

UK Reward Management Survey

Spring 2026 - Key Findings

REGISTER NOW
The autumn edition of the UK Reward Management Survey will launch in September 2026.

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 2026.

Data for the survey was collected through April and May 2026.

Participants

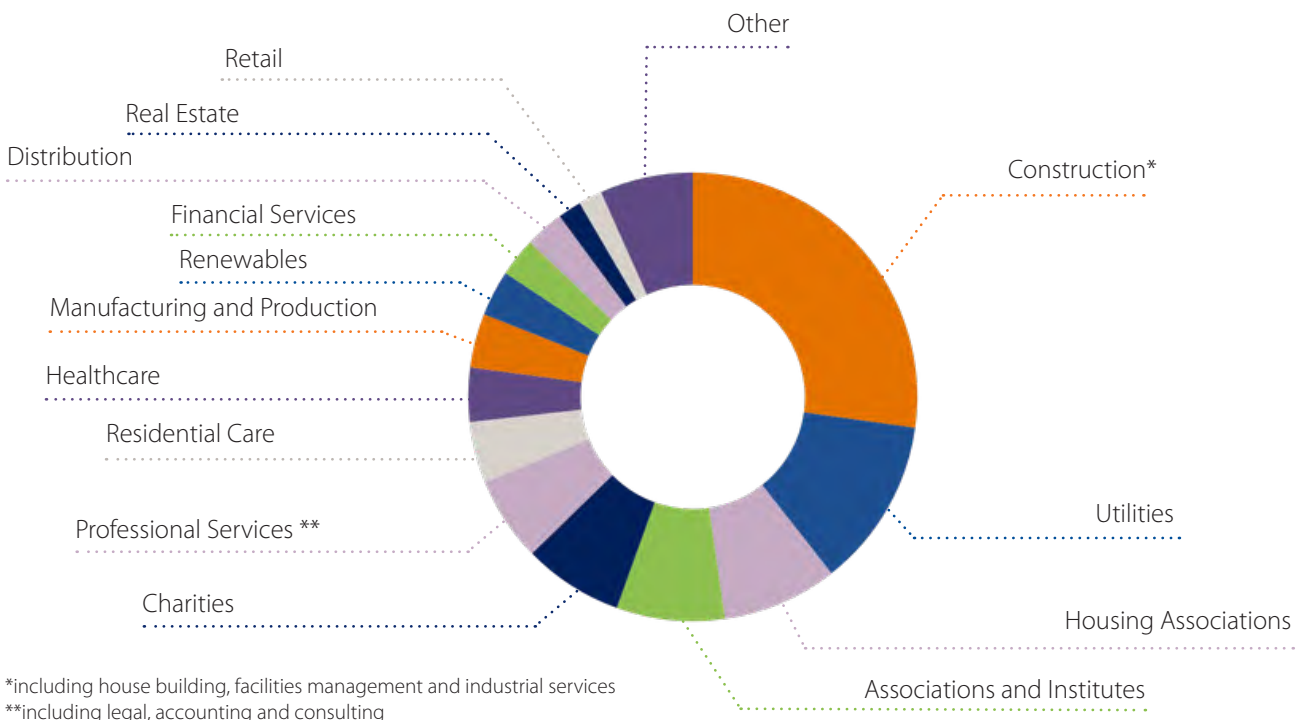
180



employers completed the survey from across the UK

400k

Together they employ more than 400,000 people



2026 Pay Awards



April remains the most popular month for pay reviews for **40% of employers**



15% opt for **January**

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

3.0%

Lower Quartile

3.0%

Median

3.5%

Upper Quartile

55%



will award up to **3% increases**

33%



will award up to **4% increases**

1%



will operate a **pay freeze**

Pay award budgets over time

2021

2.2%

2022

3.5%

2023

5.0%

2024

4.0%

2025

3.0%

2026

3.0%

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

3.5%

Lower Quartile

4.0%

Median

4.7%

Upper Quartile

2026 Pay Awards

The format of the 2026 pay review

36%

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

34%

will offer **across the board increases**

Drivers of pay actions

72%



cite **external** **relativities**

54%



cite **internal** **relativities**

40%



target **high** **performing people**

2026 Out-of-cycle Pay Award Budgets



Whilst a common feature of reward strategies in 2026, there is limited movement overall.

2025

70% **offered** out of cycle pay awards

2026

74% **expect to offer** out of cycle pay awards

The Bonus Outlook

72%



of respondents operate an **annual bonus** **scheme**

63%



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

42%



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

The Bonus Outlook

Bonus Expectations

- **Main board directors** have the highest bonus opportunities: **median on-target bonuses are slightly reduced at 36-40%**, with a median maximum opportunity of 46-50%, and median actual/expected payouts also at 36-40%.
- **Other directors and senior executives** have a median on-target bonus of **26-30%**, with maximum opportunities of 31-35% and actual/expected payouts of 21-25%.
- **Function heads and senior managers** typically receive median on-target and actual bonuses of **11-15%**, with maximum opportunities reaching 16-20%.
- **Middle managers and professionals** continue to receive more modest bonus opportunities, with median on-target bonuses of **6-10%**, maximum opportunities of 11-15%, and actual payouts also typically 6-10%.
- **Other employees** generally receive median bonus opportunities and payouts of **1-5%**, with maximum opportunities typically reaching 6-10%.

Employee Turnover

15%



Median overall turnover is reported as **15%**, broadly in line with recent years.

11%



The median voluntary turnover rate is **11%**, reflecting a relatively stable labour market.

59%



expect **turnover** to remain **unchanged in the next 12 months**

18%



anticipate **employee turnover increasing**

Employee Absence

Average sickness absence has reduced slightly year-on-year.



Mean absence has fallen from **4.35 days** in 2025 to **4.15 days** in 2026. **Median absence** remains stable at **3.0 days**.

Recruitment and Retention

43%

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

31%

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

39%

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



28%

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



Recruitment challenges remain elevated compared with pre-pandemic levels, but significantly below the peak of 86% in 2022.

Retention pressures have eased substantially from the post-pandemic peak of 77% in 2022 and now appear to have stabilised.

Conflicting salaries

48%

offer **new recruits** salaries which conflict with existing employees



72%

offer **up to 10% more**

26%

offer **up to 20% more**



Although pay premiums remain common, the **scale of premiums has moderated considerably** since the height of labour market pressures.

Employee Benefits

Top Benefits:

Aside from a pension scheme, the 3 top benefits are:

1

89%

offer **Employee Assistance Programmes (EAPs)**

2

88%

offer **life assurance**

3

78%

offer **occupational sick pay**

Other key benefits include:

- **78%** offer **enhanced maternity pay**
- **72%** offer **enhanced annual leave**
- **69%** offer **enhanced paternity leave**
- **59%** offer **car allowances**
- **41%** offer **childcare vouchers**

Non-monetary rewards

83% offer **non-monetary rewards**, most commonly:

- Recognition programmes (50%)
- Special/additional leave (26%)
- Long service awards (23%)
- Buy/sell holiday schemes (9%)
- Volunteering days (9%)

Innovative benefits recently introduced

Recent benefit developments continue to focus on four key areas:

- **Health and wellbeing:** enhanced medical cover, health cash plans, mental health support, menopause, fertility and neurodiversity provision.
- **Financial wellbeing:** mortgage advice, salary advance schemes, pension support and financial education.
- **Leave and flexibility:** additional annual leave, holiday purchase schemes, volunteering leave and enhanced family-friendly policies.
- **Sustainable benefits:** electric vehicle salary sacrifice schemes and cycle-to-work initiatives.

Employee Benefits

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

Employers consistently identify the following as delivering the strongest return on investment:

- **Additional annual leave and holiday purchase schemes**
- **Private medical** insurance and **health cash plans**
- **Pension** provision
- **Wellbeing and EAP support**
- **Flexible and hybrid working** arrangements
- Retail **discount platforms**
- Electric vehicle and cycle-to-work **salary sacrifice schemes**

19% of organisations currently **offer a flexible benefits scheme**. 18% are considering introducing one.



Among those with a flexible benefits scheme, the **most common approach is flexing individual benefits**, such as buying and selling annual leave.

Flexible Working

77% of organisations **offer flexible working options to all employees**.

Most widely available arrangements:

- **95%** offer **part-time working**
- **88%** offer **hybrid working**
- **70%** offer **working from home**
- **66%** offer **informal flexibility**
- **58%** offer **compressed hours**

Flexible working is now firmly embedded across most organisations, although operational requirements remain a significant constraint in some sectors.

79% of respondents are either **very satisfied or somewhat satisfied** that their HRIS meets needs.

72% report that their **HRIS is widely utilised** across the organisation.

25% have **reviewed or changed** their HRIS within the **last 12 months**

34% are either **planning or considering a review** in the **next 12 months**

Drivers behind reviewing HRIS

85% aim to **automate processes**

80% cite **efficiency and productivity**

79% hope to **improve reporting and decision-making**

68% are looking to **improve data accuracy**

Most organisations expect HR budgets to remain stable over the next year:

56% of organisations expect **no change in HR headcount.**

54% expect **training and development budgets** to remain **unchanged.**

56% expect **no change in day-to-day HR operating costs.**

56% expect **reward management budgets** to **remain stable.**

However, investment is still planned in several areas:

1 **25%**
expect **increases**
in day-to-day HR
activity budgets.

2 **29%**
expect **projects**
and development
budget increases
up to 10%.

3 **14%**
anticipate **project**
budget increases
above 10%.

The next edition of the Paydata UK Reward Management Survey will be launched in autumn 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