



12 Ways to Cut HR Costs: Part 3 - Reduce Benefits

By **Daniel Pollard** - 21 October 2020

UK employers consulted with staff on nearly half a million redundancies during the pandemic - roughly 1.5% of the working population. The true number will have been much higher as small-scale redundancies are not captured by government statistics. The furlough scheme will have given many employers an opportunity to pause but as the scheme comes to an end, employers face some tough choices.

Over recent months we have seen a huge amount of creativity from our clients in finding ways to minimise redundancies. Over the next couple of weeks we will share 12 possible strategies adopted by our clients and some thoughts of our own to help reduce cost without compulsory lay-offs.

3. Reduce Benefits

Reducing the level of benefits or removing certain benefits entirely is likely to be far more palatable to the majority of employees than a pay cut. There is some empirical evidence to suggest that employees do not fully value the benefits they receive. We suspect that many will not immediately notice modest adjustments to the level of coverage in place for health insurance and the like.

Often (but not always) contracts contain flexibility to allow employers to reduce the level of coverage or withdraw it entirely and so it is far less likely to require employee consent or any form of quid pro quo.

For all 12 ways to reduce HR costs without redundancies click [here](#).