

The most popular employee benefits in 2023

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Looking to update your benefits package but don't know where to start? Based on the findings of our new survey, we explore the most popular benefits in 2023 to help employers stand out from the competition.

In May 2023, XpertHR conducted a survey of 200 organisations that asked about the benefits and allowances employers are offering and explored which ones are gaining traction.

A strong reward package helps employers to differentiate themselves from competitors and retain talent, so it needs to be in line with, if not actually to go beyond, current market trends.

The benefits offered by employers can provide a welcome boost to employees' financial circumstances as inflation continues to outstrip pay awards. At the same time, involving employees in the decision-making process has become increasingly popular, especially as employers are looking to provide benefits that their workforce actively use.

The rise of wellbeing benefits

Wellbeing and mental health at work is a subject that has risen to the top of every organisation's agenda in recent years. The breadth of associated benefits on offer in UK organisations has grown as societal developments have placed a greater emphasis on a more all-encompassing understanding of wellbeing. It is therefore no surprise that, in another recent XpertHR [global survey](#), organisations stated that wellbeing was linked to their mission or purpose, with 24% saying it was a business priority, while another 45% indicated that wellbeing was important and deserving of close attention for its impact on their business.

In our new survey, almost all respondents said they offer at least one benefit that aims to positively impact mental wellbeing. Three in five organisations said they provide dedicated mental health support to their employees.

Although an employee assistance programme remains the most popular benefit, with nearly eight in 10 organisations offering one, the provision of digital resources and mental health support is becoming more common among organisations.

However, cost-of-living pressures have also put a new emphasis on financial wellbeing programmes to help employees navigate challenging times. More than one in four organisations said they already offer such programmes, which are designed to help employees not just to reduce debt but also to get the most from their money and achieve financial goals.

XpertHR Benchmarking - HR Metrics

A good pension is fundamental

No good benefits package is complete without a strong pension programme. This is well understood by employers. Many organisations said they are in the process of reviewing their benefits package to make sure that it is not only "aligned with workforce demographics" but also that the "benefits we provide match with market trends". This often includes reviewing their pension contributions since these are seen as a fundamental benefit.

Employees of different levels often receive very different contributions from their employers. Many organisations operate matched contributions schemes, whereby employees receive a higher contribution from their employer as they increase their own payments. However, the most notable trend in pension provisions is the move to a [salary-sacrifice scheme](#) for contributions. Around seven in 10 organisations (69.5%) operate this tax-efficient way of boosting pension savings.

Flexible benefits gain momentum

With a vast array of benefits options available, there are many ways for employers to reward their staff while also boosting engagement and motivation. Examples include:

- increasing pension contributions;
- introducing holiday buying and selling schemes;
- going beyond statutory limits for sickness or maternity and paternity;
- establishing or increasing private medical insurance and/or income protection or healthcare plans; and
- introducing electric vehicle schemes on a salary-sacrifice basis.

Employers need to match the requirements of an increasingly diverse workforce and one further way they can achieve this is by introducing flexible benefits schemes. These allow employees to shape their own packages by choosing the benefits most relevant to their current situation and lifestyle, and then revising their options as their needs shift.

Traditional benefits run out of steam

At the other end of the scale, in 2023, more conventional benefits seem to be running out of steam.

The most pronounced shift was seen in the proportion of organisations offering childcare vouchers, which shrank from 70.2% in 2021 to 48% in 2023. This was in some degree expected owing to the end of the childcare voucher scheme, which closed to new applicants in late 2018.

Another decrease took place in the payment of employees' professional membership fees - a fall of almost 10 percentage points since 2021.

At a time when organisations are struggling with employee retention, there are sharp differences in long-service awards. While some organisations give employees certificates and pin badges in recognition of long service, others offer financial incentives in the form of cash payments or vouchers, ranging from £100 after five years to £650 after 40 years.

Subsidised food and drink is expected to be a key benefit for employees during a period of rising living costs and reduced of real-terms pay. Around one-third (30.5%) of survey respondents indicated that they make free fruit available to employees - a small but often valued benefit.

Paid volunteering days are one of the few benefits in this category that have seen a rise in recent years. Volunteering days give employees an opportunity to support a charity with their time and energy, while continuing to receive their usual pay from their employer. These days allow employees to feel they are making a positive contribution to society, and that their employer supports this. Among employers providing paid volunteering days in 2023, the median number of days allowed was two.

A new normal - involving employees in benefits' choices

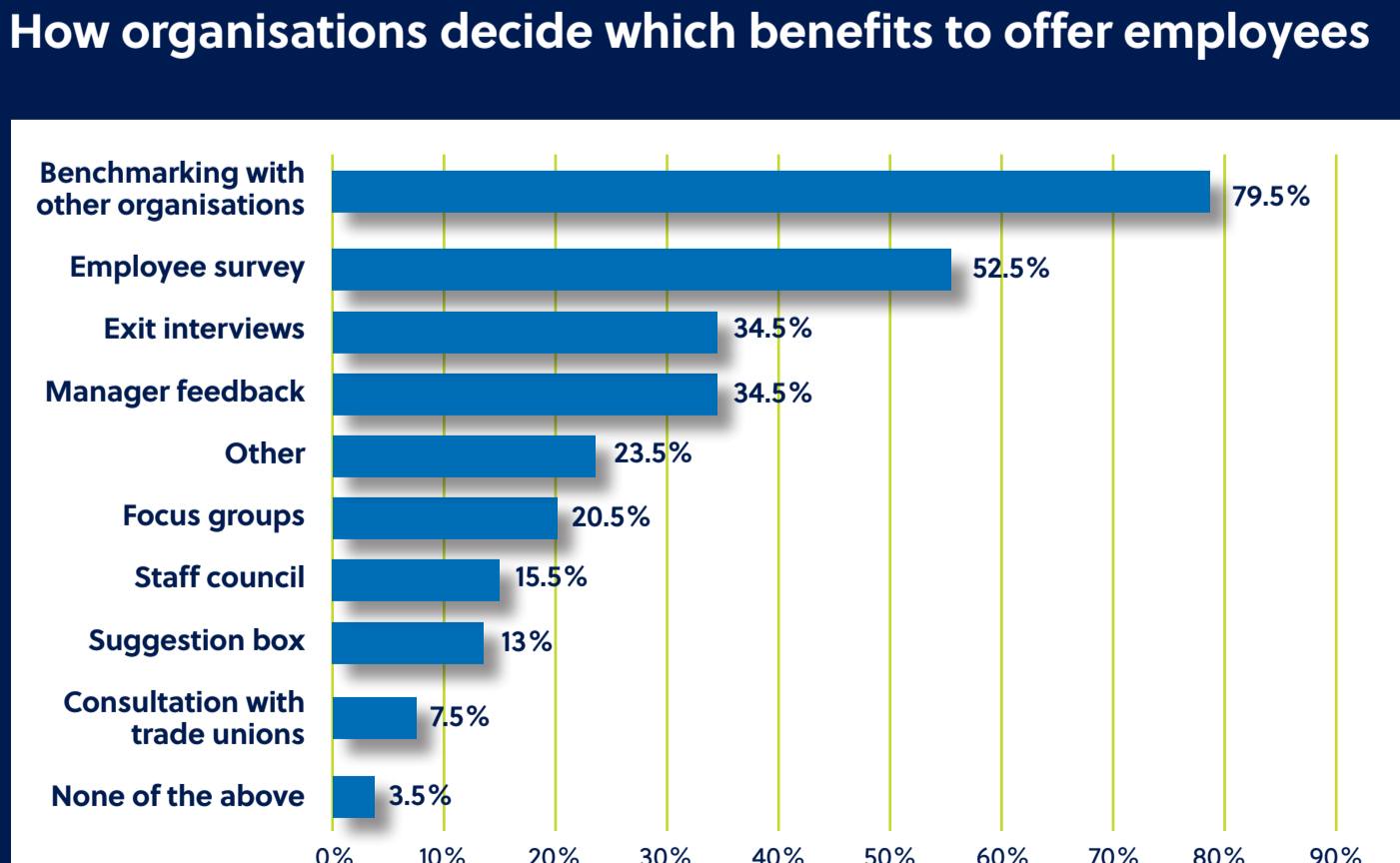
Though not entirely new, one developing trend in 2023 sees organisations involving employees in the choice of benefits they want. One respondent commented: "[We are] focusing on what the employees want rather than what we think they want."

Simultaneously, employers are also encouraging employees to make the most of what is available to them. Communicating the full range of benefits has, therefore, become integral to benefits strategies. Organisations mentioned introducing explanatory initiatives ranging from webinars and company presentations to setting up staff councils and producing dedicated newsletters and emails.

At the end of the day, the onus lies with employers, which increasingly need to adapt their benefits packages to meet the demands of different generations of employees in order to remain competitive. As one private-sector organisation said: "We need to focus on what individuals value and ensure we meet the needs of younger generations."

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How organisations decide which benefits to offer employees



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