

Pay Awards Analysis

The median pay award across the economy has remained steady at 3.0% for the three months to February 2022, according to the latest analysis from IDR. The proportion of higher-end awards, those worth 3% or more, has continued to rise and now represents 56% of our sample – up from 52% in January. At the lower end, the proportion of increases below 2% and pay freezes remains small. This has helped to push the lower quartile of awards up from 2.2% to 2.5% in our latest sample, which is based on 63 pay awards effective between 1 December 2021 and 28 February 2022, covering over 240,000 employees in total. The broad picture is characterised by clusters of awards, including those at relatively high levels for the first time, reflecting the influence of increases in the cost of living as well as labour market changes.

Pay awards in the three months to the end of February 2022

	Whole economy	Private sector	Manufacturing and production	Private services
Lower quartile	2.5%	2.5%	2.5%	2.0%
Median	3.0%	3.0%	3.0%	3.0%
Upper quartile	4.0%	4.0%	3.8%	5.3%

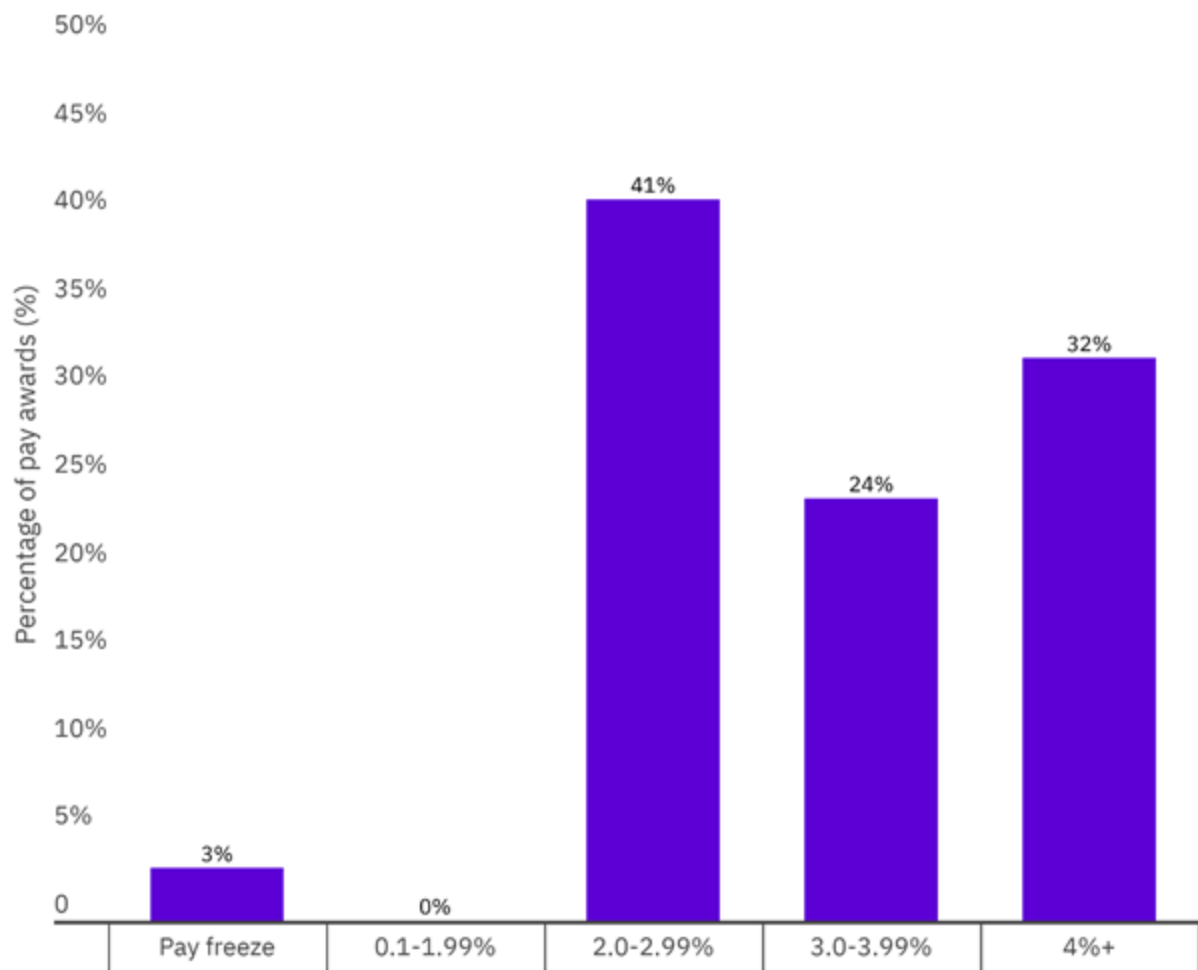
Based on 63 pay awards covering 241,915 employees in total.

Source: IDR

The sample contains no public sector awards and therefore the results reflect the picture in the private sector. Overall, a third of private sector pay rises are worth between 4% or more, with the largest cluster (13%) occurring in the 5.0% to 5.99% bracket. The majority of these are in private services, although employers in parts of manufacturing are also awarding comparatively high increases.

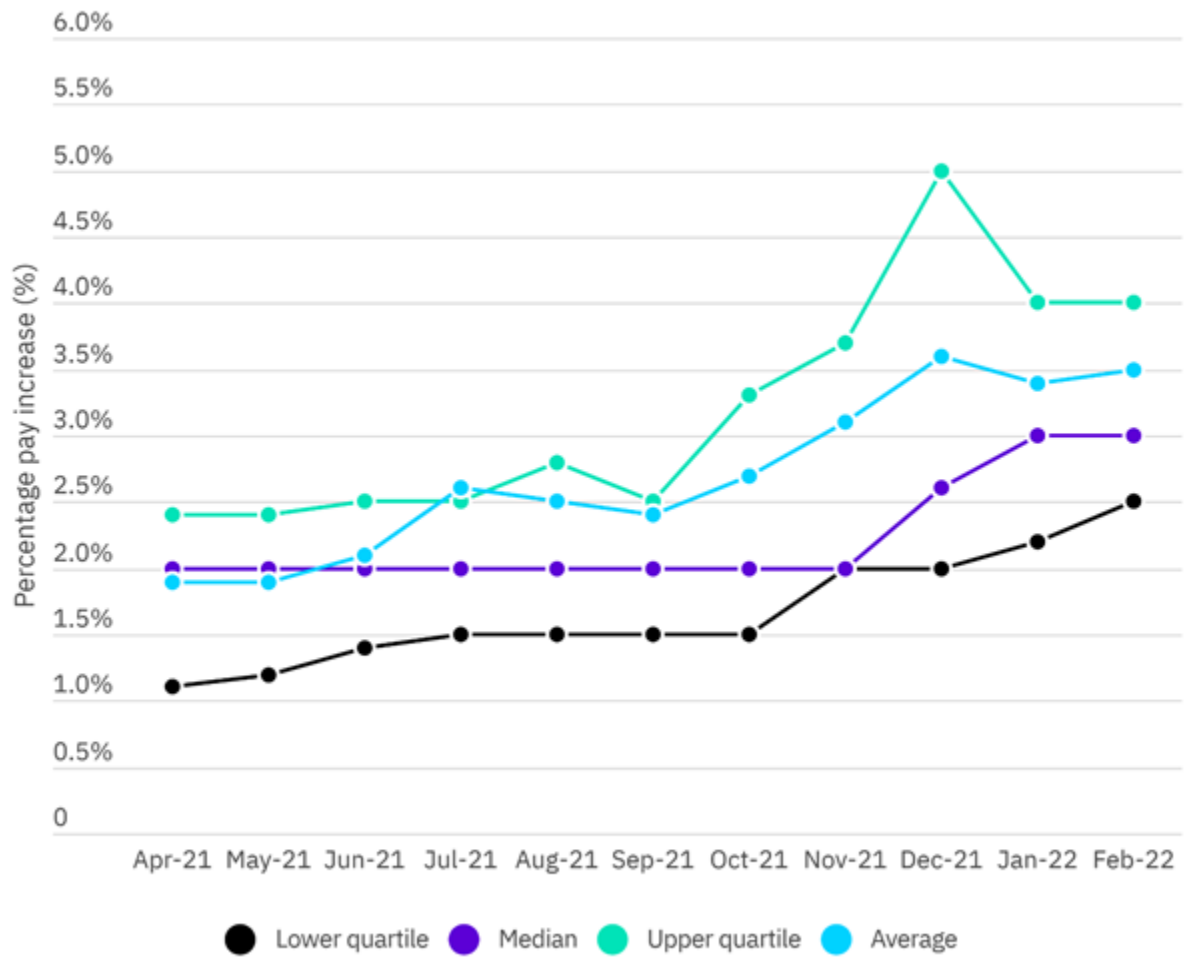
Awards in manufacturing dominate pay setting at the start of the year and represent nearly half of our sample. Over half of awards in the sector are higher-end increases worth 3% or more and some of the largest increases have occurred in food manufacturing and engineering. For example, MINI production workers at BMW's Oxford plant received a 5.5% increase effective from 1 January 2022 in the first year of a three-year deal. However, employees in private services are receiving some of the highest pay rises across the economy. Around one in five outcomes in private services in the three months to February are worth 6% or more with examples of such increases occurring in hospitality, retail and road transport.

Distribution of pay awards - three months to the end of February 2022



Source: IDR

Whole economy pay increases, April 2021 to February 2022



Source: IDR