

# Make Work Stay

How to avoid redundancies in FY 25/26



**Startups.**  
Workforce Report

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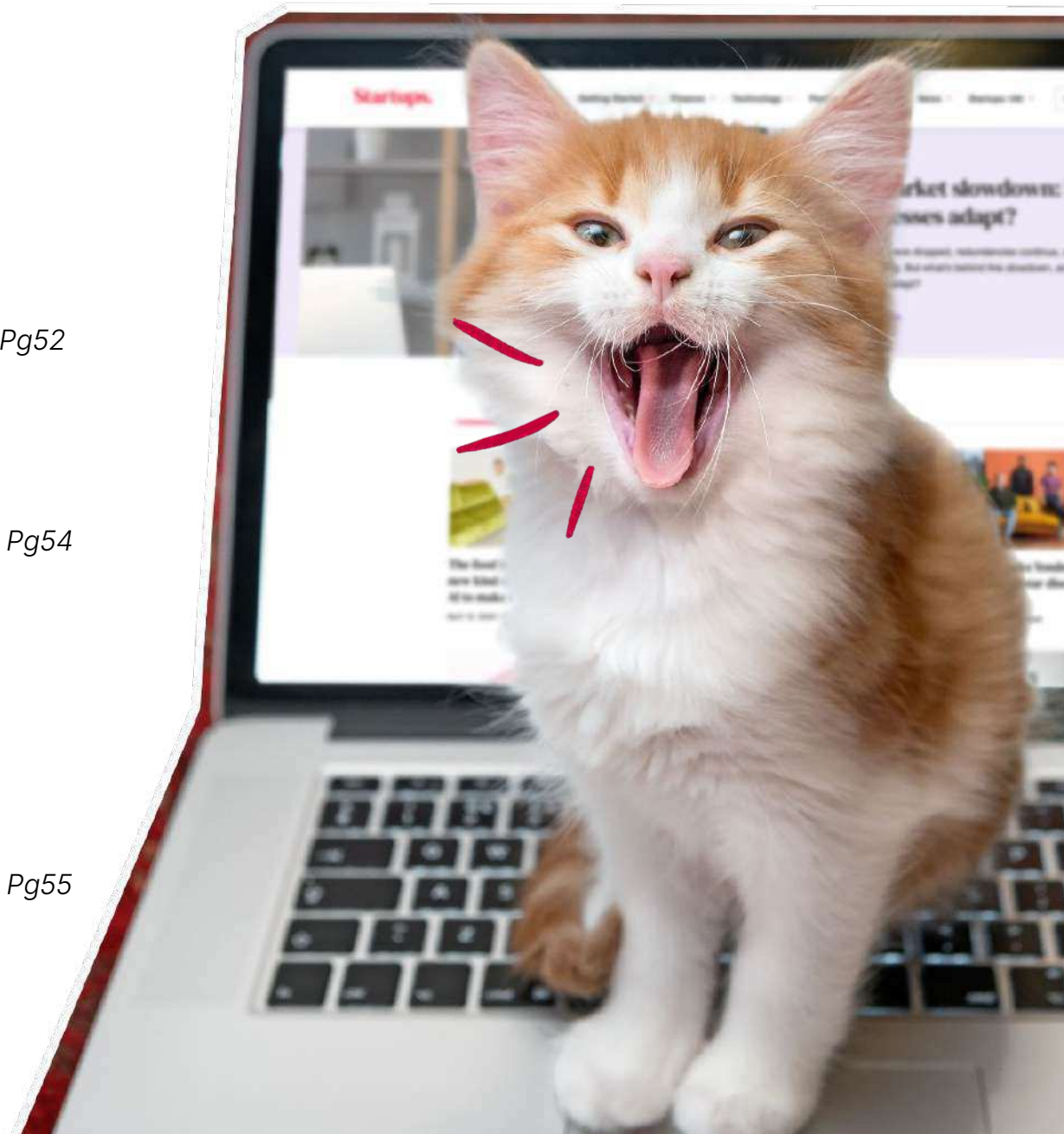
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# Since it came to power last year, the Labour government has claimed to be both pro-business and pro-worker.

*It's a solid enough line from behind the podium. But in the face of economic headwinds, that stance must blow one way or the other. So far, it's the business leaders who have felt sidelined.*

The fallout from 2024's 'anti-business Budget' is ongoing. Various tax hikes due at the start of this month are predicted to stymie growth. The **Employment Rights Bill** promised worker reforms that would benefit both sides of the boardroom table. Many – most notably April's National Insurance rise – have turned out to be trapdoors for employers.

Will it be possible to avoid redundancies in 2025? It's the question on everyone's lips. Since we entered the second half of the '20s, the UK labour market is anything but roaring, and job security seems like an outdated idea. Yet for all the conversations around business infighting, responsible bosses will exhaust every alternative before resorting to layoffs.

As well as a temperature check for UK business, this report doubles as a playbook for fortifying the workforce in FY25/26. We've spoken to over 500 UK SME leaders to get their views on the biggest conflicts dividing businesses. Should you raise or rein in pay? How do you inspire staff confidence while your own drops? Is work-life balance non-workable at a startup?

As ever, the answer is not clear-cut. But our research finds that the most optimistic businesses are those that are walking the line between two extremes. When you're between a rock and a hard place, the safest option is in the middle.



**Helena Young**  
Deputy Editor,  
Startups.co.uk

# Make Work Pay

## *Wage strategies for 2025*

In October, the Autumn Budget delivered a decisive blow to business hiring ambitions, confirming that employer National Insurance contributions would **surge to 15% in April 2025**. Expansion plans were shelved overnight as the cost of employment became increasingly prohibitive.

The immediate consequence has been a **cooling of the job market**. Faced with rising costs, business leaders have reined in recruitment, prioritising existing staffing budgets over new hires. One likely consequence could be an uptick in the UK's unemployment rate, as companies opt for financial prudence over workforce expansion.

### Employer National Insurance

contributions were  
confirmed to rise to

**15% in April 2025.**

# Key findings



88%

*of businesses to offer essential pay rises, despite hiring freeze*

April's NI hike has slammed the brakes on recruitment. Talent remains crucial for growth, though, necessitating alternative, strategic methods to invest in employees.



42%

*of first-year founders aren't confident in their ability to adapt*

Is the myth of the 'resilient' entrepreneur at risk? Green business leaders are struggling to stay optimistic in today's market. How do you guide a workforce when you're still figuring out the direction?



86%

*of firms will change their workplace model this year*

Agile young businesses are eager to embrace new work cultures. But they're being held back by the old guard, for whom flexible working remains suspect.



64%

*of employers will prioritise soft skills over hard skills*

AI is dominating headlines, but companies are going back to the business handbook, with many emphasising soft skills in their current training strategies.



94%

*of business leaders support the 'Right to Switch Off'*

Labour may have scrapped the proposed law over concerns about the impact on businesses, but our data shows UK employers are overwhelmingly in favour of the policy.

# Almost 9 in 10 businesses will raise pay this year

*Despite these constraints, it's clear that talent is still the engine of growth.*

Among firms that classify themselves as 'thriving' rather than merely 'surviving', **39% attribute this success to a talented and motivated workforce**, more than any other factor.

While businesses are tightening hiring budgets, they cannot afford to neglect the value of their people in 2025. Compounding the challenge is persistently high inflation and the growing demand for specialist skills in emerging technologies. These pressures make it clear that a blanket freeze on wage increases is not a viable strategy. Businesses must strike a delicate balance – managing costs while ensuring they remain attractive to the talent that will drive their future expansion.

Encouragingly, most employers appear to recognise this imperative. **88% of senior leaders indicate they intend to offer pay rises in 2025**.

However, the nature of these increases may shift, with **companies exploring more strategic and differentiated approaches to compensation** rather than across-the-board hikes.

The headline is this: while hiring may slow, investment in people remains a priority.



**Despite these constraints, it's clear that talent is still the engine of growth.**

**88%**  
of UK businesses plan to increase  
*employee wages*  
in the next 12 months.

**12%**  
Do not plan  
to increase  
employee wages

R= 531


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# Which sectors are planning pay rises?


*The economic forecast for 2025 means that substantial pay rises are not on the cards for UK businesses.*


**63% of firms told us they plan to increase wages by just 5% or less**. That said, there is still a need for firms to stay competitive, which is why the exact figures differ greatly sector-to-sector.

In 2025, the need to adopt cutting-edge technologies such as AI will also influence wage decisions. For tech and manufacturing firms, where a significant technical skills gap exists, average pay rises will be higher. It's a similar story for healthcare, a sector plagued by labour shortages.

 **Hospitality/tourism**  
22% of firms will **raise pay by 9% or more** this year


 **Construction**  
65% of firms will **raise pay by 5%** this year


 **Manufacturing**  
40% of firms will **raise pay by 5%** this year


 **Technology**  
37% of firms will **raise pay by 5%** this year

 **Healthcare**  
36% of firms will **raise pay by 5%** this year

 **Ecommerce/retail**  
30% of firms will **raise pay by 5%** this year

 **Consulting**  
30% of firms will **raise pay by 3%** this year

 **Finance**  
27% of firms will **raise pay by 3%** this year

 **Creative Arts**  
30% of firms will offer **no pay rises** this year



"The rapid growth of the healthtech sector has intensified competition for top talent across all our business functions. Salaries are rising as firms compete to attract and retain talent.

"Startups like us rely on strong teams to scale. **We need to use salaries, benefits and growth opportunities to attract top candidates** .

"At Lottie, our headcount has doubled in the past year, reflecting both industry growth and our commitment to hiring top talent."



**Holly Leckenby Rye**  
Senior People Manager,  
Lottie

# Bio&Me on... how to bowl over staff

*In 2024, Bio&Me doubled the business, proving gut health is more than just a trend. Co-founder Jon Walsh credits this growth to his “phenomenal” 15-person team. Here’s how they stay motivated.*

“A few years ago, in the startup world, having a big team was a status symbol,” recalls Walsh. “Today, the most admired businesses are those with **small, efficient, well-rewarded teams**. The goal is to be lean and agile – not burned out – to invest in the team you have.”

That investment is tangible at Bio&Me. **“Everyone who joins has share options**,” Walsh explains. “We want our team to be on this journey for the long term. That said, we also believe in rewarding people along the way, so we have an overall company bonus.”

Beyond monetary rewards, though, Bio&Me cultivates a human-centric workplace. “At our very core, **we believe in being human and flexible** – both in and outside of the office,” says Jon. This translates to tangible benefits such as hybrid working, training and development opportunities, and participation in volunteering days. But the biggest USP is less tangible.



“

**“Our real focus is on giving people meaningful work**, autonomy and opportunities to learn and grow,” he adds.

“I think if you ask our team, they’ll tell you that bonuses aren’t what motivates them most. It’s about working for a company with a real purpose.”



**Jon Walsh**  
Bio&Me Co-founder

# Youngest startups are least likely to raise pay

*Startups operate on tight margins and face significant financial uncertainty. As a result, business maturity and stability will have a big influence on willingness, or ability, to raise pay this year.*

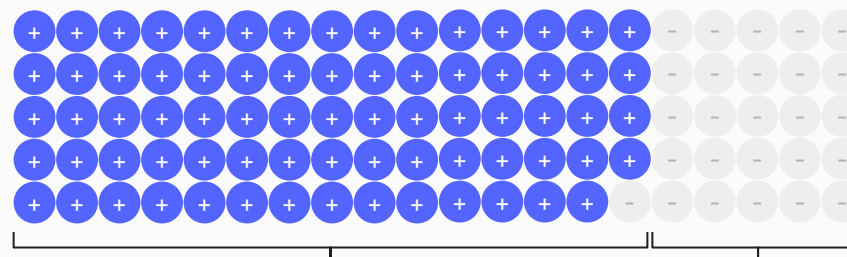
**26% of startups less than 12 months old** are not planning wage increases this year, the largest of any age group. When we put the same question to firms that have made it through their first year in operation, this figure **halves to 13%**.

But this isn't a signal for young businesses to downplay talent. The majority of firms less than one year old (62%) identify **a talented and motivated workforce** as their biggest factor for success, the most of any business age group (older firms overwhelmingly choose **strong customer relationships** as their biggest asset). This should be a warning to new enterprises considering slashing their staffing budgets in 2025. While cost control is important, startups need a pay strategy that rewards talent to cater for, rather than inhibit, future growth.

## Why don't you offer equity-based compensation?

Of the business leaders that do not plan to increase wages in 2025, 50% also say that hiring is off the cards. Yet **pay freezes do not need to mean stagnant recruitment**. Startups can use equity-based compensation (such as stock or share options) to offer competitive pay packages without draining cash flow. These are usually offered via an Enterprise Management Incentive, or EMI. Vesting schedules determine when the worker gains ownership of their equity, encouraging retention.

## By how much do you plan to increase employee wages in the next 12 months?



74% of UK businesses less than 12 months old plan to increase employee wages in the next 12 months.

26% do not plan to increase employee wages



“By ensuring our benefits are varied and unique, such as offering EMI shares, we create a culture where **hard work is directly rewarded with shared success.**”



**Will Donnelly**  
Co-founder &  
CEO, Lottie

# Scaling your wage strategies

*What you need to know...*

## How should your wage strategy evolve with your business?

Initial considerations should be around cost efficiency, which may depend on the business. An initial expense could be made to bring the right people in, or spending could be kept to a minimum to save money. As the business begins to grow, **benchmarking should become a cornerstone** in its wage strategy. Being aware of shifts in markets and local economies will help drive motivation and attract top talent. Once the business is steady, it should look at what is important in its regions. For example, healthcare is vital in the US; not so much in the UK.

## How does rapid growth affect payroll?

**Budgeting and financial analysis are key.** A growth phase must be determined in timescales. Prior periods/quarters can be used to project the revenue for the growth phase, and to judge if there is scope to scale wages. For example, some employees may **work a secondment to share knowledge** and receive a secondment allowance for additional duties. The scaling of wages should align with the responsibilities undertaken.

## How else can firms use payroll to incentivise growth?

Maintaining a **competitive and collaborative environment** will help to increase the knowledge and experience of the team, driving revenue and opportunities later. There are different strategies that can be implemented. An example could be an **ad-hoc bonus** where, if the sales team drives X amount of revenue in that month, they will receive an additional one-off percentage of it.



**Tobey Dalle**  
Payroll &  
Reward  
Advisor, MVF  
Global



### Did you know...

It is possible to **set up splits in commission schemes** where, if two or more people work together to achieve a common goal, they will each receive a percentage of the commission.

# What soft benefits can businesses offer?

*If your compensation package is lacking due to circumstances beyond your control, then soft benefits are a smart way to make amends.*

These are non-monetary, intangible perks for workers, as opposed to hard benefits such as salary and bonuses.

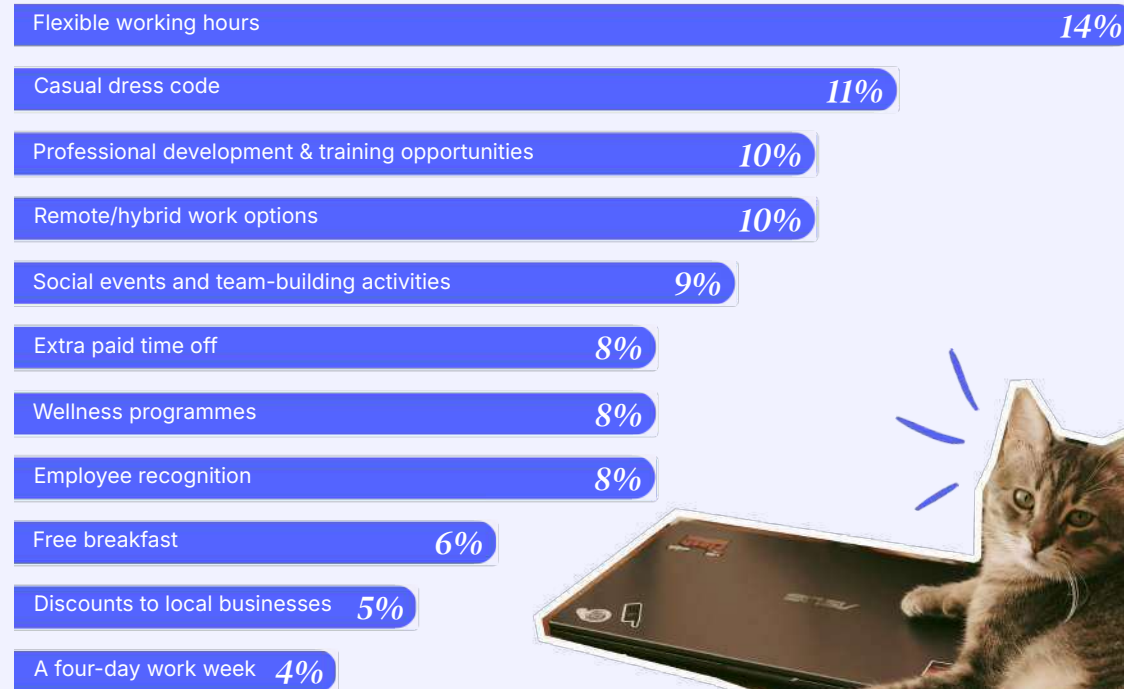
**14%** of senior leaders have so far adopted **flexible working hours** , while **11%** have **embraced a casual dress code** .

Our data exposes a major red flag among employers. Namely, that there is a significant portion of businesses that are **choosing to forgo both pay raises and soft benefits** . One third of leaders who do not currently offer any soft benefits **will also shun pay rises** this year. Conversely, those planning higher pay boosts are more likely to invest in them.

**Soft and hard benefits should not be viewed as an either/or situation** . But it is common knowledge among HR teams that, in times of pay freezes, enhancing your benefits package can compensate for low wages and maintain morale.

**Flexible working hours** and **work from anywhere** are two of the most popular policies among businesses that are not planning pay rises, suggesting these are the most cash-friendly soft benefits for those with tighter budgets this year.

## Which of the following soft benefits does your business offer to employees?



R= 531



# What soft benefits can businesses offer?

*Each industry has its own unique culture and expectations.*

What's considered a valuable soft benefit in one industry might be irrelevant in another. That's why, when it comes to building a benefits package, **market analysis is an important part of the design process**.

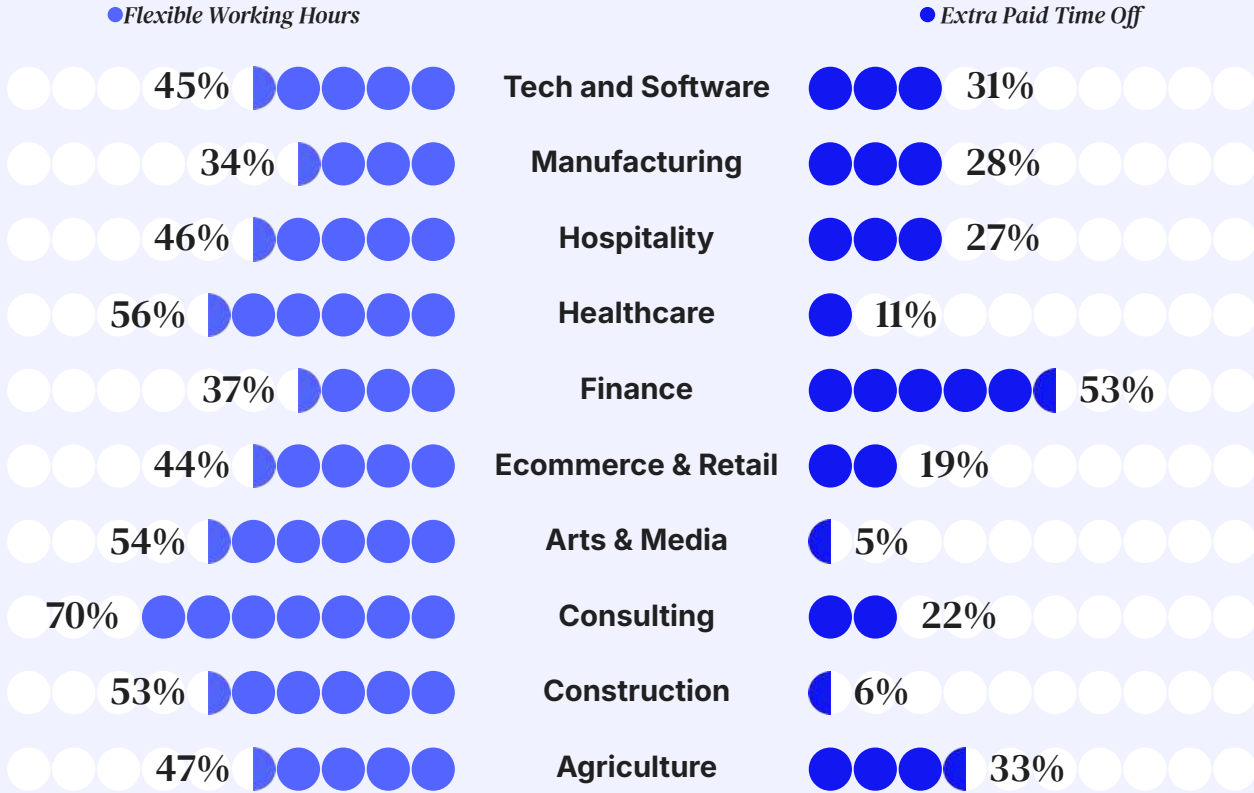
Some of the most popular 'sector-specific' soft benefits are common sense. For example, **consulting firms (70%)** are most likely to implement flexible working hours. Consulting work is often project-based, allowing for greater flexibility in when and where work is completed.

Others are more revealing. That **53% of finance firms** offer extra paid time off makes sense, given the long hours that finance professionals often work. This also points to a wider challenge the sector faces this year around managing work-life balance.



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## Which of the following soft benefits does your business offer to employees?



# Lottie on... growing your benefits with your business

## What's in Lottie's benefits package?

Lottie has a long list of benefits for staff. Here are 15 of our favourites for inspo...

- 1 Share/stock options
- 2 Enhanced maternity/paternity leave
- 3 Enhanced adoption/shared parental leave
- 4 Eldercare support
- 5 Workplace Nursery Scheme
- 6 Annual L&D budget
- 7 Hybrid work
- 8 Work from anywhere 3 weeks a year
- 9 Sabbatical after 5 years
- 10 Private healthcare (including for family)
- 11 Health cash plan
- 12 Paid 'digital detox' via Unplugged
- 13 Gym discounts
- 14 Cycle to work
- 15 Subscription to Mob meal kits

"Lottie's team is at the heart of everything we do, and we continuously refine and review our benefits based on their feedback. When we first introduced Lottie's benefits, **we prioritised health and wellbeing initiatives** to meet the needs of our team.

"However, at the start of this year, we reviewed our benefits strategy to place a **greater focus on recognising length of service** at Lottie. We launched in 2021, and we've been fortunate to have team members who have been with us from the very beginning. As our team continues to grow, we want to celebrate and reward their efforts.

"Since the start of our hiring journey, we've seen positive growth from each new member. We've found **our bi-annual review approach** to salaries and compensation allows us to offer competitive salaries while also rewarding individual and team achievements.

"With more than 25 benefits now available, we have built a benefits strategy that covers a wide range of our employees' needs.



**Will Donnelly**  
Co-founder &  
CEO, Lottie



# Key takeaways

1

**Rising employer NICs** are putting businesses under more financial strain



3

Companies must find a balance between **controlling costs** and **attracting vital skills**



5

Keeping your team small and mighty at first will enable you to **scale your benefits as you grow**

2

Wage increases are likely to be moderate (5% or less), but **talent remains crucial for growth**



4

**Soft benefits** (flexible work is most popular) make amends for less competitive compensation



“

“We need to use salaries, benefits and growth opportunities to attract top candidates.”



**Holly Leckenby Rye**  
Senior People Manager, Lottie

# Mind Matters

## *Building resilience in leadership*

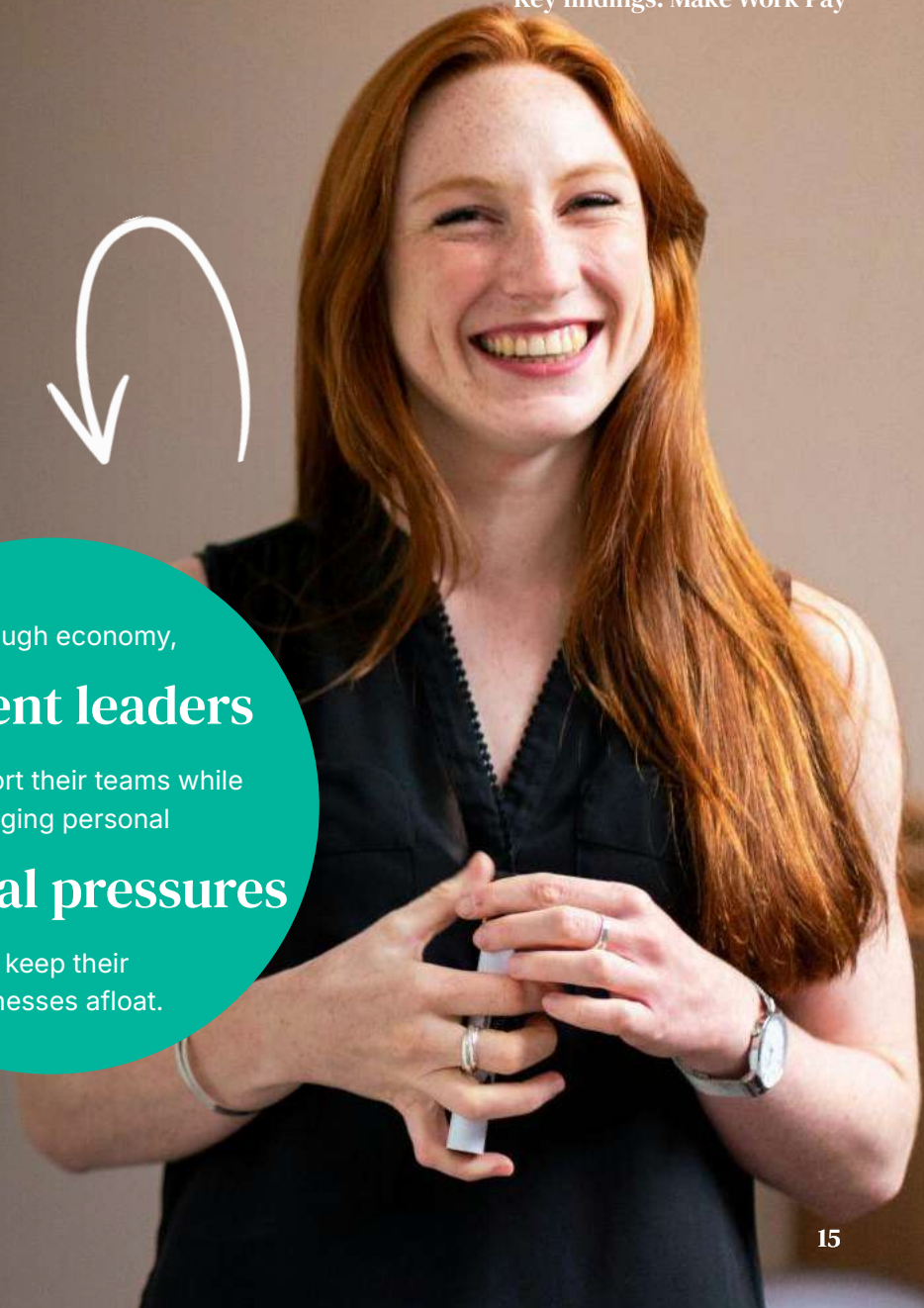
FY25/26 will be a challenging year for all of us. We've already explored some of the key payroll and job market obstacles that will impact workforces this year. Consequently, employee wellbeing has evolved from a largely HR concern to being paramount for business leaders in 2025/26.

Leadership sets the tone. In a volatile economy, those at the helm must show resilience. The best bosses cultivate a top-down culture of support. Yet it's important to remember that these financial pressures have an impact on entrepreneurs, many of whom are already forgoing paying themselves a salary and risking their own savings to keep the business alive. **So how do CEOs sail straight amid persistent economic headwinds?**

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In a tough economy,  
**resilient leaders**  
must support their teams while  
managing personal  
**financial pressures**  
to keep their  
businesses afloat.



# The rise of the 'Just Getting By' entrepreneur

*Even without a volatile market, starting a business – never mind scaling and running one – has always demanded **extraordinary resilience** from leaders. Our data finds this attribute is still very much alive among UK entrepreneurs.*

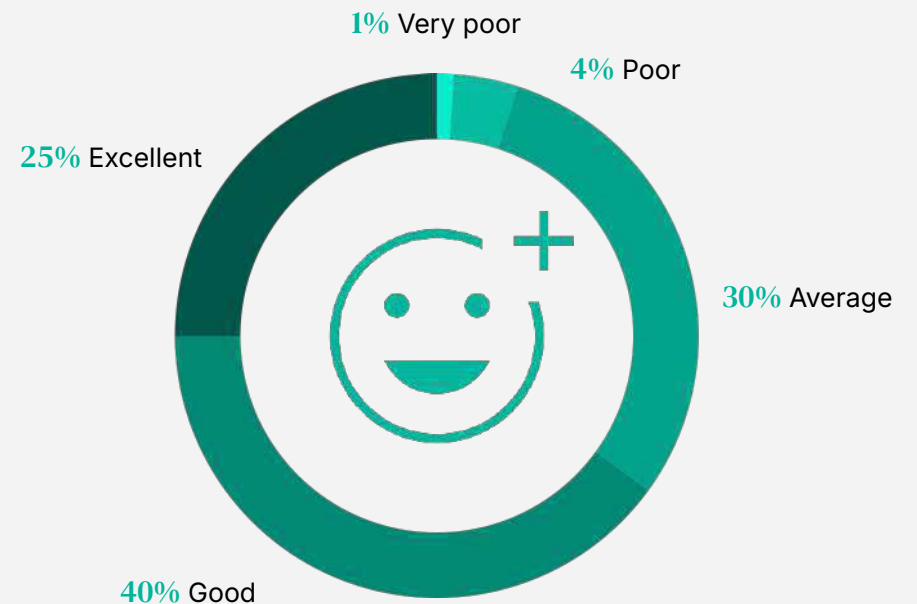
Despite those **surveyed** starting up during a brutal five-year period defined by the Brexit fallout, the COVID-19 pandemic, a cost-of-living crisis and a teetering recession, **65% of senior leaders** report having 'Good' or 'Excellent' mental health. Only **6% of business leaders reported 'poor' or 'very poor'** mental health, a figure that is reassuringly low.

That said, the significant **30% who describe their mental health as 'average'** paints a different picture. It suggests a substantial portion of the business population is operating in a state of **'just getting by'**.

They may be meeting daily obligations but are likely **struggling with underlying stress, anxiety or a general sense of depletion**. Short bursts of adrenaline can be helpful. But long periods in fight or flight mode can have health implications for founders, their decision-making, and, ultimately, the company. Especially in today's economy, the archetype of the buoyant business leader seems to be under threat.



**How would you rate your current mental wellbeing in light of the pressures and challenges you face as a business owner?**



# Which industries are feeling lowest?

*Breaking our mental health statistics down by sector reveals a striking pattern.*

Three of the industries that were most likely to raise pay this year (hospitality, construction and healthcare) are also more likely to report poor mental health.

Hospitality, the industry planning the highest wage hikes this year, has the lowest mental health. Tellingly, **14% of bosses say their mental health is poor**.

The past year has been brutal for firms. Bottom lines are more stretched than ever. For certain sectors, the Sisyphean task of forking out for pay rises, while at the same time strengthening cash flow, is now taking its toll on leaders.

Predictably, a key factor affecting mental health is business recovery from COVID. Among those organisations with the poorest mental health, **17% do not think their business will ever recover from the past five years**.

Hospitality was brought to its knees during lockdown. Post-COVID, changing working patterns have also reduced footfall for bars, pubs, cafes and restaurants. Our data suggests the sector still has a way to go before it can get back on its feet.



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## % of business leaders who say their mental health is 'Good' or 'Excellent'

76% Finance

74% Technology

74% Consulting

65% Ecommerce

64% Manufacturing

59% Creative Arts

51% Hospitality

49% Healthcare

47% Construction

## How would you rate your current mental wellbeing in light of the pressures and challenges you face as a business owner?

R= 37



14% Poor

35% Average

37% Good

14% Excellent

# The rookie resilience gap

*Among firms less than a year old, 13% of founders report poor mental health – higher than in any other stage of business growth. 42% of first-year leaders also express a lack of confidence in their ability to adapt to market conditions; nearly double the overall average of 22%.*

However, entrepreneurial resilience appears not to be an innate trait but rather a skill honed over time. As businesses progress beyond their first year, reports of poor mental health drop significantly, **nearly halving to 7%**.

**How would you rate your current mental wellbeing in light of the pressures and challenges you face as a business owner?** R= 38



This suggests that, while the early stages of running a company are fraught with self-doubt and stress, the journey itself **fosters the adaptability and problem-solving capabilities that enable founders** to emerge stronger. The entrepreneurial path, then, is as much about personal transformation as it is about business growth.

The ability to endure uncertainty, make difficult decisions and rebound from setbacks is developed through experience, not presumed from the outset. Understanding this progression is critical for founders, but also for investors, policymakers and support networks looking to cultivate sustainable business success.



“In my first year, I’d have said year one was the hardest. Now we’re three years in, I would say it’s got harder. **I think you become more resilient as you go.** I remember the first issue I encountered. I thought the world was ending. Then you start to realise; that’s what business is.”



**Varun Bhanot**  
CEO & Co-founder,  
MAGIC AI

# Inside the mind of...

*Varun Bhanot, Co-founder of MAGIC AI*

"We've been growing very quickly. We were five people in the team up until November and now we're 13. From a morale perspective, the last year has been very tough. It's tough for startups in general. You get a lot of friction from the market.

"Last year, raising money was the big project. We closed a \$5M fundraise. That was very stressful. We were turned down by more than 100 investors, and I had my first baby in the same month.

**Managing new family life and the expectations around me was very tough** . Investors are the ones who put the pressure on founders more than anyone. I think they have a lot to answer to in terms of managing founders and helping them with their mental health.

"I'm part of a couple of really **strong founder networks** . You realise how difficult the environment is when you see other people going through the same thing. **It's great to trade ideas** getting through it. Particularly in London, the startups community is very tight-knit.

"Take everyone else's advice with a pinch of salt, though. No matter what you're hearing, if you have a feeling your opinion might be right, double down on it. Unfortunately, the people who are louder tend to get picked up more in the press and on LinkedIn.

"My wife and I do date night every two weeks, and I try to make sure that two out of the three days that I'm in the office, I'm back for bath time. **Though I'm the CEO, I'm sometimes the first one to leave the office** . At 8pm, I log back on from home and do one or two more hours of work.



# How much would you pay for a happy workforce?

*Today's troubled business landscape demands exceptional resilience from leaders to safeguard both organisational stability and staff wellbeing.*

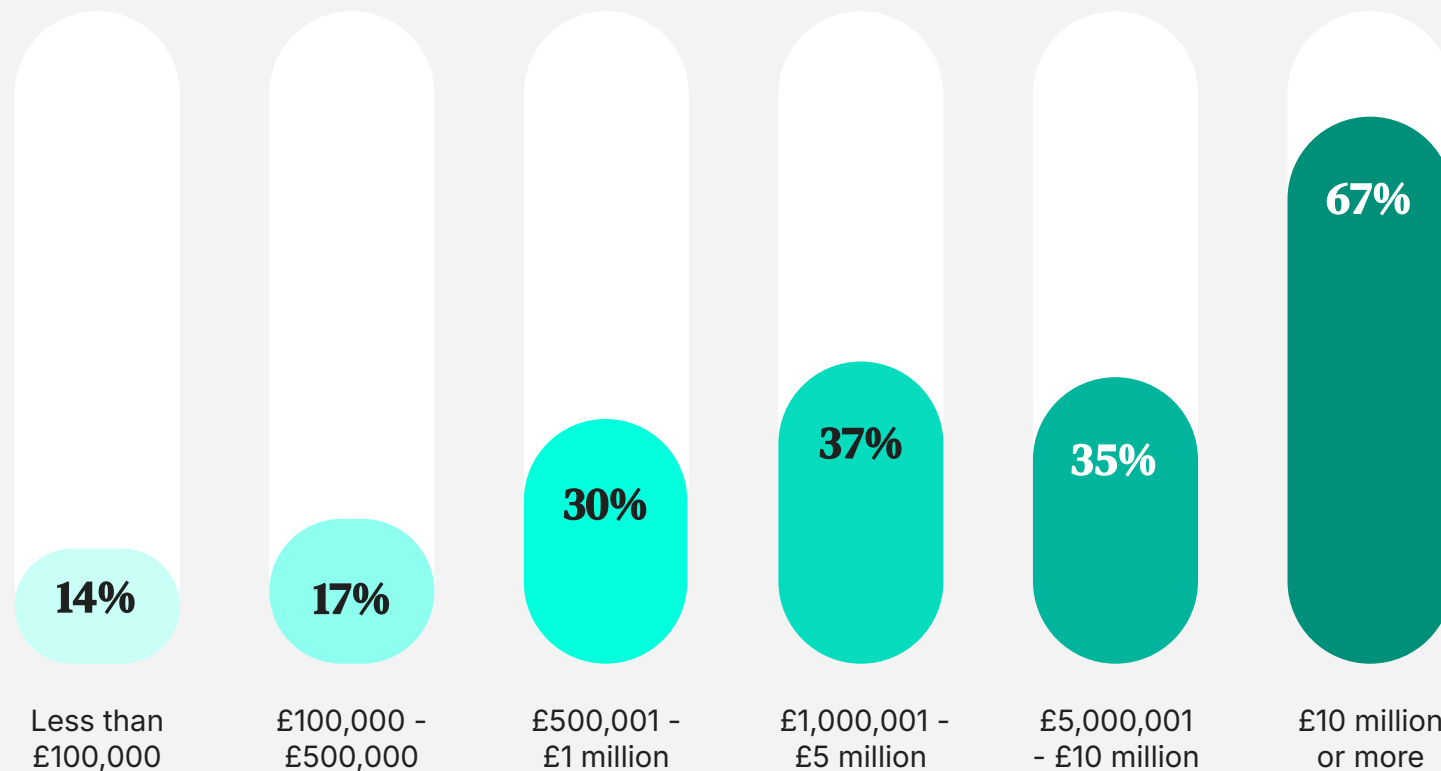
Projecting confidence may be difficult amidst woeful economic forecasts. But there are ways for leaders to do this without emptying their energy reserves.

Wellness initiatives can help to build resilience from the top down, ensuring a more stable and productive workforce. So far, **8% of organisations** have introduced these as a soft benefit.

This figure suggests a substantial gap, highlighting the potential for broader adoption. Not surprisingly, the biggest barrier is cost.

Just **14% of firms with an annual turnover of < £100K** have introduced wellness support, compared to **30% earning between £500K-£1M** a year.

**Which of the following soft benefits does your business offer to employees?  
What is the approximate annual turnover of your business?**



# Culture eats stress for breakfast

*For companies with a lower turnover, building a supportive culture is a more cost-effective solution to support employee wellbeing than investing in large-scale wellness programmes.*

Organisational culture can be hard to define. Still, there are tangible measures bosses can take to influence it. For example, **81% of firms** told us they think working overtime is detrimental to staff morale, which could act as a trigger to implement policies that restrict out-of-hours communication. Other tactics include crafting a well-defined **mission statement** and **core values**. During times of instability, these principles provide direction, anchoring teams and mitigating anxiety related to job security in a year when redundancies will play a large role.

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“Ultimately, company culture is what attracts and retains great people. **We are constantly looking at ways to improve our culture through surveys** from the team, monthly round tables to discuss policies and processes, and bi-annual performance reviews.”



**Holly Leckenby Rye**  
Senior People Manager, Lottie

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“There's a certain amount of sort of stage management in terms of making sure that people still feel motivated. **It helps when you have people who are aligned to the vision.** Even when we had one of our worst weeks last year, we still made sure we scheduled in that away day for everyone and made that the focus of the week rather than everything else going on.”



**Varun Bhanot**  
CEO & Co-founder, MAGIC AI

# Surreal on... building a risk-loving work culture

Surreal's playful branding has won it a legion of loyal customers, and a surprising number of LinkedIn fans. It's also built a team that can bounce back from setbacks...

"Using humour in the workplace has definitely helped to shape a positive company culture at Surreal. We spend 45 hours a week locked in a room (it's not locked, for those concerned!) with the team, so you may as well enjoy them!

"We have tried to create **a space that drives collaboration**, new ideas, no egos and a culture of taking risks and failing. As a brand we are serious about nutrition, and nothing else. Anything else is up for grabs, and that gives everyone the environment to create, reimagine and challenge the way we've done things in the past. While not taking ourselves too seriously.

"I think as long as you **set up the brand guidelines and the guardrails correctly**, you should encourage your team to take risks (except for any role that controls food safety, please don't take risks there!). That way, they'll know they have your support when it doesn't go to plan. **Surreal promotes a zero-blame culture**. We take risks as a team. If they don't work, or backfire, then we are all in it together.

"We've had campaigns that fell flat or upset customers. We learnt, apologised and all moved forward. We've also launched new products that didn't land as we'd planned. If anything, this experience cemented our support for the team, and reinforced our want for the team to go out and fail. **We all make mistakes, let's try and make them beautifully.**"

“

"We take risks as a team. If they don't work, or backfire, we are all in it together."



**Jac Chetland**  
Co-founder,  
Surreal



# Key takeaways

1

**Leaders set the tone** for their organisations, and their own mental health is paramount



3

**Resilience develops over time**, with first-year entrepreneurs facing the biggest challenges



2

Few leaders have 'poor' mental health, but for a large minority, **cracks are starting to show**



4

**Strong networks and supportive investors** are a crutch for new founders



5

Workplace **culture influences wellbeing**, and can help to sustain staff morale

“

“Now we're three years in, I would say it's only got harder. I think you become more resilient as you go.”



**Varun Bhanot**  
CEO & Co-founder,  
MAGIC AI

# Model Behaviour

## *The new workplace in 2025*

Unless you've been sleeping under your desk for the past year (which, as we'll soon explore, is perfectly possible) you'll know that the modern workplace is evolving. Rapidly. The debate surrounding remote and flexible work has evolved from a matter of preference to a critical point of contention. Workers and bosses are locked in combat, unable to decide whether work-from-home is a provision or a productivity suck.

In 2024, large corporations began implementing Return to Office (RTO) mandates. Our research suggests that startups are less stuck in their ways. Owing to their more agile operating models, many have embraced hybrid models and are experimenting with a range of work models this year. Leaders, it seems, are determined not to get distracted by 'which side to join', but **how to find the model that will best position them for growth.**

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In 2025, startups favor  
**flexible work**  
while leaders focus on  
**growth**  
over remote work debates.

# SMEs aren't convinced by RTO headlines

*RTO mandates dominated the news cycle in 2024, as employers such as Dell and Amazon introduced strict policies to get bums back at desks. Among smaller firms, though, the focus on agile and flexible working remains strong.*

Our data shows that hybrid models are now the most popular choice. **The 'best of both worlds' approach has been adopted by 26% of businesses** – up by 8% compared to a survey we conducted last year. Fully remote and office models have both fallen in popularity, suggesting that forward-thinking startups aren't being swayed by the office-WFH debate.



## Why hybrid?

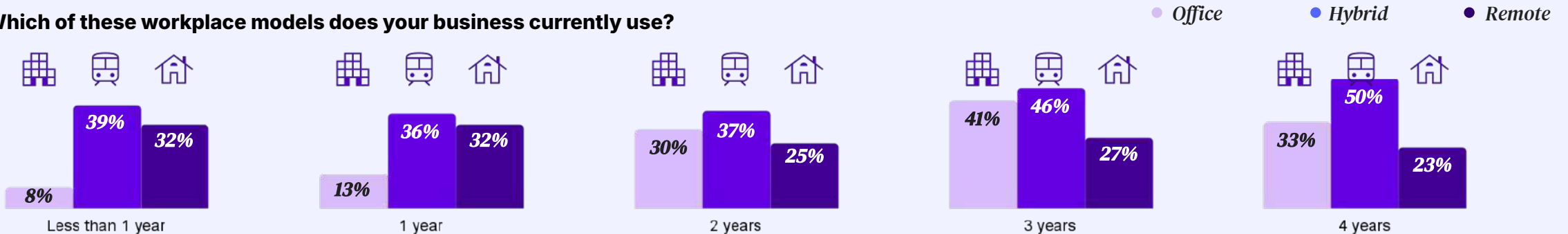
Hybrid models offer a balance between collaborative, in-person interactions and the **cost-saving opportunities of remote work**.

As our section on wage strategies showed, **the ability to attract and retain talent in a competitive market** is a key concern. Startups are perhaps recognising flexible work as a critical USP in a tight labour market.

## Coworking's comeback

The growing popularity of the 'middle ground' of hybrid work has led many SMEs to coworking. Our findings show a dramatic **increase of 10% in coworking space usage** between 2023 and 2024. Post-COVID, providers including WeWork and Regus have shifted from traditional, long-term leases to flexible 'hybrid' packages, offering access for a limited number of days per month. This revived coworking sector fills the gap created by the decline of remote work, giving on-demand access to offices, without the cost burden.

## Which of these workplace models does your business currently use?



# Hybrid, remote or office: which one are you?

*We must acknowledge that certain sectors, due to their operational necessities and service delivery models, require a consistent, five-day in-office presence.*

For these industry types, strict expectations around office attendance aren't a matter of outdated practices or money wastage, but a **reflection of core business functions**.

Sector analysis of workplace model adoption shows a clear trend. Those dependent on physical infrastructure, such as **43% of manufacturers**, demonstrate a strong preference for in-office models.

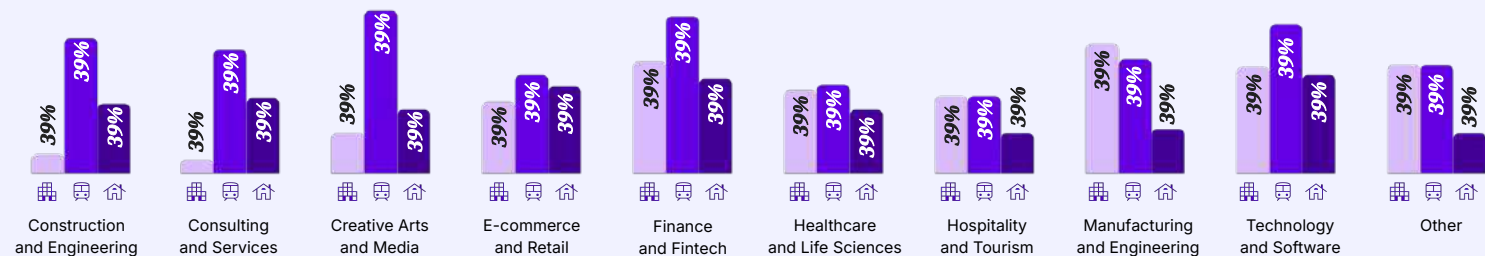
Conversely, in the technology sector, with its digital focus and immediacy of tasks, **34% of companies operate entirely remotely**. In every group, though, a substantial percentage of businesses have adopted a hybrid work model, proving that switching work models is possible in any sector. As industries face skills shortages and grapple with evolving worker expectations, this adaptability presents significant opportunities. Flexible work arrangements, even in limited capacities, can dramatically enhance a company's appeal among talent.



“Talent will flock to companies with a four-day week. People value what the 4DWW offers as a lifestyle equal to or over other things that could previously have been considered important, like a pay rise.”

Which of these workplace models does your business currently use?

● Office ● Hybrid ● Remote



**Sam Hunt**  
Business Network  
Coordinator, 4 Day  
Week Foundation

# Return to the office at your peril; remote jobs are safer

*HR leaders have theorised that many of the RTO mandates pushed by larger enterprises are actually thinly-veiled redundancy plans, designed to tempt remote-working radicals to get out before they are pushed.*

Experts have termed the practice 'quiet firing'. Speculation has been fuelled by the fact that many corporations are now directly tying performance reviews to office attendance. But are the RTO CEOs shooting themselves in the foot?

Our survey suggests that remote jobs are indeed safer from redundancies this year than full time office-based roles – although for different reasons. **Office-based companies report a 13% higher redundancy rate compared to remote .**

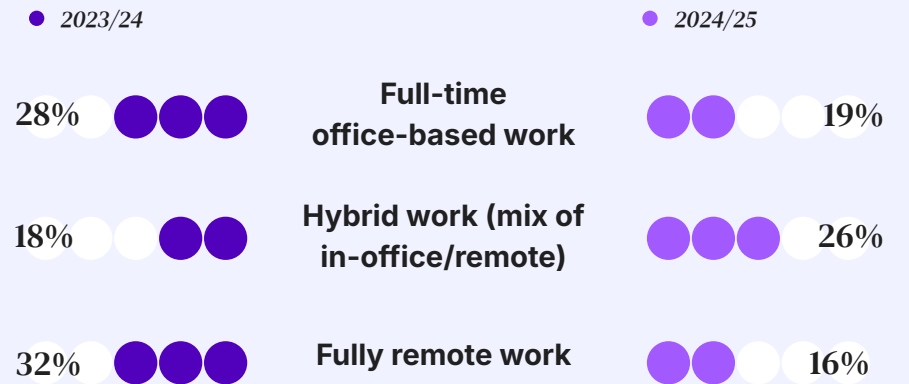
That remote firms are less likely to have made redundancies points to the cash flow advantages of work-from-home policies. Skyrocketing rents and leases at modern offices have placed considerable financial strain on firms. Yet, despite hopes for business rate reform in October's Autumn Budget, no relief came.

It seems that RTO mandates could cost firms more than just employee satisfaction this year, as CEOs lose out on cost savings afforded by remote work. In fact, **11% of struggling firms** say they strengthened their remote work capabilities in 2024 to ensure business survival.



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## Which of these workplace models does your business currently use?



# Workplaces are in flux, and SMEs lead the way

*Don't get stuck on the 'Big Three' of hybrid, remote and office-based, however.*

Most SMEs are exploring alternative models. Last year, 44% of respondents were satisfied with their current work pattern and planned no changes. This year, only **14% say the same** – reflecting a significant change in outlook among smaller enterprises.

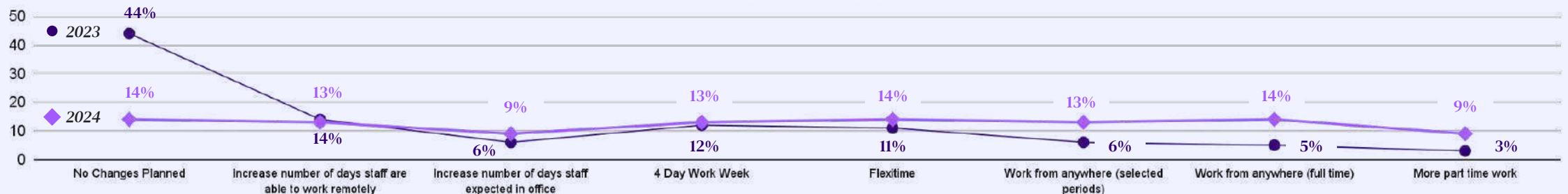
Rather than follow the RTO herd, they will experiment with different models, measuring productivity and employee satisfaction, and iterate based on the results.

Notably, **13% are exploring a four-day week**. That's an increase of one percentage point since 2023.

Work From Anywhere (WFA), where staff work as digital nomads around the world, has also grown in popularity. Our data finds that **14% of employers** will embrace the initiative full-time, perhaps in defiance of the RTO movement. But the real story is the **13% who will roll this out during selected periods**, suggesting that rueful bosses are introducing WFA perks as a trade-off for upping the number of in-office days.



**Which of these working models are you considering transitioning to next year?**



# Flexa on... how to find your next workplace

*The UK's largest independent verifier of 'flexified' employers chats to us about how to get more flexible in 2025.*

"First, SMEs should **canvas existing employees** to understand their needs and preferences, as well as those of the talent they're ideally looking to attract. In addition, they must take stock of the **current and future needs of the business** . Resist the urge to follow workplace trends that don't align with your findings, or which you can't offer or sustain in reality. This will allow SMEs to create the most future-proof workplace models possible.

"The 'productivity myth' is pervasive. But, in reality, there's no correlation between working environments and output. My advice to hesitant SME leaders is to **look at the data** . This might involve trialling different models. For example, rather than take the official four-day-week trial as gospel (spoiler: the benefits for businesses and staff are impressive), SME leaders could conduct a shorter working week pilot. **Take stock of staff feedback and output** . Let this be what shapes your outlook and benefit offerings."

**Startups.**



“

"Take stock of staff feedback and output. Let this be what shapes your outlook and benefit offerings."



**Molly Johnson-Jones**  
CEO & Co-founder, Flexa

# The four-day week playbook

**13% of businesses plan to implement a four-day week in 2025** . Here's Sam Hunt, Business Network Coordinator at the 4 Day Week Foundation, on what to expect and how to get it right.

There are two schools of thought for implementing a four-day week. One is to dive right in without fear. The other is a longer, considered approach with careful planning, followed by a trial of three to six months.

There is absolutely no reason why 13% of firms couldn't adopt a 4DW in 2025. There's not much at this stage that hasn't been seen and overcome. HR considerations such as holidays never prove to be an issue long-term. **The most crucial thing is communication** .

Communication with staff about the directive in terms of expectations and clarity. Also, **communication with clients** so they know exactly what's going on. Both help to ease any concerns and ensure continued focus, as well as mitigating friction. **Measuring KPIs or conducting surveys** is strongly advised.

We started a 4DW trial at the end of last year with 20 companies. Every organisation said that, through the process of reducing their hours, they started to think about what else to do differently. This evaluation actually served to streamline both the business and their work.

Staff also didn't feel like they're on this relentless hamster wheel of working, so they approached their work in a different way. Long-term, the 4 Day Week **increases employee retention, reduces absenteeism and boosts the number of high-quality job applicants** .

The four-day week doesn't need to be a directive from Westminster. I think it is really important that adoption happens as it has been – as a slow, purposeful organic development, emblematic of the evolution of work.

The positive vision is quite possible. It's happening across the UK and the world. But the four-day week works best when businesses come to that realisation themselves.



**Sam Hunt**  
Business Network  
Coordinator,  
4 Day  
Week Foundation

# ‘Silicon Valley mentality’ holding startups back on flexible work

*Young businesses are lean, tech-savvy and usually innovative.*

Their inherent agility, coupled with their technological proficiency and innovative spirit, positions them as natural champions for progressive work models.

However, our data finds that businesses are **6% more likely to implement a four-day week in their third year than in their first 24 months**. This suggests that the confidence to challenge traditional work structures typically emerges once they achieve financial stability.

Perception may be the issue. Most startups rely on funding, and the investment world can still hold traditional views on productivity. Namely, that five is a bigger, and therefore better, number than four. It's a dilemma. While many are eager to adopt a four-day work week, they feel constrained by investor and market expectations.

"As soon as there is one story about an openly 4DW startup securing Series A funding, the stigma will disappear and it will become more accepted," Sam Hunt predicts. "For now, it's not something they are going to talk about publicly, both to not spook investors and to align more readily with the Silicon Valley sleep-at-the-office type mindset."

Startups.

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## The switch to a 4DW

"PR Dispatch has been running for years, giving us the stability and experience to experiment with a four-day work week. We weren't chasing early-stage growth, so we could take a long-term approach to what truly works for our team and business.

"Younger startups might hesitate, thinking they need to prove themselves first. But we've seen firsthand that a four-day model strengthens output and retention. Stability doesn't need to come first. In fact, making the switch early could be a strategic advantage at any stage."

"The only challenge has been unlearning old habits. It's easy to feel like you need to be 'on' all the time, but once we let go of that mindset, we saw just how much more effective and engaged we could be in four days instead of five."



**Rosie Davies-Smith**  
CEO & Founder,  
PR Dispatch

# Key takeaways

1

**Hybrid work is dominating**  
as founders opt for the  
'best of both  
worlds' approach



3

**Remote work is  
cost-saving**, putting WFH  
roles at lower risk of  
redundancy



5

**'Trending' work models  
shouldn't be leapt on**,  
but planned for, for the best  
outcomes

“

“In reality, there's no correlation between working environments and output. My advice to hesitant SME leaders is to look at the data.”

2

2025 will be a year of  
workplace experimentation,  
with SMEs **unswayed by  
RTO headlines**



4

Perceptions about  
remote work from staid  
investors **could be  
holding startups  
back**



**Molly  
Johnson-Jones**  
CEO & Co-founder, Flexa

# Don't Miss The Train

## *Training strategies for 2025*

When we think of startups, we think of cutting-edge technology. And in 2025, that means Artificial Intelligence (AI). In January, the government designated startups as key players in its **AI Opportunities Action Plan**; a roadmap to making the UK an AI superpower. But manifestos do not a workforce make. Founders need time and money to build a talented and future-proofed team. And, especially for AI, the skills gap widens with every tech advancement made.

Our data also finds that scale-ups are going soft. Turns out it's managerial soft skills that are most in demand among leaders. Buzzwordy abilities, like 'machine learning', might excite investors. But good 'ol communication and teamwork might be better for business. **When it comes to skills, how do firms walk the line between hard, soft and just right?**

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In 2025, startups  
must balance

**AI expertise**

with

**soft skills**

to build future-ready teams.

# Even startups are feeling past it

*In 2025, business technology is changing beneath our feet. AI is no longer just the fun, free chatbot that will write your pitching email for you. It's fundamentally altered the way that large enterprises operate. And for organisations, the message has been clear: you're either in, or you're wrong.*

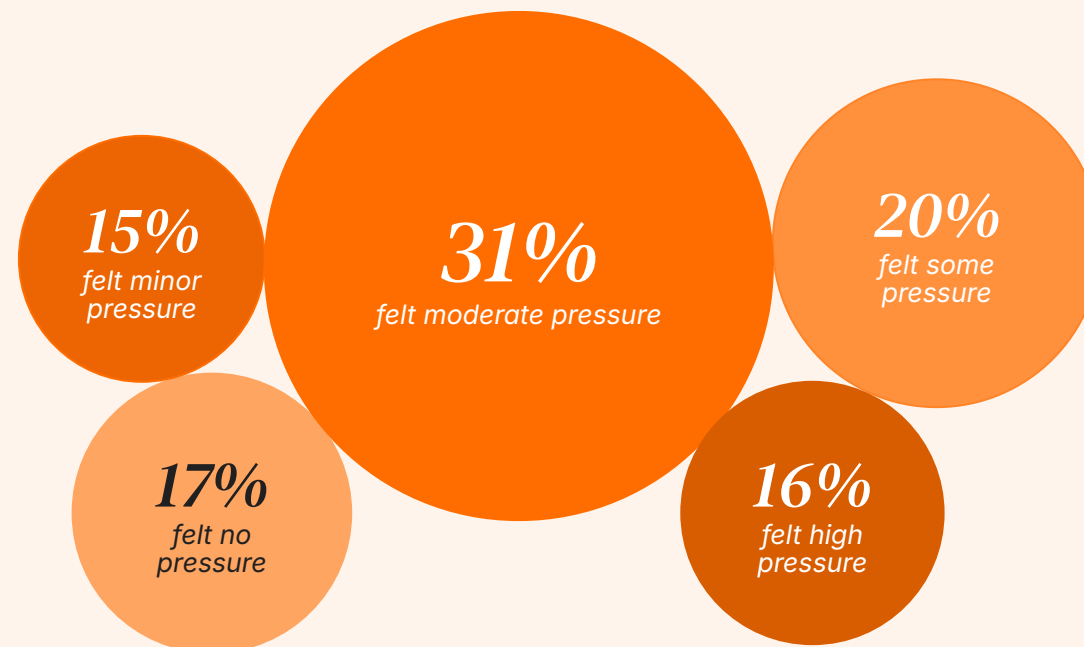
As a result, **82% of UK business leaders** say they are feeling external pressure to adopt emerging tech, such as AI. Of these, **16% report feeling a high level of pressure** .

Demand is also being driven by the wider economy. With cash flow tight, companies are in a race to efficiency. Across every industry, **senior leaders all revealed they see AI as a way to improve productivity** . The IMF estimates that – if AI is fully embraced – it could boost productivity by up to 1.5 percentage points a year.

But with new inventions emerging each month, it's a challenge to stay on top. Our data finds startups just three years into their growth journey feel the most pressure to innovate. The other issue is training. Before buying new software, firms need to know what to do with it.

It's a snake-eating-tail scenario. The skills shortage needs skilled workers to solve it. But with hiring made much more difficult this year, how else can you plug the gap?

**How much pressure do you feel to adopt emerging technologies, like AI, to stay competitive?**



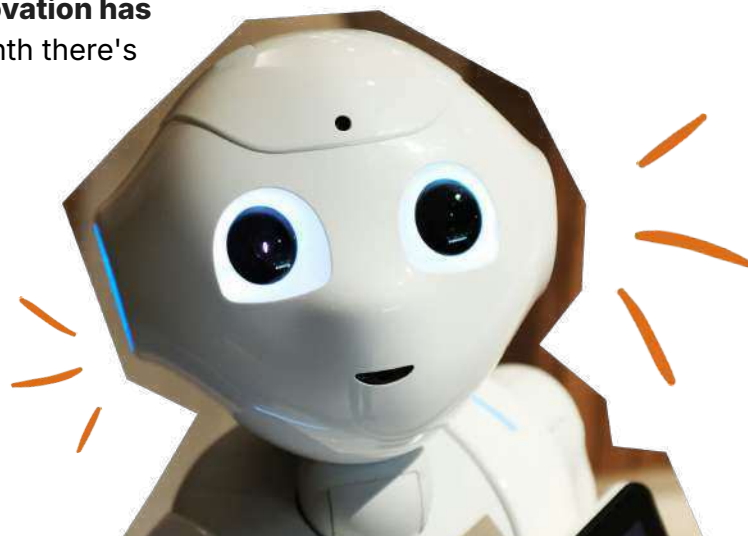
# “We need to make sure we don't become redundant”

*Young businesses are lean, tech-savvy and usually innovative.*

MAGIC AI was named a TIME's Best Invention for 2024. But as Co-founder Varun Bhanot tells us; you can't rest on your laurels in the modern business world.

“We were lucky to launch [MAGIC AI], an AI personal trainer, in 2022. That was before the big wave of AI of the last 18 months. We felt we were ahead of the curve. But **the pace of innovation has really changed** . Every month there's something new.

**“It's been extremely difficult to find talented AI people.** There are just less people with those abilities. It's a very specific skill set. London also does not have a great pool. Our data scientist lives in Wales. Before that, we employed someone from Birmingham. We're now entertaining the idea of partnering with universities, to work with PhD students.



Startups.

“

**“London doesn't have a great pool of AI talent.”**

“We do invest in our employees. Any courses they want to complete, or training they want to undertake, we have a budget for it. **Our preference is always to see if our own team can do it first.** On the engineering and product side, though, we need someone who has deep experience in the space, not an entry-level person. Our team have been doing their roles for 15 years.

“I can't speak for other countries. If we were in San Francisco, maybe it would be a completely different story. I don't know. **I just hope that more talent gets trained** and comes through the system to work with.”



**Varun Bhanot**  
CEO & Co-founder,  
MAGIC AI

# UJJI AI on... the best tech to learn tech

*One option is upskilling. Rafael Guper is COO and Co-founder of UJJI AI, an education platform using AI to level up staff training. Guper shares his tips and tricks for training employees on new and emerging technologies.*

Given limited time, budget and in-house expertise, SMEs need an efficient approach to upskill staff in AI – without the burden of heavy L&D teams or costly external training providers. I recommend they:



## Start with AI tools employees already use

Many teams are already working with platforms that have AI capabilities (e.g., Microsoft 365 Copilot, ChatGPT or AI-powered analytics tools). SMEs should focus on training employees to maximise these existing tools, making AI adoption feel seamless and immediately valuable.



## Encourage a test-and-learn mindset

AI adoption doesn't require a complete overhaul overnight. SMEs should empower teams to experiment with AI in real-world scenarios, whether automating repetitive tasks, enhancing decision-making with AI-driven insights or improving customer interactions through AI chatbots.



## Build AI literacy with AI-powered training solutions

AI concepts can feel overwhelming, so bite-sized, on-demand learning modules help employees grasp key AI principles without disrupting daily operations. SMEs can use UJJI AI to rapidly build bespoke AI learning experiences, tailored to their specific roles and business needs.

## Three skills you should teach your team in 2025:

1. AI and automation proficiency
2. Data analytics and decision science
3. Cybersecurity awareness



**Rafael Guper**  
Co-founder, UJJI AI

# Growing teams are big on soft skills

*We've established that early-stage ventures feel pressured to have the latest technical skills. Investors want to evaluate tangible inventions, after all, and building a Minimum Viable Product (MVP) is a hands-on task that often requires measurable abilities such as coding and software development.*

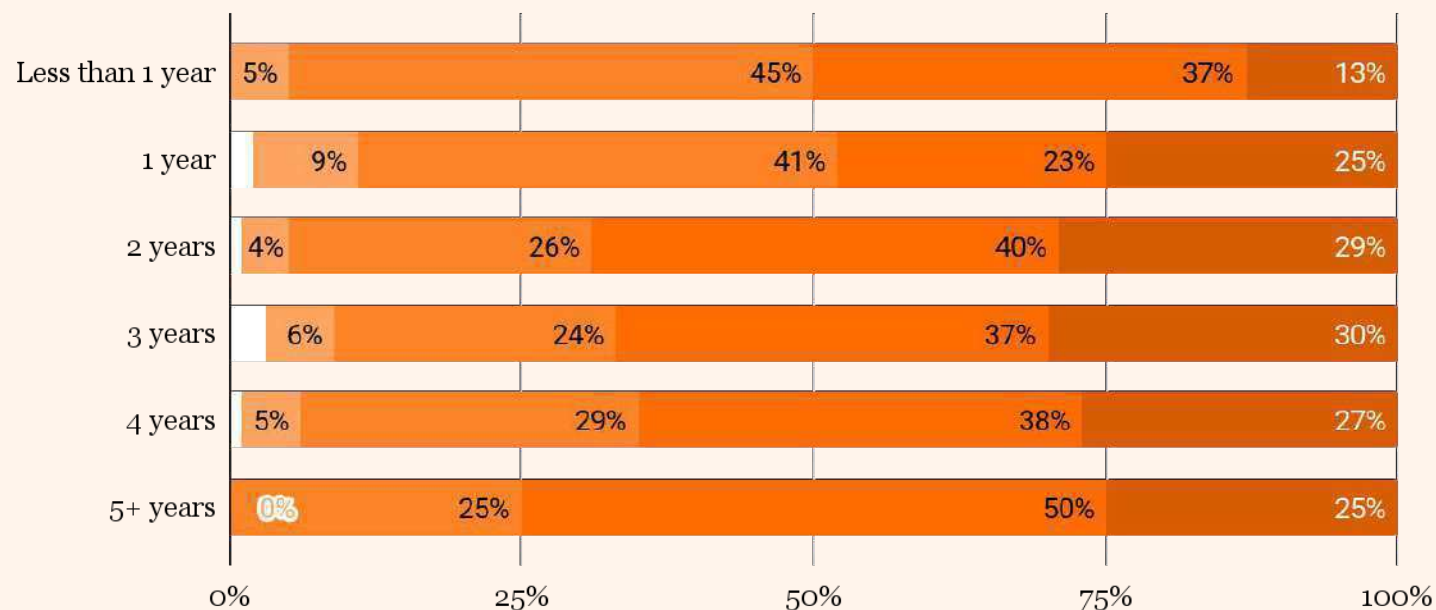
When the company starts to mature, however, this narrative flips. Our research shows that scaling companies favour soft skills over hard.

New startups are tied over soft and hard skills, with this group voting for a **50:50 split between the two**. Conversely, of the firms aged five years or more, **75% favour interpersonal, emotional skills**.

That older, usually larger, companies are more likely to prioritise soft skills when hiring is hardly surprising. Many of these skills (such as communication, teamwork and delegation) are vital in a hierarchical structure. As a business grows, so does its functions, requiring department heads and line managers to oversee each staffing area.

## How likely are you to prioritise soft skills over hard skills when recruiting new employees?

Very Unlikely   Somewhat Unlikely   Neutral   Somewhat Likely   Very Likely



# “I saw entire teams quit because of poor communication”

*We spoke to an anonymous employee who worked for two UK-based startups between 2023 and 2025. One of the biggest mistakes the founders made, they say, was neglecting a fundamental soft skill: communication.*

“I joined a bootstrapped startup in November 2023. I was there for eight months, and I hated it after the first week.

“We had one stand-up meeting at the start of the week. Other than that, nobody communicated with each other. You never really worked on projects or sat down together as that was viewed as a waste of time. Once, I only attended the office three days in one week, instead of five, as I had a two-hour commute each way. I was brought into a meeting and told off for not travelling in every day that week, even though nobody had ever told me to do that.

“If your founder is not good at communicating, they can be direct to the point of nastiness. I've been a manager in previous roles. I was always told to have tough talks in-person, as it helps to avoid misunderstandings. One founder could not have difficult conversations face-to-face. He would send those messages over Slack. Another founder would call your work 'sh\*t'. I saw entire teams quit en masse, because they couldn't work with certain individuals. It doesn't build a good culture. Everybody was frazzled and stressed.”

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“When you're at a small company, especially a startup, it's full of intelligent people. But if they don't understand how to communicate, it has a detrimental effect on the whole firm.

**Anonymous**



# Hiring for emotional intelligence

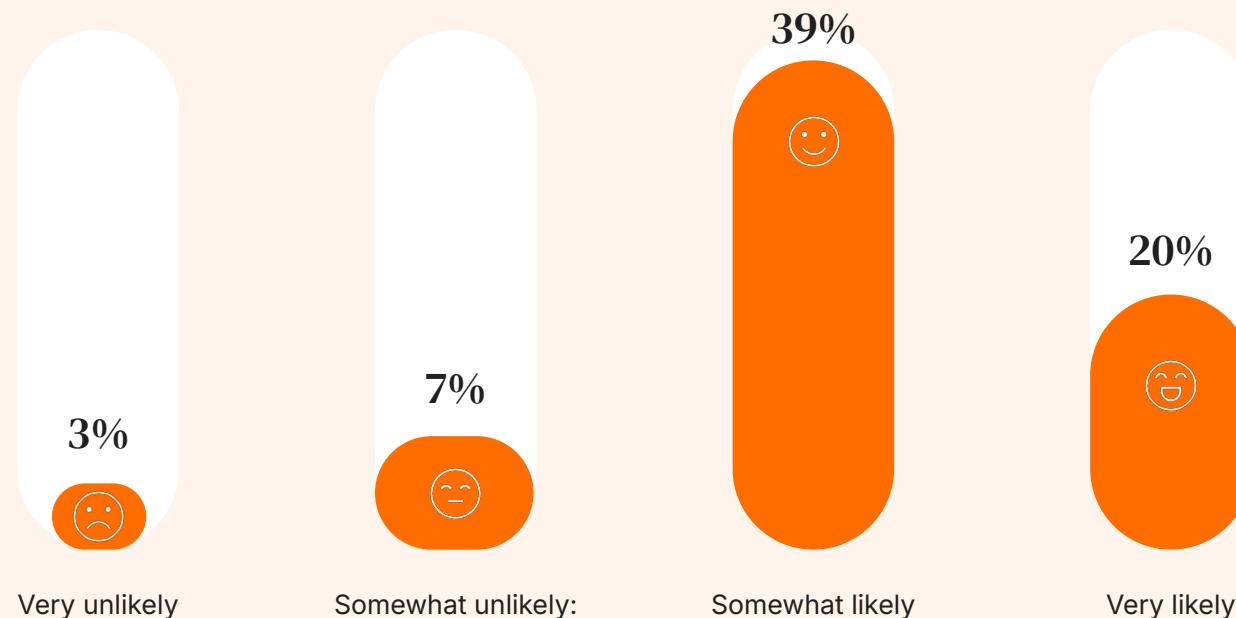
*There are learnings here for businesses that are planning to recruit this year. As the cost of employment increases, companies need to make sure they set the right hiring priorities. We found that, for 2025, expansion plans will overwhelmingly be driven by a demand for soft skills, regardless of business age.*

At organisations that will hire between 1-5 employees this year (the most common response given) 59% of employers will seek out soft skills over hard skills from candidate CVs.

These findings underscore the importance for startups of not neglecting soft skills in training. While specialist roles are doubtlessly crucial to build a strong company foundation, startups are resource-poor. Their team members often need to wear multiple hats and handle various tasks, requiring skills such as flexibility, problem-solving and time management.

Our data suggests that firms are specifically prioritising 'emotional' soft skills in the next 12 months. This is perhaps as a way to help team members manage stress, resolve conflicts and maintain positive relationships at a time of business and economic uncertainty.

**How likely are you to prioritise soft skills over hard skills when recruiting new employees?  
How many employees does your business currently have?**



# The startup's apprentice

*One way to combine upskilling with hiring is to take on an apprentice. Hugh Wilson is Chief People Officer at MVF Global, a large tech firm. He explains why MVF is investing in a new apprenticeship programme this year – and why startups should do the same.*

"Having vetted apprenticeship courses can be a great way to upskill staff, without a big HR team. A lot of people think of an apprentice as a 17-year-old in an entry-level role. That can be the case, but 50% of people undertaking a course are actually existing employees.

"At MVF, we've partnered with Apprentify, a specialist company in the field. They take their fees out of the Apprenticeship Levy, which we pay into as we have an annual pay bill of over £3m. Startups and other organisations that are too small to pay into the Levy **only have to pay 5% of the training costs per apprentice**. The Government will pay the rest. For clarity, if you put someone on a Level 3 course, it would be about £13,000, of which your 5% would be £650.

"It can be hard to know the ROI when it comes to training. **Keeping good data is key**. Financially, you'll be able to see how much you've saved on Employer NI for those eligible to be exempt. Looking beyond 18 months, you can start to track how the key people that you invested in with training progress through your company. You can also look for 'train the trainer' opportunities, where the learner shares their knowledge with colleagues at no cost.

"Another benefit is retention. Each course is 13+ months, depending on the level. Employees are really excited about developing their careers and almost all are determined to finish a qualification once they start. That acts as a great retention tool for us."



**Hugh Wilson**  
Chief People  
Officer, MVF  
Global



## Did you know...

with the upcoming hike in Employer NICs, anyone in your firm under 25 years old who is on an apprenticeship is **exempt from Employer NICs**. That means for anyone under 25 doing an apprenticeship at your company, you will save 15% of their salary charge.

# Key takeaways

1

*Businesses are feeling the pressure to adopt emerging technologies to stay competitive*



2

*Hard skills are essential for early-stage firms, yet scale-ups increasingly prioritise soft skills*



3

*AI is being positioned as the cure to slowed productivity, but a skills gap is hurting adoption*



4

*With AI talent a needle in a haystack, a 'test and learn' mindset is needed to upskill staff quickly*



5

*Apprenticeships are another way to upskill. You'll **avoid paying employer NICs** for under 25s*

“

*“Startups are full of intelligent people. But if they don't understand how to communicate, it has a detrimental effect on the whole firm.”*

**Anonymous**  
**Ex-startup worker**

# Horrible Bosses

## *Training strategies for 2025*

Last year, Sir Keir Starmer pledged to drastically extend employee protections to update workplace laws. Termed the **Employment Rights Bill**, it was an attempt to draw lines in the modern jobs market, which has been muddled by gig work and the 'always on' culture of WFH. The legislation has brought welcome reforms. But in a March 2025 update, a key promise was dropped from the Bill. Workers will not get 'the Right to Switch Off' outside work hours.

The Right to Switch Off (RTSO) is already best practice in countries like France and Australia. It gives workers the right to not work outside of operational hours, including to not respond to work-related texts or emails. The theory goes that the government dropped the pledge out of concerns about the impact on business productivity. Yet our research finds **94% of business leaders** support the RTSO. So where is the friction coming from?

Despite wide support, the  
**Right to Switch Off**  
was dropped from UK reforms,  
highlighting tension between  
**productivity and  
wellbeing.**

# Bosses support the RTSO, but still want teams to work overtime

*Awareness of the importance of work-life balance has been growing in the UK. Employee burnout and long-term sickness are skyrocketing in the UK, a clear sign of immense workplace strain.*

Just **6% of business leaders** told us they do not support the RTSO, demonstrating clear appetite for the policy.

Bosses clearly want to do the right thing by their staff. Yet their actions suggest a 'tough it out' mentality. While acknowledging the problem, most are hesitant to formally implement the RTSO.

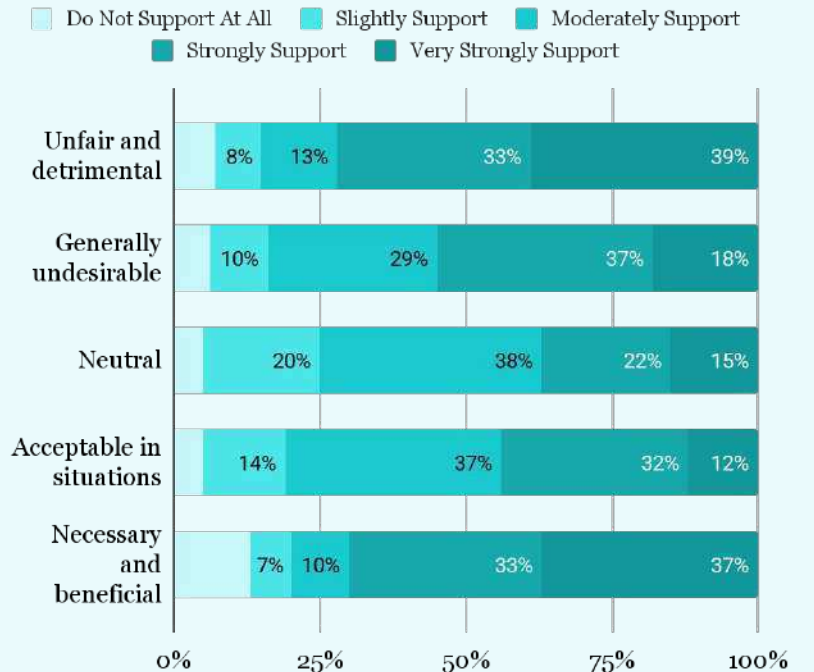
Our survey reveals a mix of opinions on the acceptability of overtime. A significant majority (76%) of SMEs say it's situational; some feel stronger than others about how regularly staff should be working extra hours.

**11% of business leaders are staunch defenders of overtime**, viewing it as necessary and beneficial for their operations. Overall, though, their indecision is obvious, with the same percentage (**11% of senior leaders**) arguing that overtime is unfair and harmful to employee wellbeing.

The real contradiction lies within the RTSO supporters themselves, however. Hypocritically, even among those who advocate for it, **38% still endorse asking employees to work extra hours**.

Such mental gymnastics point to the impossible position bosses are in. **Everyone knows the pressure that the workforce is under, but no one wants to be the first to blink** and risk their productivity or profitability.

## To what extent do you support the Right to Switch Off law that is being proposed by the UK government?



# Startups least supportive of RTSO

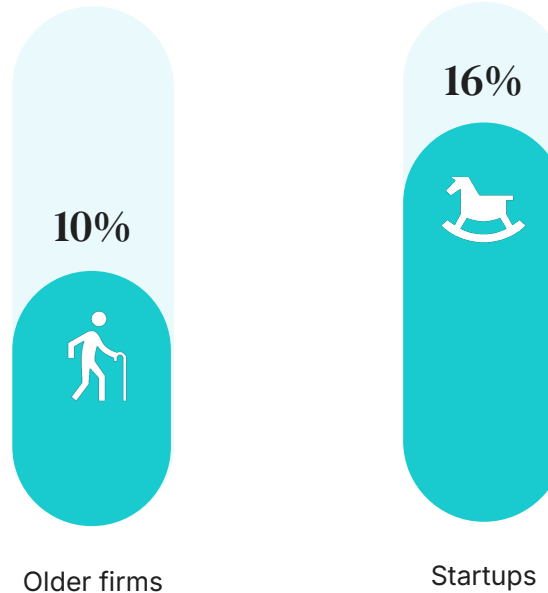
*Like it or loathe it, for many, the defining image of startup culture is Mark Zuckerberg pulling an all-nighter to code Facebook. Or Steve Jobs, ringing his engineers at 3am. The myth of the somniphobic founder has persisted, particularly as the global startup population continues to model itself on one influential California district.*

'Startup culture' may now be influencing attitudes to the RTSO. Our data shows that startups less than a year old have an **above average** rate of considering it **necessary to require employees to work extra hours, at 16%**.

Startups rely on fast communication and flexible responsibilities for survival. These practices are not just beneficial but fundamental – to ensure they can respond to market shifts, ensure efficient resource utilisation and fight off competition.

Nevertheless, new businesses must be careful that their agility does not tip into a toxicity. If staff feel overworked and underappreciated, this could devolve into burnout and resentment, driving up turnover and doing more harm than a standard, 5pm finish time ever could.

## Comparison of older firms vs startups approval ratings of working extra hours



“

“Ambitious startups are always scrambling. But that doesn't mean they have to break people with intensity. Working smarter rather than endlessly is about being agile and learning to focus time on what really matters.”



**Richard Robinson**  
CEO & Co-founder,  
Robin AI

# Richard Robinson on... navigating 'always on' startup culture

*After four sleepless nights working on a merger at a large law firm, Richard Robinson created Robin AI, an AI tool aimed at giving legal teams their time back. How has he approached working hours at his own company?*

**I think everyone should have a right to switch off.** People won't give their best if you disrespect them and their lives. It's not always possible to fully disconnect. How you justify this depends on what deal you strike with employees and contractors.

**If employees have a stake in the company through shares,** there is a mutual interest in sometimes working overtime. You can also offer time-off-in-lieu – so that the work is done when it needs to be done and recovery is encouraged during slower periods. We don't run the office as an amusement park, but we also have great snacks and drinks because that's the least you can do for people if they're needed at unusual hours, or to meet a tight deadline.

**I expect people to respond quickly,** where possible, but we have tools such as Slack, which make that easy. We deliberately set up Robin AI on four continents so that we can operate without me or anyone else having to be on 24/7. We let people choose where to work in the December holidays.

**To implement a successful 'Right to Switch Off' culture,** every team needs clear objectives. Look for tasks or meetings that are not essential and cut them. If it isn't helping you meet your goals – whether that's more sales or stronger team culture – why do it? Most meetings can be done in 25 minutes, not 30. If someone thinks they can do a job in nine days a fortnight, let them prove it. But make sure you get commitment in return: your business needs strong collaboration.



**Richard  
Robinson**  
CEO &  
Co-founder,  
Robin AI

# “I was told startups don’t believe in clocking in”

*We spoke to an anonymous software developer who worked at a tech startup between 2023 and 2025. They say the ‘always on’ culture was all-consuming, impacting their personal life, relationships and mental health.*

“When I first joined, I was told in a meeting ‘this isn’t a normal company, it’s a startup. We don’t agree with clocking in or clocking out’. My hours were nine till six. If I wanted to leave at six, it was perceived as bad. I’d have to stay for half an hour just for appearances. I felt pressure to always respond to emails and people were firing messages at the weekend.

“It was worse when the startup was the founder’s entire life, especially if they were in their twenties and they didn’t have any other life goals. Then they expected the same commitment from me as well. When the founders were in their forties and had families, the work-life balance was a lot better. They were a lot more understanding.



“I think the startup hustle culture contributed to the lack of boundaries. I could have built the most boring thing on the planet there as long as I was having a fun time with the team. But at the startups I was part of, no one viewed the culture as important.”

**Anonymous**

Startups.



# Want work-life balance? Take a pay cut

*Certain industries just seem to come with the assumption that teams will work longer hours than other, less demanding roles.*

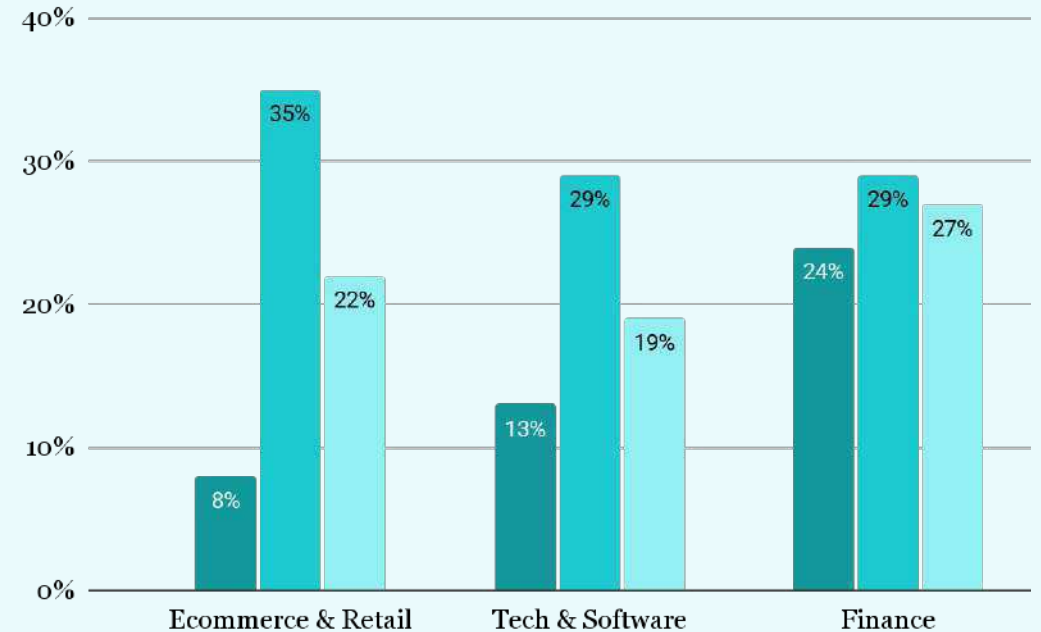
The three sectors where workers are most likely to stick around after closing time are **finance and fintech (53%), technology (42%) and ecommerce (43%)**. So what ties tech, finance and ecommerce together?

One answer is they're all digital. Tech, finance and ecommerce are three of the most 'online' industries. Start and finish times have become blurred for remote workers as the expectation (or even temptation) to keep working becomes much stronger when your office can be accessed at any time from home.

Then there's the money. Tech and finance are notorious for high salaries. Our research suggests that a hefty paycheck may come with a trade-off of having to keep your work phone switched on at the weekend.

Businesses that anticipate staff working beyond their contracted hours are more inclined to implement salary increases. Specifically, **19% of senior leaders** who acknowledge the detrimental impact of overtime on employee wellbeing will not raise pay this year, versus **5% of leaders who consider overtime acceptable**.

## What is your perspective on requiring employees to work beyond their contracted hours?



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# The surprise RTSO advocates

*We've seen how all three sectors express loud support for overtime.*

The narrative is far from straightforward, however. While techies, dropshippers and bankers may now be used to working the graveyard shift, that doesn't mean they want to keep with the status quo.

Remarkably, our analysis reveals these very sectors are also the most vocal proponents of the RTSO. **61% of tech organisations, 57% of finance firms, and 53% of ecommerce** strongly or very strongly support the policy, demonstrating a clear desire to draw a line between the professional and personal.

It's a confusing predicament, and the cause may again come down to perception. Businesses, fearing the loss of clients to competitors maintaining 24/7 availability, hesitate to adopt healthier work-life boundaries and, ultimately, end up perpetuating the cycle of unsustainable working practices.

It's a strong case for government intervention. A legislated RTSO would level the playing field, establishing a uniform standard. By mandating a definitive end to the work day, it would empower leaders to prioritise employee wellbeing without the fear of competitive repercussions.

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# Familiarity fuels RTSO favour

*There is a notable correlation between familiarity and support when it comes to the RTSO.*

More than a fifth (21%) of firms unfamiliar with the concept also show no support for it, whereas 69% of those extremely familiar with the law demonstrate very strong support.

So, organisations want the RTSO. They also react favourably to the proposed laws once they understand what it entails. Add these findings together and we get an answer to business leaders' indecision on the topic. To borrow a phrase from another Labour prime minister: "education, education, education".

Confusion is common when it comes to new HR policies, particularly one that acts as guidelines and not law.

Failure to adhere to the RTSO codes of practice would not in itself give cause to legal proceedings, but businesses may still feel confused about the potential penalties incurred, or in what circumstances communication outside work hours would be permitted.

The RTSO conflict comes down to information, not opposition. Whitehall's best chance to implement the RTSO is to roll out an effective communication campaign that can demystify the legislation and demonstrate the tangible advantages for both employers and employees.

## How familiar are you with the 'Right to Switch Off' law?



# Key takeaways

1

**Bosses back the RTSO, but still push for overtime**

out of fear of falling behind the competition



2

**Startups struggle most to switch off,** due to perceptions around 'always on' startup culture



3

High-paying, digitalised sectors tend to expect longer hours, **creating a trade-off for teams**



4

**Education boosts support for the RTSO**, implying more must be done to demystify the laws



5

**Time off in lieu, share options and office comforts** can make amends for odd working hours

“

“Ambitious startups are always scrambling. But that doesn't mean they have to break people with intensity.”



**Richard Robinson**  
CEO & Co-founder,  
Robin AI

# Looking forward →

*The next 12 months will not be an easy ride for entrepreneurs. The Government continues to push for growth, while at the same time rolling out measures that seem more likely to stunt than stir. In 2025, then, **businesses need to shift their mindset.***

Forget the relentless pursuit of growth embodied by Silicon Valley. Now is about future-proofing the workforce by retaining, rewarding and rearing what business leaders say is their second-biggest success factor beyond customer loyalty: their talent. It's a symbiotic relationship and, therefore, one that must not be neglected. Strong leadership trickles down the team, serving to build a resilient workforce that can work around and bounce back from setbacks and, in turn, fortify the business.

True, it's vital that this positive feedback loop doesn't become an echo chamber. Business owners should also take advantage of the tools and people around them. But there is something to be said for blocking out the noise in 2025 and remembering that your own team, trials and triumphs can exist separately from the doomsayer headlines.

When we think of startups, we think of innovative products and services. Let's not forget that many of the businesses we surveyed and spoke to for this report are applying the same disruptive thinking to their workforce. While the business world speaks ad nauseum about redundancies and the bottom line, they are proving that the title of this report, **Make Work Stay**, doesn't need to mean spending more.

Our report shows that companies are shifting towards strategic and differentiated compensation approaches, not uniform increases. They're being pragmatic; balancing the push for expensive new technologies with the need for emotional wisdom. And they're using data to identify what ways of working are truly advantageous for their team – for both culture and cash-flow – not just following the crowd.

"I found so many times that people who I thought knew much more than me, perhaps because they've launched a much more successful business, they must know the right way to hire an agency or to hire an employee," says Varun Bhanot, CEO and Co-founder of MAGIC AI, "only to find that the way we thought it should be done was probably the better way from the beginning."

**Helena Young**  
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# About Us

*Back in 2000, our founder, David Lester, was a serial entrepreneur who couldn't find the right advice on how to strategise, start and scale his business ventures. He launched Startups.co.uk with a goal to empower entrepreneurs and help them avoid the mistakes he made in his own business journey.*

We've stuck to this mission. Each January, we publish the [Startups 100 Index](#), championing the newest generation of business leaders in the UK. We've been early cheerleaders for what are now some of the world's most valuable brands, including Revolut and Deliveroo.

In the other eleven months of the year, we're out in the field, interviewing founders, conducting surveys, publishing the latest startup news and organising reams of independent product testing to help brands identify the best business technology and software.

Catch up on all the latest startup trends, by subscribing to our [podcast](#) and [newsletter](#).

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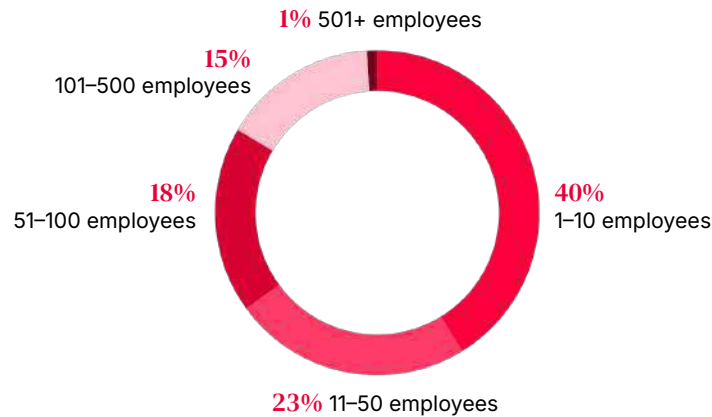
# Methodology

*We surveyed a representative sample of 531 senior business executives based in the UK — encompassing founders, owners, and C-suite members — of small businesses and startups up to five years old.*

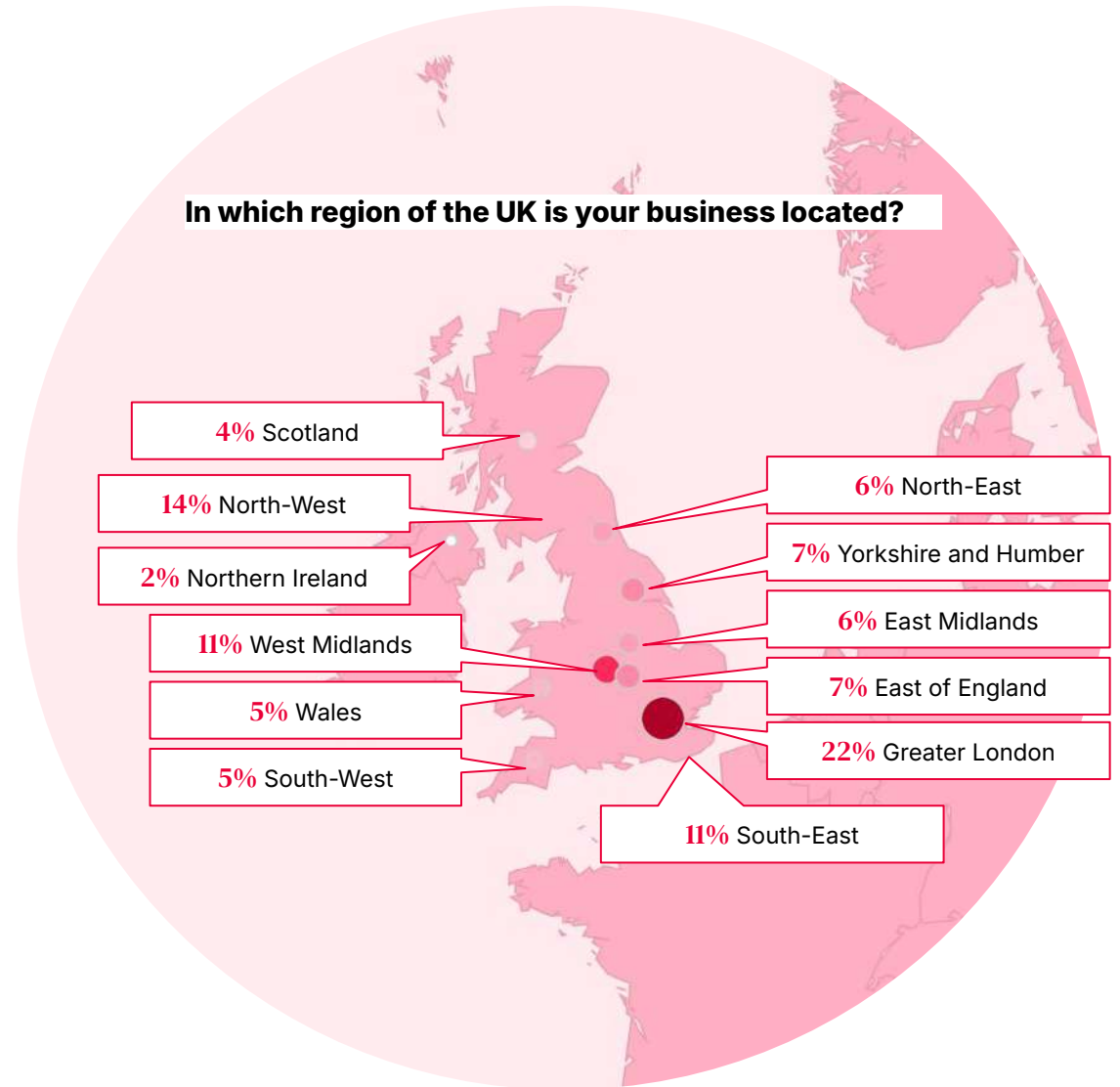
Our respondents spanned various industries and regions, ensuring that our data accurately reflects the experiences and perspectives of key leaders within established and growing organisations.

To ensure an impartial and unbiased sample, this report's data was gathered through a survey with participants selected via a third-party panel provider, towards the end of 2024.

## How many employees does your business currently have?



## In which region of the UK is your business located?



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