

Pay Awards Analysis

An early look at pay outcomes for 2022 reveals an elevated median of 3.0% across the whole economy, according to the latest analysis by IDR. Higher-end awards worth 3.0% or more represent over half (52%) of deals effective in 2022 so far – up from around a fifth of awards in 2021 when the overall median was 2.0%. A fall in the proportion of pay freezes and lower-end outcomes has also contributed to the change in the median. The latest analysis is based on a sample of 57 pay awards already agreed for this year and the results predominantly reflect the picture in the private sector since very few awards in our sample occurred in the public sector.

The median in the private sector is also 3.0% and the upper quartile has risen from 2.5% last year to 4.0% for 2022. This change is largely influenced by awards in private services where more than a fifth of awards are worth 4% or more and the upper quartile of 5.8% is the highest across the economy. Such high pay increases are likely to continue as many employers in the sector will respond to the National Living Wage rising by 6.6% to £9.50 on 1 April 2022.

Manufacturing firms dominate the majority of pay reviews at the start of the year and around a fifth of awards in this area are worth 4% or more. However, the largest cluster of awards in the sector (52%) occur in the 2.0% to 2.99% bracket. One such increase in our sample is for thousands of workers who operate under the Electrical Contracting Joint Industry Board (JIB) in England, Wales and Northern Ireland. Pay rates increased by 2.5% on 3 January 2022 in the first year of a two-year deal worth 5% overall. This is a key deal that influences pay levels for skilled employees in the sector.

Meanwhile at the lower end of the distribution, pay freezes account for just 4% of all outcomes so far in 2022 – down from 17% in 2021 overall. The proportion of lower-level pay awards (those worth between 0.01% and 1.99%) has also fallen significantly from around one-in-five, or 21%, in 2021 to just 2% of all outcomes for the coming year. The public sector accounted for a significant proportion of pay freezes in 2021 as a consequence of Government policy. The lifting of public sector pay restraint will no doubt also affect the pay scene across the economy this year.

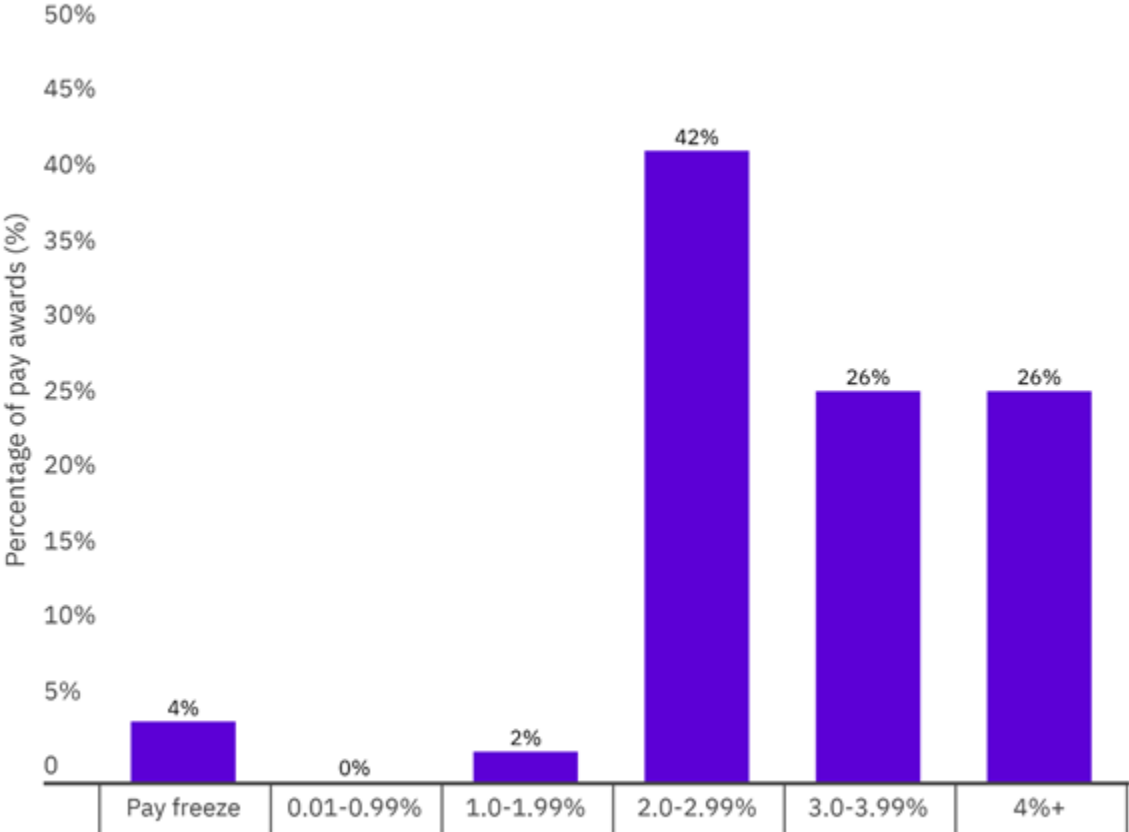
Pay awards in 2022

	Whole economy	Private sector	Manufacturing and production	Private services
Lower quartile	2.1%	2.1%	2.2%	2.0%
Median	3.0%	3.0%	2.7%	3.0%
Upper quartile	4.0%	4.0%	3.0%	5.8%

Based on 57 pay awards covering 465,074 employees in total.

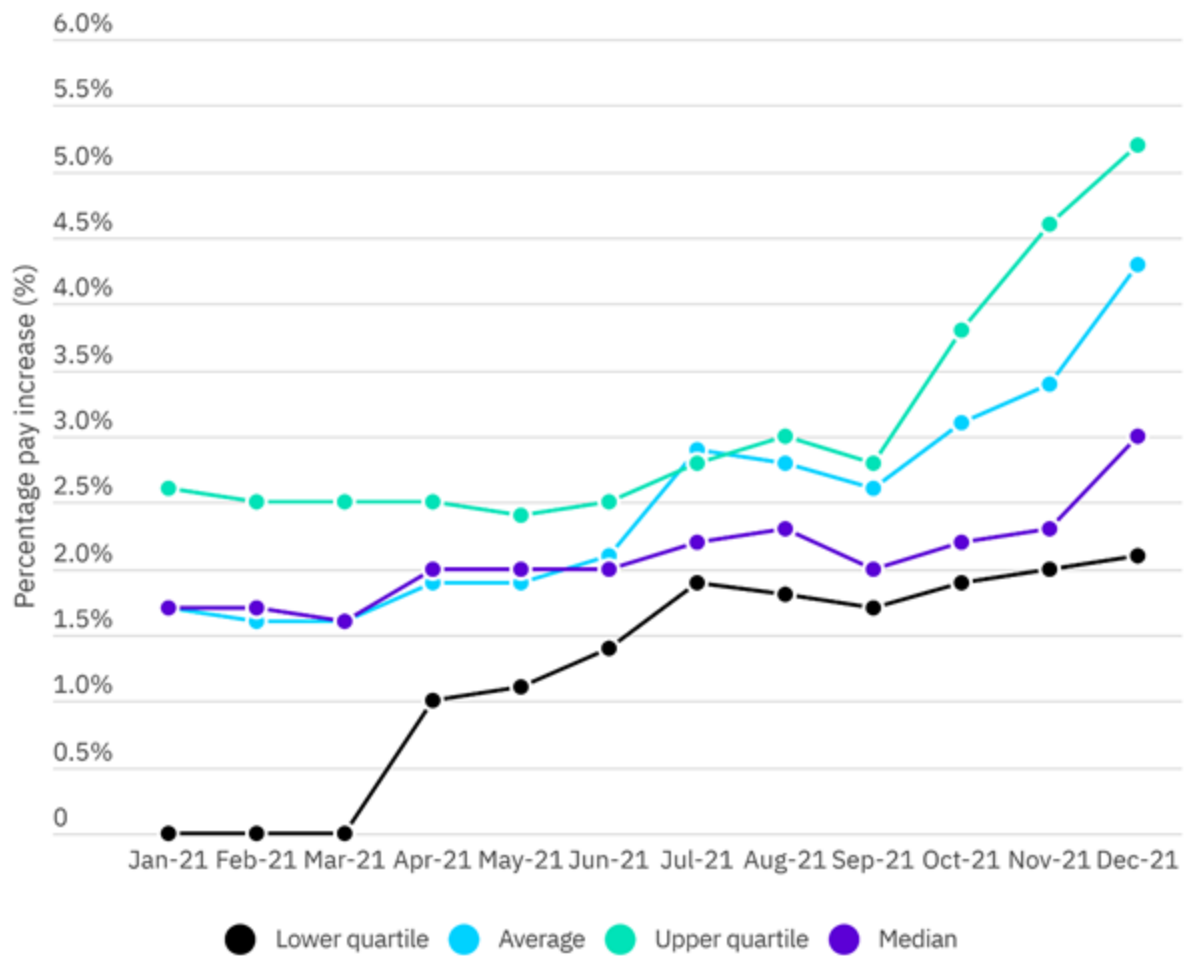
Source: IDR

Distribution of pay awards in 2022 so far



Source: IDR

Whole economy pay trends, January to December 2021



Source: IDR