



RESEARCH REPORT MARCH 2026

What UK SMEs think about employee benefits

WORKING WITH THE **CIPD**

FOREWORD

The changing role of employee benefits

Employee benefits are under growing pressure to do more. For SMEs, they are expected to support recruitment, retention, wellbeing and financial resilience, often against a backdrop of rising costs and economic uncertainty.

This report shows that many smaller employers are thinking carefully about the role benefits can play, even where budgets are tight. It also highlights clear differences by business size, from how benefits are prioritised and reviewed to the types of support employers are able to provide.

What stands out most is that value does not always come from doing more. Often, it comes from being clear about what benefits are meant to achieve, focusing on what employees value most and making sure support is easy to understand and access.

We hope these findings offer useful insight for employers reviewing what good support today looks like.



Iain Laws
CEO, Health & Benefits,
Everywhen

The CIPD perspective

Employee benefits are an important part of the employment offer and can have a meaningful impact on people's experience of work.

These findings offer helpful insight into how SMEs are approaching benefits and reinforce the importance of keeping support aligned with workforce needs and business priorities.

Charles Cotton

Senior Policy & Practice Adviser - Pay and Reward, CIPD

About the research

The survey was conducted online by YouGov among 1,059 reward or HR decision-makers working for organisations in the UK.

For the purposes of this report, micro-businesses are organisations with 2-9 employees, small businesses have 10-49 employees, and medium-sized businesses have 50-249 employees.

This report presents a selection of findings from the research. The results included do not necessarily reflect the top answers to each question across every business size, but those considered the most interesting and insightful.

PART 1

Employee benefits strategy and objectives

Making benefits count

Employee benefits are clearly playing an important role for many SMEs, particularly when it comes to retaining employees and keeping them motivated and engaged.

Across small and medium-sized businesses, retention stands out as the leading objective, while micro-businesses are more likely to take a less structured approach.

Many employers review their benefits at least once a year, with larger organisations tending to do so more often. Cost remains a major consideration, especially for smaller employers, while employee feedback is also becoming an important measure of whether benefits are working. Overall, most employers believe their benefits are meeting their objectives.



Key findings

- Retention is the top objective for benefits, cited by **56% of small businesses** and **53% of medium-sized businesses**.
- **24% of micro-businesses** say they have no clear benefits objectives, compared with **13% of small** and **5% of medium-sized businesses**.
- Benefits are reviewed at least once a year by **39% of micro**, **42% of small** and **36% of medium-sized businesses**.
- Cost is one of the most important factors for **43% of micro-businesses** and **37% of medium-sized businesses** when reviewing whether benefits are meeting their objectives, while employee feedback is cited by **46% of small** and **47% of medium-sized businesses**.
- Most employers say their benefits are fully or mostly meeting their objectives, including **82% of micro-businesses**, **72% of small businesses** and **75% of medium-sized businesses**.

What are the main objectives of your employee benefits strategy?

Retain employees



Micro
41%

Small
56%

Medium
53%

Increase employee motivation and engagement at work



Micro
32%

Small
54%

Medium
49%

No objectives



Micro
24%

Small
13%

Medium
5%

Five things to consider when reviewing your employee benefits strategy



1 Start with your workforce priorities

Your benefits should reflect what your employees need. For some organisations the priority may be attracting and keeping talented workers, while for others the focus may be supporting wellbeing. Regular employee feedback can help ensure your benefits stay relevant.

2 Think about both recruitment and retention

Benefits can help organisations stand out when recruiting, but they also play an important role in keeping employees motivated and committed.

3 Include support for employee wellbeing

Supporting employee wellbeing is becoming a priority for many organisations. Benefits that support mental, physical and financial health can help employees feel more secure and better supported at work.

4 Help employees understand their benefits

A benefits package will only have an impact if employees understand what's available and how it works. Clear communication and regular reminders can significantly improve awareness and engagement.

5 Review whether your benefits are working

Benefits are a business investment so it's important to consider what they cost and what they deliver. Reviewing take-up, employee feedback and outcomes such as engagement or retention can reveal whether your benefits are having the impact you expect.

How often do you review whether your employee benefits are meeting their intended objectives?

At least once a year



Micro

39%

Small

42%

Medium

36%

Never



Micro

17%

Small

10%

Medium

8%

At least monthly



Micro

8%

Small

10%

Medium

13%

“

“These findings are encouraging, with most organisations reviewing their employee benefits at least once a year.

“Larger organisations tend to do this more often, but an annual review can be a sensible starting point. Looking at benefit usage and employee feedback can help employers understand what is working and keep benefits relevant.”

”

What matters most when reviewing whether your employee benefits are meeting their objectives?

Micro



Cost of providing the benefits package



Employee performance, productivity or creativity

Small



Employee feedback and surveys



Employee performance, productivity or creativity

Medium



Employee feedback and surveys



Employee recruitment and retention data



Employee performance, productivity or creativity

To what extent is your employee benefits package meeting its key objectives?

Fully / mostly met



Partially met / not met



“

“Most employers feel their benefits are meeting their objectives.

“Where packages are only partly working, the answer is not always to spend more. Often, being clear about priorities, listening to employees and reviewing what is already in place can help improve the impact of benefits.”

”

Are my benefits working - four things to check



1 Cost

Cost will often be one of the first things organisations look at, especially smaller ones. A benefits package, however, also needs to make a meaningful difference to employees and the business.

2 Employee feedback

Employee feedback can help show whether benefits are understood and valued. Surveys, engagement scores and simple everyday conversations can help reveal whether they are meeting employees' needs.

3 Recruitment and retention

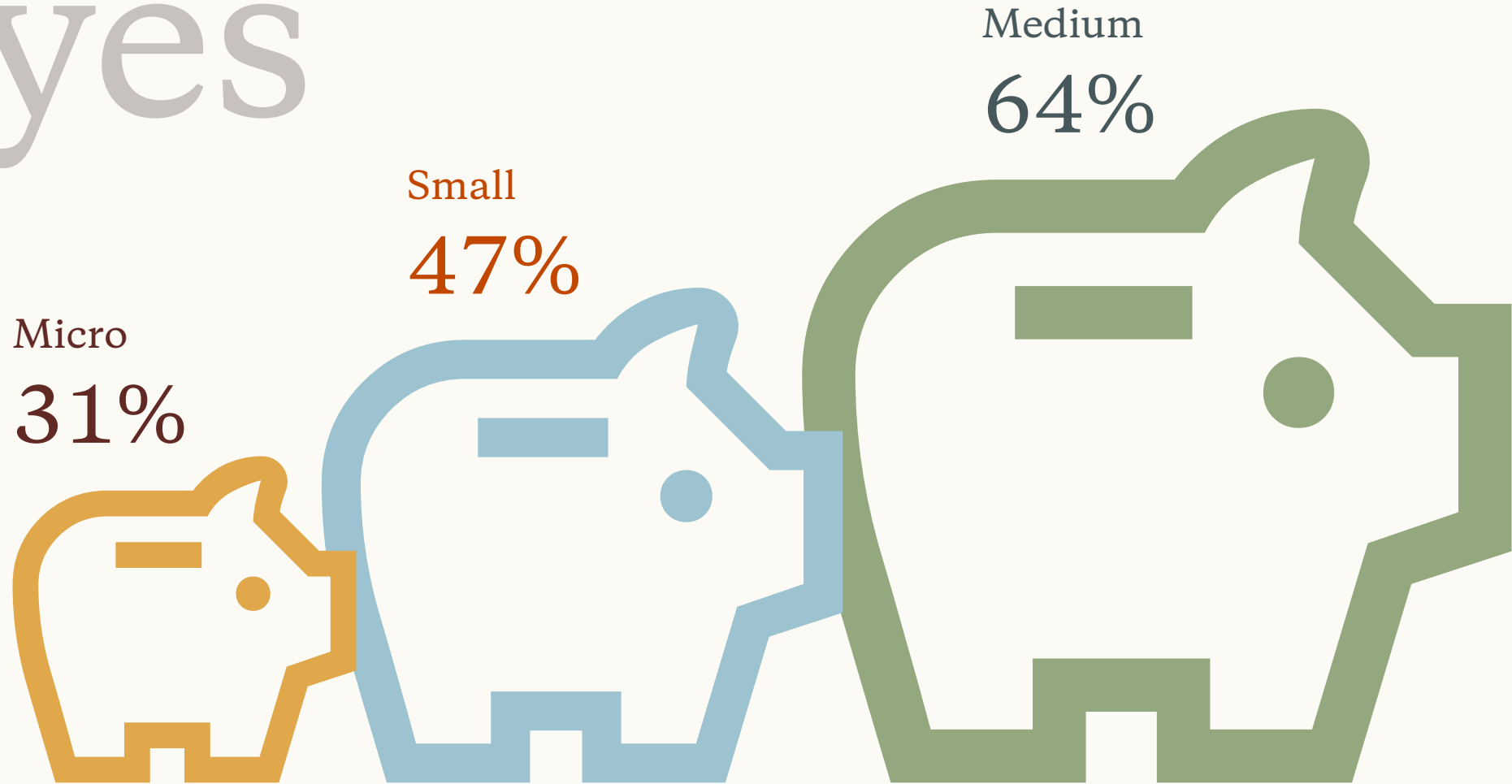
Benefits should support both recruitment and retention. Looking at staff turnover and reasons for leaving can help show whether they are adequately supporting this.

4 Performance and productivity

A good benefits package can influence how supported and motivated employees feel. Reviewing employee productivity and engagement can help employers understand their wider impact and if they're working as intended.

Aside from pay, does your organisation offer a good level of employee benefits and a generous pension scheme?

yes



What do you believe will have the biggest impact on your employee benefits package over the next 12 months?

Legislative/regulatory changes



Micro
29%

Small
35%

Medium
29%

Employment costs (including benefits and pay)



Micro
43%

Small
55%

Medium
41%

UK economic uncertainty



Micro
47%

Small
49%

Medium
39%

Do you have plans to provide more or fewer employee benefits by the end of next year?

Stay the same



Micro

74%

Small

69%

Medium

70%

Increase



Micro

7%

Small

11%

Medium

11%

Decrease



Micro

6%

Small

4%

Medium

8%

“

“With most employers expecting their benefits package to stay the same over the next year, the priority should be making existing support work as well as possible.

“This means understanding what employees value, checking which benefits are being used and making sure they still reflect workforce needs and business priorities.”

”

PART 2

What benefits do SMEs provide, and to who?

What support looks like in practice

As businesses grow, they often offer a wider range of benefits. Even so, these findings show that smaller employers are still making careful choices about how they support their people.

While medium-sized businesses are generally able to provide broader health, wellbeing, family and social support, micro and small organisations tend to focus on a smaller number of core benefits.

Health-related support such as private medical insurance, sick pay and life assurance all become more common as organisations grow, as does access to wellbeing benefits such as Employee Assistance Programmes (EAPs) and virtual GPs.

Flexible working, however, is a constant across all business sizes, while fairness and access remain important in how benefits are experienced.



Key findings

- Private medical insurance is offered by just **15% of micro-businesses** and **23% of small businesses**, compared with **40% of medium-sized organisations**.
- Among employers that provide private medical insurance, **65% of micro-businesses** and **71% of small businesses*** offer it to all employees.
- Occupational sick pay becomes more common as employer size increases, from **15% of micro-businesses** to **26% of small businesses** and **36% of medium-sized organisations**.
- Flexible working is the most common personal benefit across all business sizes, offered by **38% of micro**, **48% of small** and **52% of medium-sized businesses**.
- EAPs are the most commonly offered wellbeing benefit, but uptake varies widely – **7% of micro-businesses** provide them, compared with **19% of small businesses** and **36% of medium-sized businesses**.


*This figure is based on an unweighted sample of fewer than 50 respondents and should be treated with caution due to the small sample size.

What health insurance, income and prevention benefits do you provide?

Micro

 **15%**
Occupational sick pay

 **15%**
Private medical insurance

 **12%**
Free eye tests/
eyecare vouchers

 **7%**
Death in service/
life assurance

Small

 **26%**
Occupational sick pay

 **24%**
Death in service/
life assurance

 **24%**
Free eye tests/
eyecare vouchers

 **23%**
Private medical insurance

Medium

 **40%**
Private medical insurance

 **40%**
Death in service/
life assurance

 **36%**
Occupational sick pay

 **33%**
Free eye tests/
eyecare vouchers

What does good employee health support look like?

Here are three things to consider:

1 Make sure the basics are in place

Healthcare cover, life assurance and sick pay are often considered the building blocks of a good benefits package. Putting these in place can help make sure employees have a solid level of support.

2 Think about prevention as well as support

A strong benefits offering should support employees at different points in their health journey. This includes help when problems arise, as well as support that helps people stay well and address issues early.

3 Choose support that fits your workforce

The right benefits will vary from one organisation to another. What matters most is choosing support that reflects employee needs and works within your budget.



Who do you offer health cash plans to?*

All employees



Micro
64%

Small
61%

Medium
82%

Provision is dependent on grade, seniority, location, job, role, pay, etc



Micro
36%

Small
39%

Medium
13%

*This figure is based on an unweighted sample of fewer than 50 respondents and should be treated with caution due to the small sample size.

Who do you offer private medical insurance to?

All employees



Micro

65%

Small*

71%

Medium

63%

Provision is dependent on grade, seniority, location, job, role, pay, etc



Micro

34%

Small*

30%

Medium

35%

*This figure is based on an unweighted sample of fewer than 50 respondents and should be treated with caution due to the small sample size.

“

“Private medical insurance is often viewed as a premium benefit, so offering it to everyone can send a strong message that support is available to all.

“Where it is only offered to a select number of employees, employers should be open about why and make sure the wider health offering still feels fair and inclusive.”

”


Which, if any, of the following health and wellbeing benefits do you provide?


Micro

 7%
Employee assistance programme

 5%
Menopause support policy

 5%
Virtual GP service


 4%
Relaxation courses (e.g. mindfulness or meditation)


 4%
Sensory-friendly workspaces

Small

 19%
Employee assistance programme

 13%
Virtual GP service

 8%
Gym membership or personal fitness trainer


 8%
Integrated mental health and financial counselling


 8%
Menopause support policy


Medium

 36%
Employee assistance programme

 20%
Virtual GP service

 20%
Gym membership or personal fitness trainer

 16%
Menopause support policy

 15%
Integrated mental health and financial counselling

Three things that make wellbeing support more useful



1 Start with support employees can use easily

Benefits such as an employee assistance programme or virtual GP can offer practical help for a wide range of issues. Support is more likely to make a difference when it is easy to access and easy to understand.

2 Think beyond physical health

Mental health, financial pressure and life stages such as menopause can all shape how people feel at work. Wellbeing support should consequently reflect the reality of employees' lives, not just one aspect of health.

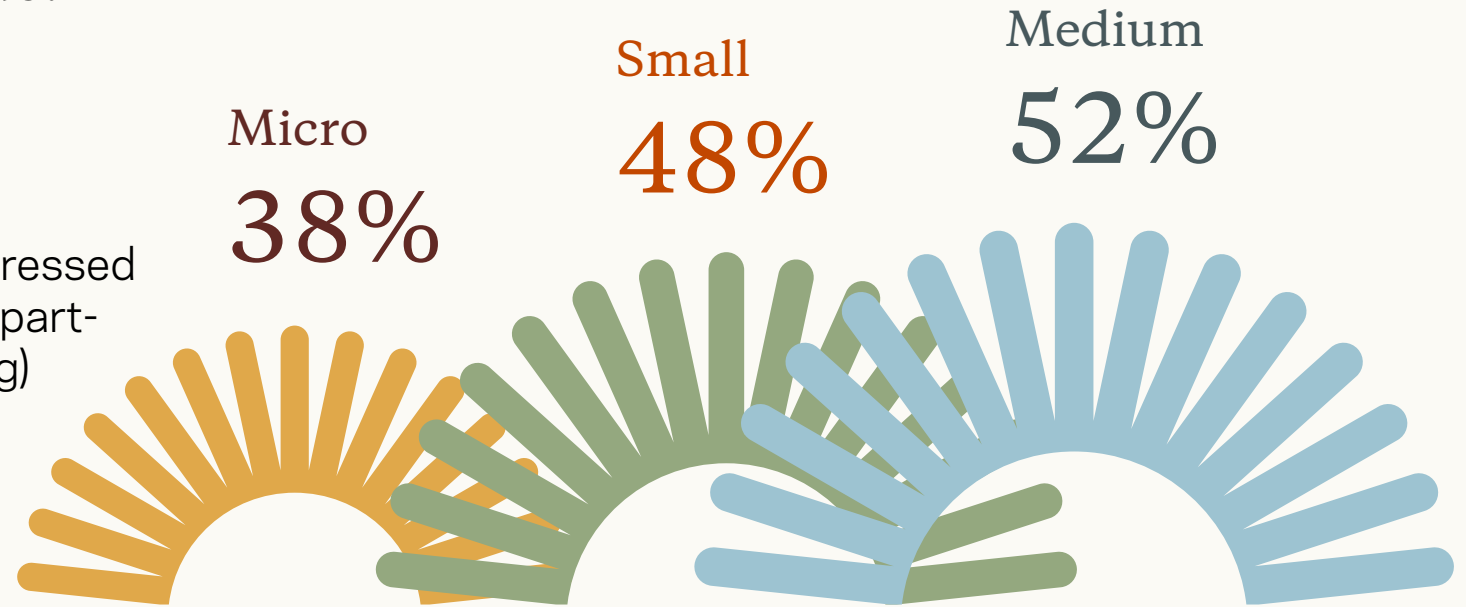
3 Build a culture that supports wellbeing

If an employer is seen to take wellbeing seriously and fosters an environment where it is safe to ask for help, employees are more likely to use wellbeing support.

Which of the following personal and family benefits do you provide?

Top personal benefit:

Flexible working (e.g. compressed working week, job sharing, part-time working, home working)



Second most popular benefit:

Health and wellbeing services for family members (e.g. virtual GP)



Which of the following social benefits do you provide?

Micro



48%

Free drinks or snacks



45%

Christmas or other work social events



12%

Employer-provided alcoholic drinks

Small



64%

Christmas or other work social events



60%

Free drinks or snacks



12%

Employer-provided alcoholic drinks

Medium



61%

Free drinks or snacks



60%

Christmas or other work social events



21%

Free or subsidised canteen or lunch vouchers

“

“Many employers still see social benefits as a simple way to build connection and show appreciation.

“Simple touches, such as free refreshments or shared social events, can help people feel more welcome and included. The key is to make sure these benefits reflect your culture and work for the widest possible range of employees.”

”



PART 3

Supporting financial wellbeing

A growing focus on financial wellbeing

Financial wellbeing is clearly on the radar for many SMEs, with many businesses recognising they have a role to play. Yet good intentions don't always translate into formal action.

More developed approaches are generally seen among medium-sized businesses, particularly in pension support and wider financial wellbeing provision. Micro and small businesses are more likely to be at an earlier stage.

Perhaps most interesting is why employers have, or want to have, a financial wellbeing strategy. Reducing stress and supporting mental and physical health ranked higher than financial wellbeing itself, suggesting SMEs recognise that financial security can shape both employee wellbeing and work performance.



Key findings

- Only **12% of micro-businesses** and **20% of small businesses** have a formal financial wellbeing strategy in place, rising to **40% among medium-sized organisations**.
- The main reasons for having, or planning, a strategy include reducing employee stress and improving employee wellbeing, as well as improving the performance of the business and its people.
- Almost **two-thirds (62%) of medium-sized businesses** say they have a responsibility to offer benefits that help stretch take-home pay and reduce the risk of financial difficulty, with **46% of small businesses** and **38% of micro-organisations** thinking the same.
- Regularly reviewing pay and bonuses to make sure they are fair is the most common way employers across all sized businesses support financial wellbeing.
- **61% of medium-sized businesses** and **44% of small businesses** say they have a responsibility to signpost financial information and guidance, compared with **37% of micro-businesses**.

Do you have a formal employee financial wellbeing strategy or policy?

Yes



Micro

12%

Small

20%

Medium

40%

No - but we plan to introduce one in 2026



Micro

7%

Small

12%

Medium

12%

“

“By the end of 2026, more than half of medium-sized businesses could have a formal financial wellbeing strategy in place, with almost a third of small businesses on a similar path.

“This points to a growing recognition that, in a more uncertain economy, financial wellbeing is becoming harder for employers to ignore.”

”

What are the main reasons you have (or plan to have) a formal financial wellbeing strategy or policy?

Micro



43%

To reduce employee stress levels



41%

To improve the overall mental and physical wellbeing of our employees



41%

To improve the performance of both the organisation and its people

Small



51%

To improve the performance of both the organisation and its people



48%

To improve the overall mental and physical wellbeing of our employees



37%

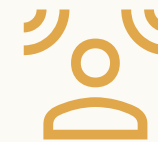
To improve employee financial wellbeing

Medium



44%

To improve the overall mental and physical wellbeing of our employees



42%

To reduce employee stress levels



41%

To improve employee financial wellbeing

Does your organisation have a responsibility to support financial wellbeing by offering employee benefits that stretch the value of take-home pay and reduce the risk of getting into financial difficulties?

yes

Micro
38%



Small
46%



Medium
62%



“

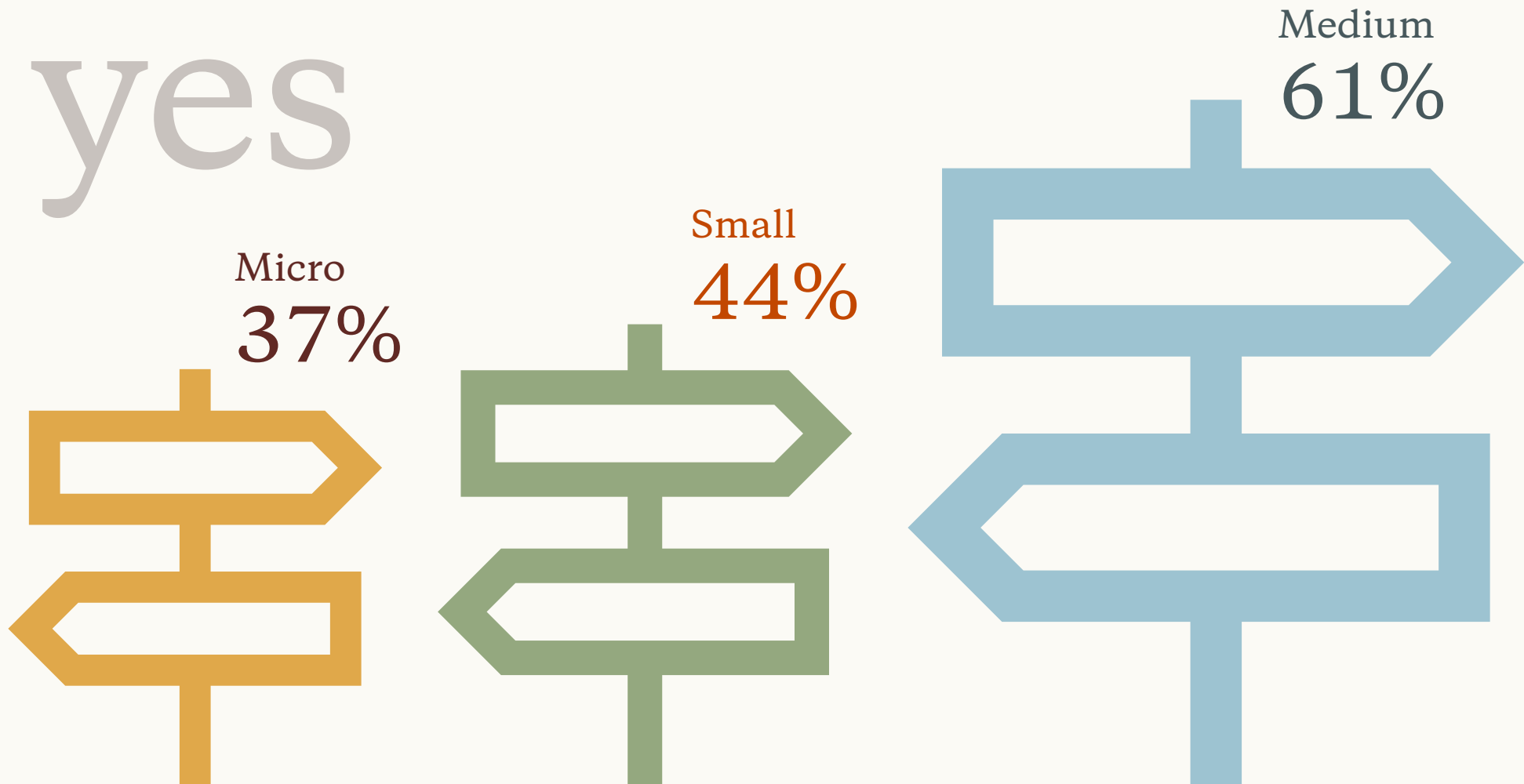
“Benefits that help with everyday costs can make a bigger difference than many employers realise.

“Financial pressure has a habit of spilling into every area of life. Benefits that ease it can help to make a real difference to how people feel, both in and out of work.”

”

Does your organisation have a responsibility to support financial wellbeing by signposting relevant sources of financial information and guidance?

yes



Making financial wellbeing support more meaningful.

Four things to consider:

1 Formalise what you're already doing

Many SMEs are already taking steps to support financial wellbeing without realising. Checking what is already in place is a sensible first step to understanding what's working and where there might be gaps.

2 Start with what makes a difference day-to-day

For most people, financial pressure is felt in everyday life. Benefits that help pay to go further or reduce the risk of getting into difficulty are often the ones that make the biggest difference.

3 Make sure employees know what's available

Support only works if people know it exists. Making sure employees are clear about what's offered and where to go for financial information and guidance can help them feel more informed and more in control.


4 Keep the conversation going


People's financial situations change and a one-off conversation isn't always enough. Regular, informal reminders about what's available can go a long way.



How do you support the financial wellbeing of your employees?

Micro


 **51%**
Regularly review pay structures, levels, rises, bonuses/incentives to ensure that they are fair

 **23%**
Open and transparent with employees about the pay and benefits on offer, why they're provided and what people need to do to receive them


 **22%**
Guarantee all employees at least 16-hours of paid work a week

 **22%**
Regularly review benefits to ensure they are fair

Small


 **70%**
Regularly review pay structures, levels, rises, bonuses/incentives to ensure that they are fair

 **37%**
Guarantee all employees at least 16-hours of paid work a week

 **37%**
Open and transparent with employees about the pay and benefits on offer, why they're provided and what people need to do to receive them


 **35%**
Regularly review benefits to ensure they are fair

Medium

 **72%**
Regularly review pay structures, levels, rises, bonuses/incentives to ensure that they are fair

 **50%**
Regularly review benefits to ensure they are fair

 **33%**
Guarantee all employees at least 16-hours of paid work a week

 **30%**
Open and transparent with employees about the pay and benefits on offer, why they're provided and what people need to do to receive them

What are the top two pensions, investments, savings and borrowing benefits you provide?*

Micro



Workplace pension scheme with 6% minimum employer contribution



Workplace pension contribution matching plan**

Small



Workplace pension scheme with 6% minimum employer contribution



Workplace pension salary sacrifice plan

Medium



Workplace pension contribution matching plan**



Workplace pension salary sacrifice plan

*Chosen from a finite list of options ** If an employee contributes more to their pension, the employer will also increase its contribution to the employee's pension.

Are your pension and savings benefits working hard enough? Here are three things to check:

1 Check whether your pension scheme is competitive

A good pension remains one of the most important financial benefits for many employees. Assessing employer contributions can help show whether your scheme is competitive enough to support recruitment and retention.

2 Think about how you support people to save more

Matching pension contributions can be an effective way to encourage employees to save more for retirement.

3 Review whether salary sacrifice could add value

Salary sacrifice may be worth considering as part of a wider benefits package. It can be a tax-efficient way to support pension saving for employees and employers alike.





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