

UK Reward Management Survey

Spring 2025 - Key Findings

Our spring edition of Paydata's bi-annual report provides HR professionals with insights into current trends in the world of pay, reward and benefits. We share the latest statistics and insights to help manage pay and reward practices.

The full report showing the overall analysis of the responses is distributed to all those who took part.

We hope you find this overview of the key findings from the report useful context when thinking about your own approach to pay and reward and that you contribute to our next edition in autumn 2025.

Data for the survey was collected through April and May 2025.

REGISTER NOW
The autumn edition
of the UK Reward
Management Survey
will launch in
September 2025.

Participants

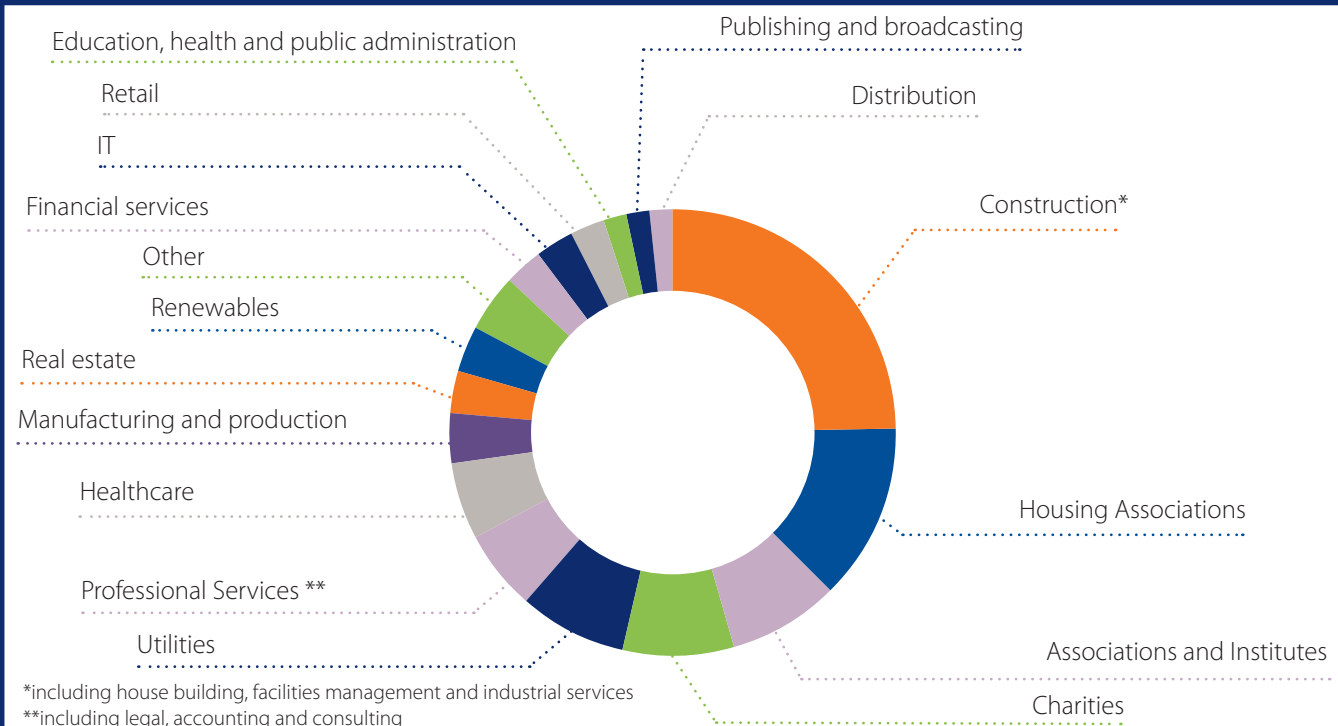
178

employers completed the survey
from across the UK



427k

Together they employ more
than 427,000 people



2025 Pay Awards



April remains the most popular month for pay reviews for **37% of employers**



17% opt for **January**

2025 Pay Budgets (excluding those affected by the National Living Wage)

2.5%

Lower Quartile

3.0%

Median

3.5%

Upper Quartile

42%



will award up to **3% increases**

26%



will award up to **4% increases**

3%



will operate a **pay freeze**

Pay award budgets over time

2020	2021	2022	2023	2024	2025
2.0%	2.2%	3.5%	5.0%	4.0%	3.0%

2025 Pay Budgets (including those affected by the National Living Wage)

3.2%

Lower Quartile

3.8%

Median

5.0%

Upper Quartile

41% of employers report being effected by the National Living Wage



The format of the 2025 pay review

37%

will offer **across the board increases**

33%

will offer a **combination of across the board and individual increases**

2025 Pay Awards

Drivers of pay actions

73%

cite **external**
relativities



53%

cite **internal**
relativities



38%

target **high**
performing people



The importance of communicating the context around pay award decisions has become more pronounced, at 9/10 in 2025. Up from 8/10 in the last two years, this suggests a move toward greater transparency.

Out-of-cycle Pay Awards

2025 Out-of-cycle Pay Award Budgets (vs. 2024):

UPTO **0%**



to 26%
(from 23%)

UPTO **4%**



to 10%
(from 9%)

UPTO **1%**



to 36%
(from 34%)

UPTO **5%**



to 3%
(from 8%)

UPTO **2%**



to 12%
(from 9%)

UPTO **10%**



to 5%
(from 8%)

UPTO **3%**



steady
at 8%

OVER **10%**



to 0%
(from 1%)

2024

79% offered out of
cycle pay awards

2025

74% expect to offer out
of cycle pay awards

The Bonus Outlook

70%



of respondents operate an **annual bonus scheme**

64%



expect the **number of people** receiving bonus payments to **stay the same**

38%



expect the **size of bonus payments** to **stay the same**

Performance criteria for bonuses

63%



determine bonuses based on a combination of **individual, team** and **company performance**

28%



use **company performance**

6%



use **individual performance**

Bonus Expectations

CEO pay ratio disclosures are likely contributing to more restrained bonus strategies at the top.



- **Main board directors' median on-target bonuses: 36-40%**, slightly down from 41-45% in autumn 2024.
- **Maximum bonus opportunities** for main board directors remain **stable at 46-50%**, but still well below the 71-75% peak in 2021.
- **Actual/expected bonus payouts** for main board directors have **declined to 31-35%**, continuing a downward trend from 36-40% (2024) and 41-45% (2023).
- Bonuses for **other directors and senior executives** remain stable at **21-25%**.

Function heads and senior managers continue to receive **11-15%** bonuses, with no significant change.

Middle managers receive **6-10%**, and other employees typically receive **1-5%**.

Employee Benefits

Top Benefits:

1

88%

offer **Employee Assistance Programmes (EAPs)**

2

83%

offer **life assurance**

3

81%

offer **occupational sick pay**

Family & Flexibility:

- **80%** offer **enhanced maternity leave**
- **80%** offer **enhanced annual leave**
- **71%** offer **enhanced paternity leave**
- **57%** provide **childcare vouchers**
- **Buy/sell holiday schemes** frequently cited in open responses

Health, Wellbeing & Lifestyle

- **72%** offer **optical care**
- **68%** offer **private medical insurance**
- **65%** have **wellbeing initiatives/portals**
- **Notable extras:** flu jabs, mental health apps, free mole checks, Headspace, EV salary sacrifice schemes

Financial Perks & Support

- **70%** offer **retail/high street discounts**
- **67%** reimburse **professional membership fees**
- **40%** offer **gym memberships**
- **Additional perks:** company loans, cashback health plans, instant recognition awards

Purpose & Social Responsibility

- **40%** offer **"Give as You Earn" schemes**
- **37%** provide a **volunteering allowance**



90% of employers **offer non-monetary rewards** beyond standard benefits

Most common non-monetary benefits:

- **Recognition programmes/platforms**
- **Long service awards**
- **Special leave** policies (e.g. birthday, carers, bereavement leave)
- **Ad hoc rewards**
- **Volunteering** days
- **Flexible working** arrangements

Innovative benefits recently introduced:

- **Buy/sell annual leave** schemes
- Electric vehicle **salary sacrifice schemes**
- **Menopause, neonatal and fertility support**
- **Mental health apps, counselling, health cash plans**
- **Birthday leave** and celebration **perks**
- Free **mortgage advice** and **interest-free tech loans**
- **Flexible benefits packages** and **hybrid working policies**
- **“Heroes Hubs”, discount platforms, sabbaticals**

Best value-for-money benefits (low/no cost):

- **Flexible and additional leave** options (e.g. birthday leave)
- **Flexi-time and hybrid working** models
- **Health cash plans, digital GP access, EAPs**
- **Recognition schemes** and informal acknowledgements
- **Cycle-to-work schemes, gym access, free food/drinks**
- **Volunteering days**

64% say there is a **greater emphasis on communicating benefits in 2025**



Recruitment and Retention

39%

had **recruitment difficulties** in the **last 6 months**

29%

had **retention difficulties** in the **last 6 months**

37%



expect recruitment **difficulties** in the **next 6 months**

30%



expect **retention difficulties** in the **next 6 months**

Conflicting salaries

45%



offer **new recruits** salaries which conflict with those paid to existing employees

76%

offer **up to 10% more**

23%

offer **up to 20% more**

Employee Absence



Median absence in **2025** so far is **2.72 days**, compared to **3.14 days** in 2024.

Employee Turnover

17%



Median overall turnover is reported as **17%**, up from 15% in autumn 2024.

12%



The median voluntary turnover rate is **12%**, up from 11% in autumn 2024.

HR Information Systems (HRIS)

20%

have **reviewed or changed** their HRIS within the **last 12 months**

16%

plan to do so in the **next 12 months**

One third report that **implementation** took between **3-6 months**

Drivers behind reviewing HRIS

81%

cite **efficiency and productivity**

75%

aim to **automate processes**

73%

hope to **improve reporting and decision-making**

66%

are looking to **improve data accuracy**

HR Budgets and Agendas

1

53% of organisations expect **no change in HR headcount**, with only minor shifts anticipated overall.

2

28% plan to **increase training and development budgets** by up to 10%, indicating a gradual investment in skills.

3

Projects and new development show the most growth potential, with **35%** expecting budget increases (28% up to 10% / 7% up to 20%).

The next edition of the Paydata UK Reward Management Survey will be launched in autumn 2025. All participants receive a comprehensive free report covering the results of the survey. To be kept up-to-date when the survey is launched, please [register here](#).

To discuss these results, or to see how we can help with your needs, please contact us on **+44 (0)1733 391 377** or via **info@paydata.co.uk**