respond can make a big difference.

From conversations I've had with colleagues, it seems to me that this was first brought about by the pandemic, although there's no denying that the cost of living crisis has made things worse. When businesses are worried about their income, as many have been since Covid hit, they turn to their accountant for help. It's a huge amount of weight to carry, especially if your own firm is feeling the pressure. Burnout is a very real problem in our industry right now; I've seen plenty of teams shrink while workload increases.

Then, of course, there is the possibility of the cost of living crisis affecting accountants in their home lives, too.

This particular issue is something that, although it isn't widely discussed within the industry, absolutely should be. It can be difficult to admit, but accountants are just as vulnerable as everyone else to financial challenges. If you're working in a struggling firm and dealing with frightened clients, all while worrying about debt or even your own job security, the stress is greater. To find yourself struggling when you work in finance can have a real impact on your self-worth.

To find yourself struggling when you work in finance can have a real impact on your self-worth.

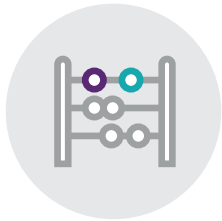
It's been a difficult few years, and there's no sign of things letting up. It's no wonder people in our community are struggling. But if you're someone who is, understandably, finding the current climate challenging, there are things you can do to preserve your wellbeing.



What should accountants do?

We need to be better at communicating in the workplace if we're struggling. You don't have to do this alone, and you shouldn't feel like you're burdening someone by wanting to have a conversation. We talk so much about the companies we work for, but it's actually about the people we work for and investing in your relationship with your line manager can go a long way. When we're stressed, we tend to withdraw and try to shut the world out. If you can build a strong relationship with your line manager, there's a better chance they'll recognise when you're doing this and be able to help you.

For employers, there's a lot of talk in the sector about redundancies, with very little in the way of reassurance. This all adds to the growing sense of worry. Regular communication with your employees is essential to maintaining feelings of security in their jobs.



27%

Over a quarter of chartered accountants who were employed or students when the member research took place said they felt there were fewer job opportunities available.



27%

Only a quarter of working accountants say their pay is reflective of the wider market.

Finally, remember that accountancy isn't all about numbers. In reality, you spend a lot of time dealing with people. Issues and crises like the ones we're facing today are inevitable. All we can do is come back to being human, and focus on the things that are within our control.

For those of us who are newly qualified or who are in this career for life, the journey ahead will be rewarding, but could very well be long.

When times get tough, remember why you joined this sector in the first place and find the tools that will help you be resilient.

Seek out help if you feel yourself struggling and be open to the help on offer, beyond all be kind to yourself.

chapter 5 first-hand advice from Tooba Siddiqui



chapter 6

the role of the business

Natalie Hall is a Trustee of caba, a former Big Four partner and now runs her own business advising organisations on workplace culture, wellbeing strategy and leadership development.

In any kind of crisis, the first thing an organisation should do is get an understanding of the scale of the challenge and how it's affecting not just its employees, but wider stakeholders including small suppliers and clients. Initially, it's key to take stock and try to fully understand the challenges before working up a strategy to support them.

From there, consider the range of potential solutions you could provide as an organisation from direct intervention such as payments to employees to support them through the winter or shortening payment terms for small suppliers, through to providing learning and development tools such as financial management webinars.

A simple place to start could be to:

- Look at your pay scales across the organisation – paying attention to specific pay gaps (internally and to the market) and considering where you might need to take action to raise specific salaries.
- Consider your wider benefits provision including participation and whether a wider selection of solutions can be provided in order to appeal to employees at different life stages.
- Prioritise financial wellbeing as part of your wider wellbeing strategy – whether that's starting the conversation in order to understand the scale of the challenge or providing information and resources for employees to manage their finances more effectively.
- Create a culture where leaders feel enabled to have conversations about financial health and have signposting solutions available.
- Look at what other industries/organisations are doing around the cost of living crisis and consider what might resonate with your employees.

There are potential hazards, of course, and it's important to be mindful of them. Through a cost of living crisis there may be increased prevalence of fraud and it's important to consider the potential additional risks and ensure that the controls are in place to mitigate this.



Starting a conversation

To determine how best you can help, you need to create a culture in which people feel safe to talk about what they're struggling with.

It's important to consider the type of culture that exists within your organisation and how this might need to evolve in order for employees to be able to share concerns – particularly in relation to the topic of money and debt.

An important part of this process is not to try and cover this kind of topic as part of a normal work meeting or interaction. Instead, find time to properly ask how people are feeling. Create a confidential space in which to talk and normalise the idea of having that conversation.

Another thing to consider is developing managers' listening skills.

Giving people the opportunity to just talk, rather than to necessarily fix their problems, is a valuable part of a conversation

and a great first step towards dealing with financial issues. So active listening is incredibly important and something we should ensure managers are aware and capable of.

From there, we need to work on managers' signposting abilities. From one-off loans to energy reimbursements, do your managers know what support can be provided internally? And if the right support can't be provided within the business, do they know where they can direct people for external help? Are they aware of what organisations like caba can do?

This particular piece of the puzzle is about questioning how comfortable leaders are when providing support, and whether they have the tools required to start a conversation.

You can't assume your HR team will simply manage this crisis. What's in place to support them?

Do they, themselves, have someone senior who they can turn to when things become too much?

chapter 6

the role of the business



chapter 6

the role of the business

Looking ahead

People can struggle to talk about money. We need to find ways of encouraging them to open up, while also being compassionate when they do.

Keep an eye on your team and watch out for signs of stress. Ask yourself, how do you know when your team is struggling? What are the signs of stress that they display? – ask an open question about how they're feeling.

There are risks that organisations run if they fail to support their people through this crisis. For one thing, of course, there's the question of staff performing in a productive way. If you're financially well, you'll perform more effectively at work. But there's an ethical consideration at play as well. If an organisation has employees in real financial distress, what does that say about their environmental, social and governance (ESG) agenda? Or about duty of care?

Ultimately, this goes back to having a good wellbeing conversation.

We should want people to thrive in the workplace, not just perform.



summary by Dr Cristian Holmes

It's clear that the cost of living crisis in which we currently find ourselves will affect everyone, regardless of their profession or background. Whatever they might otherwise assume, those in the accountancy sector are not immune to financial challenges we're all facing.

Already, we're seeing this in action, with our research highlighting the troubling impact on careers, finances and even mental health of the people in our community. These issues won't simply go away if we bury our heads in the sand. We need to share our concerns and seek out organisations that can provide help. For employers, our sector is made up of talented, dedicated people, who are committed to doing the best they can for their clients or their business. It's imperative that workplaces are safe environments in which they can open up about their own difficulties, without fear of judgement or their career suffering as a result.

There's no knowing how long we will be battling this crisis. But for our chartered accountant community and their family members, we are ready to provide support. Whether you're struggling with your mental health or you need some advice on bringing your situation back under control, head to our website for guides and tips. Alternatively, feel free any time to give us a call. We are here for you.

