

UK Reward Management Survey

Autumn 2025 - Key Findings

Our autumn 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 spring 2026.

Data for the survey was collected through September and October 2025.

REGISTER NOW
The spring edition
of the UK Reward
Management Survey
will launch in
March 2026.

Participants

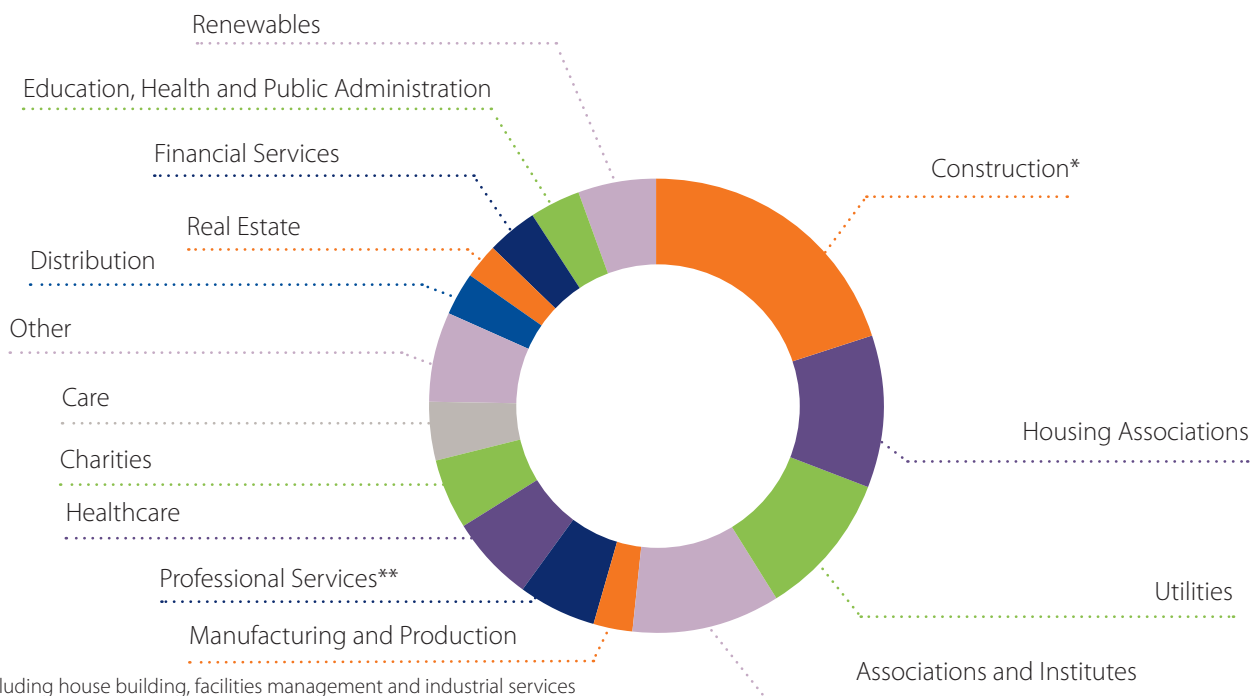
202



employers completed the survey
from across the UK

450k

Together they employ more
than 450,000 people



The Business Outlook

A stable outlook for business activity:



42%

expect **order books**
to increase

46%

expect an increase in
business revenue

45%

expect an increase in
business profitability

2025 Pay Awards



April remains the most popular month for pay reviews

2025 sees pay budgets reduce

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

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

2.7%

Lower Quartile

3.0%

Median

3.5%

Upper Quartile

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

3.2%

Lower Quartile

4.0%

Median

5.0%

Upper Quartile

Figures suggest that the **National Living Wage** adds around **1%** to pay budgets

Expected 2026 Pay Review Budgets

April is expected to be the most popular month for 2026 pay reviews, followed by **January**



2026 Pay Budgets *(excluding those affected by the National Living Wage)*

3.0%

Lower Quartile

3.0%

Median

3.5%

Upper Quartile

Budget expectations for 2026 are **broadly the same as 2025 actions**, reflecting a levelling out in pay growth.



2026 Pay Budgets *(including those affected by the National Living Wage)*

3.4%

Lower Quartile

4.0%

Median

5.0%

Upper Quartile

In line with 2025, the **National Living Wage appears to increase the median expected pay budget** for 2026 by an average of one per cent.

The format of the pay review

38%



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

38%



will offer an **across the board increase**

Targeting pay actions

78%



will be driven by **external relativities**

54%



will be driven by **internal relativities**

43%



will target **high performing people**

Out of Cycle Pay Awards

2025

78% offered **out of cycle** pay awards

2026

77% expect to offer **out of cycle** awards

Bonus Outlook

70% of respondents operate a **bonus scheme**



Picture of stability

67%

anticipate that the **number of people** receiving bonuses will **stay the same**



51%

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



Frequency of bonus payments

91% report that they pay their bonuses **annually** for the majority of employees



Performance criteria for bonuses

76%



consider **individual, team and company performance**

17%



consider **company performance**

6%



consider **individual performance**

Flexible Working Arrangements

94%

offer some form of
working from home

93%

provide **part-time**
options

72%

offer **informal flexibility**,
such as ad hoc changes to
hours or location

Mandated return to the office

ONLY 3%

require employees
to be **office-based**
full-time

43%

mandate **part-time**
attendance, with a
set number of days

4%

plan to introduce
part-time mandates
in the future

38%

have **no plans** to
mandate a return

On-site attendance

**OFFICE-BASED
WORKERS**

29%

are **mandated** to be in
the workplace **3x a week**

33%

are **expected 2x a week**

**FRONTLINE
WORKERS**

61%

are **mandated** to be in
the workplace **5x a week**

57%

are **expected 5x a week**

Flexible Working Arrangements

Tracking attendance

60% do not formally track attendance



ONLY **27%** formally track on-site attendance

ONLY **2%** plan to implement tracking

Resistance to flexible working practices

49% of respondents experienced no resistance

45% experienced some resistance

Employee Productivity

8%



measure productivity in detail

55%



do not measure productivity and have no plans to

14% track it generally

23% plan to measure in the future

Current productivity levels compared to pre-pandemic levels

77% believe productivity has remained the same



As a leadership priority

39%



say employee productivity is a key objective

55%



believe it is important, but not a top priority

6%



say it is not a focus at all

Pay Equity and Transparency

25%



offer **full internal transparency**, publishing pay scales internally

34%

operate only in the UK, but are **proactively considering increasing transparency** in anticipation of the UK following suit with the EU



Measures to improve pay transparency

76%

are **developing clearer pay structures** or scales

73%

are introducing **formal job grading systems**

68%

are conducting and publishing **gender pay gap reports**

Challenges to achieving pay equity

63%

cite **budget constraints** and affordability pressures

53%

highlight the scale of **legacy pay inconsistencies**

35%

cite a **lack of awareness** or understanding of **pay equity issues**

35%

report **insufficient tools or data** to analyse the picture on pay

Recruitment and Retention

Retaining people:

30%

experienced difficulty
in the last 6 months

33%

anticipate difficulty
in the next 6 months

Recruiting people:

39%

experienced difficulties
in the last 6 months

40%

anticipate difficulties
in the next 6 months



49%

have had to offer new recruits **salaries that conflict** with those paid to existing employees



73%
offering **up to 10% more**



27%
offering **up to 20% more**

Over the next 6 months, **64%** expect the **premium** paid to attract new recruits to **stay the same**



Recruitment and Retention

Biggest recruitment and retention challenges:

- ① **84%** identify **labour shortages**
- ② **78%** cite a **lack of suitable candidates**
- ③ **62%** say they are **unable to meet career development aspirations**

Top 3 strategies to overcome recruitment challenges:

- ① **76%** are **leveraging digital tools** such as LinkedIn
- ② **63%** are investing in **training and upskilling** existing staff
- ③ **61%** are offering **competitive benefits**

Top 3 strategies to overcome retention challenges:

- ① **76%** are analysing the results of **exit interviews**
- ② **69%** are **better communicating** the full reward package
- ③ **66%** are reviewing benefits and **total reward packages**

Absence and Labour Turnover



Absence levels are **broadly consistent** with 2024



The **median** number of **sick days** in 2025 so far is **3.04 days**

14%

median level of employee turnover in the **last 12 months**



Employee turnover levels consistent with 2024.

54%

expect employee turnover to **stay the same**



The top challenges in priority order are:

1	Cost pressures and affordability	
2	Talent attraction, skills and retention	
3	Pay transparency and fairness	
4	Structural change, job architecture and reward strategy	
5	Legislative and regulatory changes	
6	Technology, data and AI adoption	
7	Employee experience, culture and engagement	

The next edition of the Paydata UK Reward Management Survey will be launched in spring 2026. 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**