

## Pay Awards Analysis

### Over two-fifths of pay awards are worth 4% or more

The median pay award has risen sharply, with that for the three months to the end of April currently showing at 3.5%, though this may be revised in either direction as we collect more pay awards for this key month. The upper quartile of awards has also risen, from 4.2% in March to 5.0%, according to the latest analysis from IDR. The rise in both metrics has been influenced by the growing proportion of higher-end pay awards worth 4% or more in this latest period, which is based on 70 pay awards effective between 1 February and 30 April 2022, covering over 800,000 employees in total. More than two-fifths (43%) of pay awards are worth 4% or more – up from 35% in March.

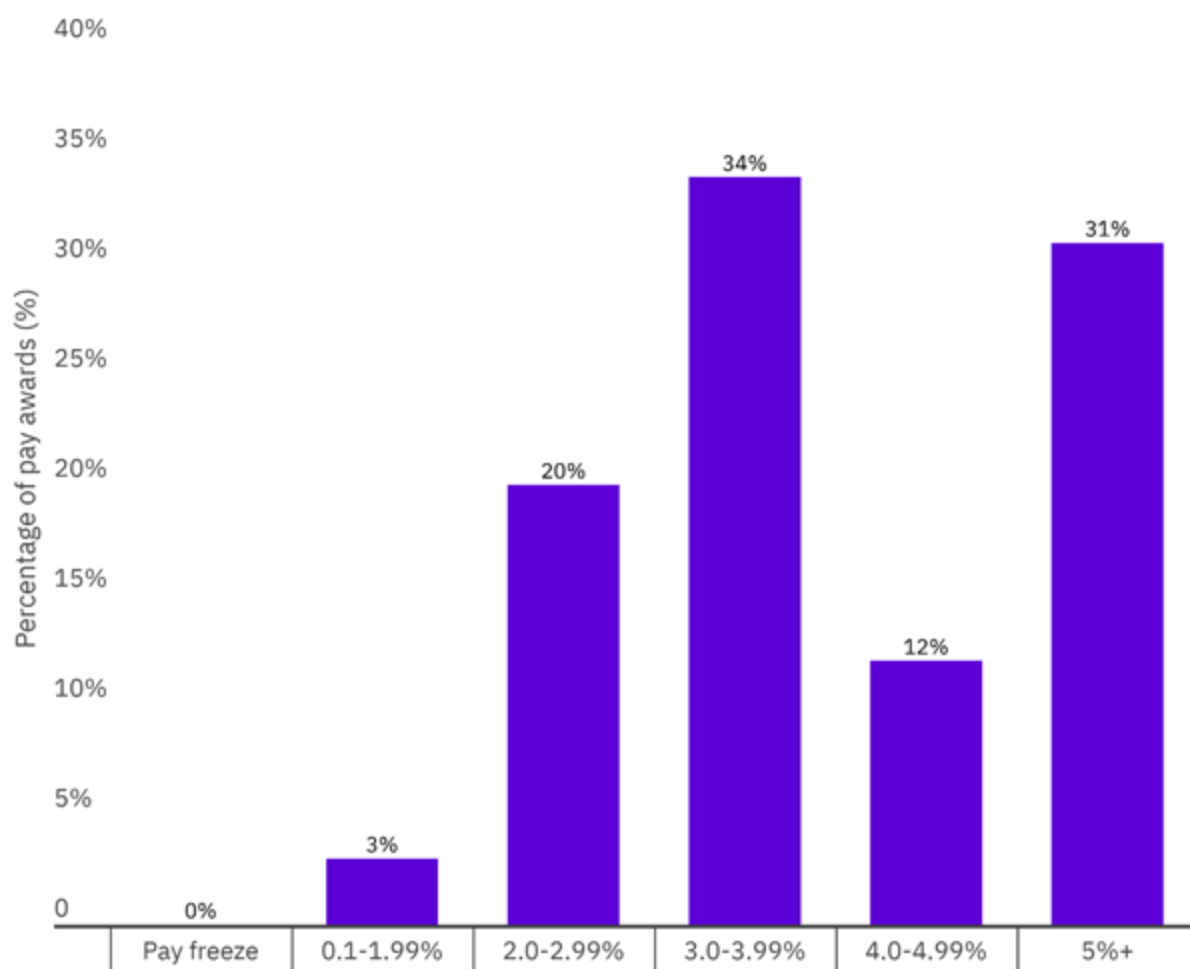
### Pay awards in the three months to the end of April 2022

	Whole economy	Private sector	Manufacturing and production	Private services	Not-for-profit
Lower quartile	3.0%	2.5%	2.0%	3.0%	3.0%
Median	3.5%	3.1%	3.0%	3.5%	3.8%
Upper quartile	5.0%	5.3%	4.9%	5.3%	5.0%

Based on 70 pay awards covering 802,643 employees in total.

Source: IDR

## Distribution of pay awards - three months to the end of April 2022



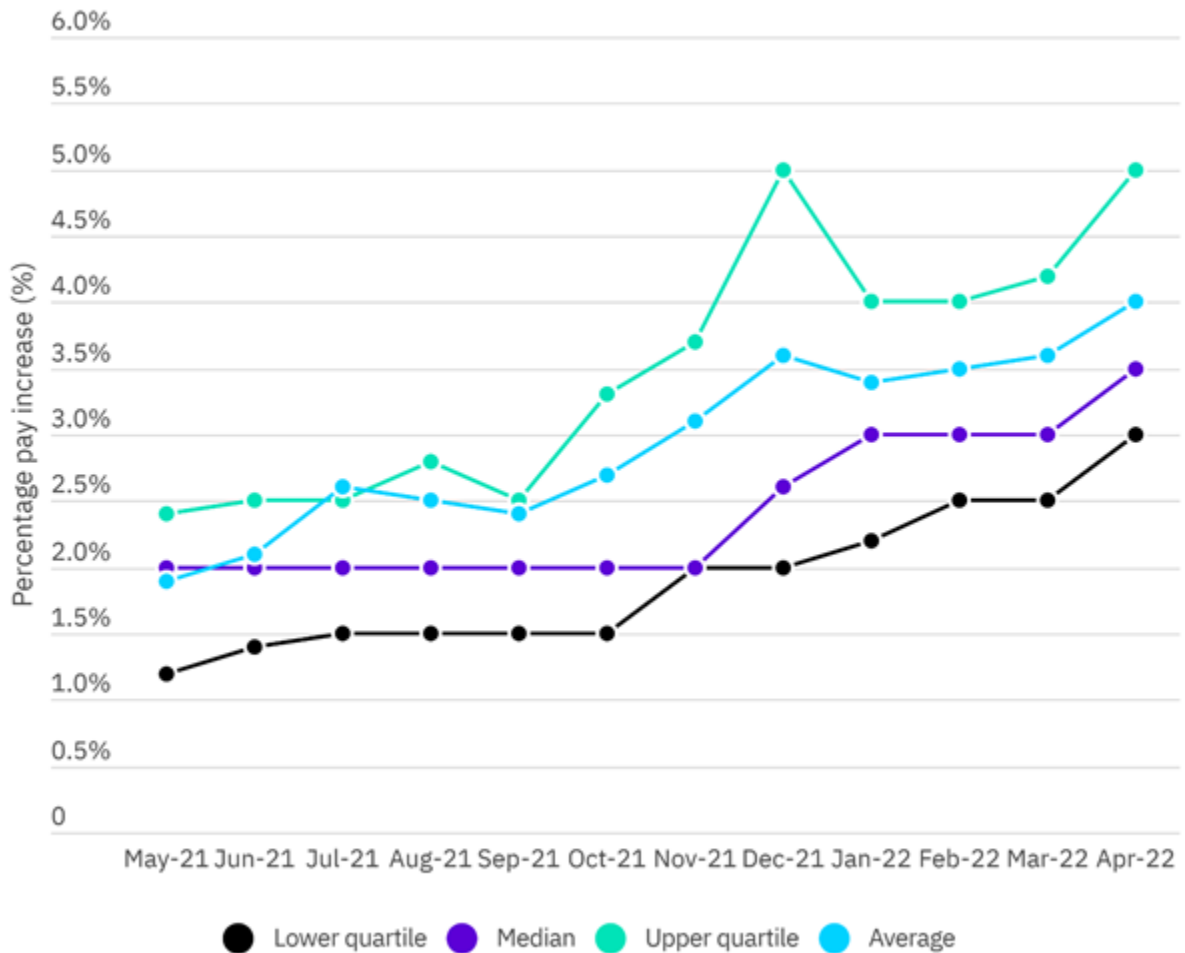
Source: IDR

In the private sector, two-fifths of pay rises were worth 4% or more. However, comparatively few awards are in the 4% to 4.99% bracket, with the largest cluster - 19% of all pay outcomes - in fact occurring in the 6%-plus bracket. April is the most popular month for pay setting and the annual uplift in the National Living Wage is a key influence, especially for lower-paying employers. This rose by 6.6% on 1 April 2022 to £9.50 and is likely to be a significant factor in the clustering of awards at the 6%-plus level. In addition, labour market pressures and the rising level of inflation since last summer have prompted employers to respond with relatively higher pay rises than last year.

In private services, pay increases worth 4% or more are common in areas such as financial services and retail. Barclays Bank and HSBC both set their annual pay budgets at above 4% this year. At NatWest, 60% of staff received 4%, while nearly 40% received 5%. Elsewhere, Lidl and Sainsbury's increased their hourly rates of pay by 6.3% and 5.3% respectively in March. In manufacturing, more than two-fifths (42%) of pay outcomes were worth 4% or more – up from 28% in March – with examples across various industries such as agriculture, energy and water and general manufacturing.

We will continue to monitor pay reviews for this key period and produce further analysis, which will feature in the next issue of Pay Climate due on 9 June.

### Whole economy pay increases, May 2021 to April 2022\*



\*In the three months ending at each date.

Source: IDR