

Please find below our latest analysis of pay awards to the end of September 2021.

PAY AWARDS ANALYSIS

Median steady but autumn awards freshen outlook for pay

The median pay award across the economy remained at 2.0% for the three months to September 2021, according to the latest analysis from IDR. The interquartile range of awards has narrowed slightly from between 1.5% and 2.9% in the three months to August to between 1.7% and 2.8% in this latest analysis period. This change is influenced by both a fall in the proportion of higher-end awards worth 3% or more, together with an increased number of awards between 2% and 2.99%. Looking ahead to October, initial analysis indicates that the median may rise above 2.0% for the first time this year.

Nearly half (45%) of awards across the economy are worth between 2.0% and 2.99% - up from 43% in August - and higher-end awards worth 3% or more represent almost a quarter of outcomes in our sample. Meanwhile, the proportion of outcomes below 2% continue to represent just under a third (32%) of our sample, which is based on 56 pay awards effective between 1 July and 30 September 2021, together covering over 1 million employees.

The median in the private sector has fallen from 2.3% to 2.1% due to contrasting trends at opposite ends of the distribution. In manufacturing the proportion of higher-end awards worth 3% or more has fallen from a fifth to 14% for the three months to September and there has also been an increase in the proportion of awards worth between 1% and 1.99%. Meanwhile in private services, there have been changes to both the higher and lower ends of the distribution of pay reviews. Over two-fifths (43%) of awards are worth 3% or more – up from around 36% in our last analysis – including a number in the road transport sector following the continued recruitment and retention issues in this area. Awards at this level are also emerging among firms in retail catering, such as Costa Coffee and Prezzo, as the industry attempts to rebuild following the lockdown restrictions. The proportion of pay freezes in private services has also fallen from 18% and now represents just one in ten outcomes in the sector.

Outlook for autumn

Our current sample of 35 awards across the economy for the three months to October suggests that the median may rise slightly to 2.1%. We have also collected a small number of awards that are effective from November and initial analysis suggests the median for this rolling three-month period could be higher still.

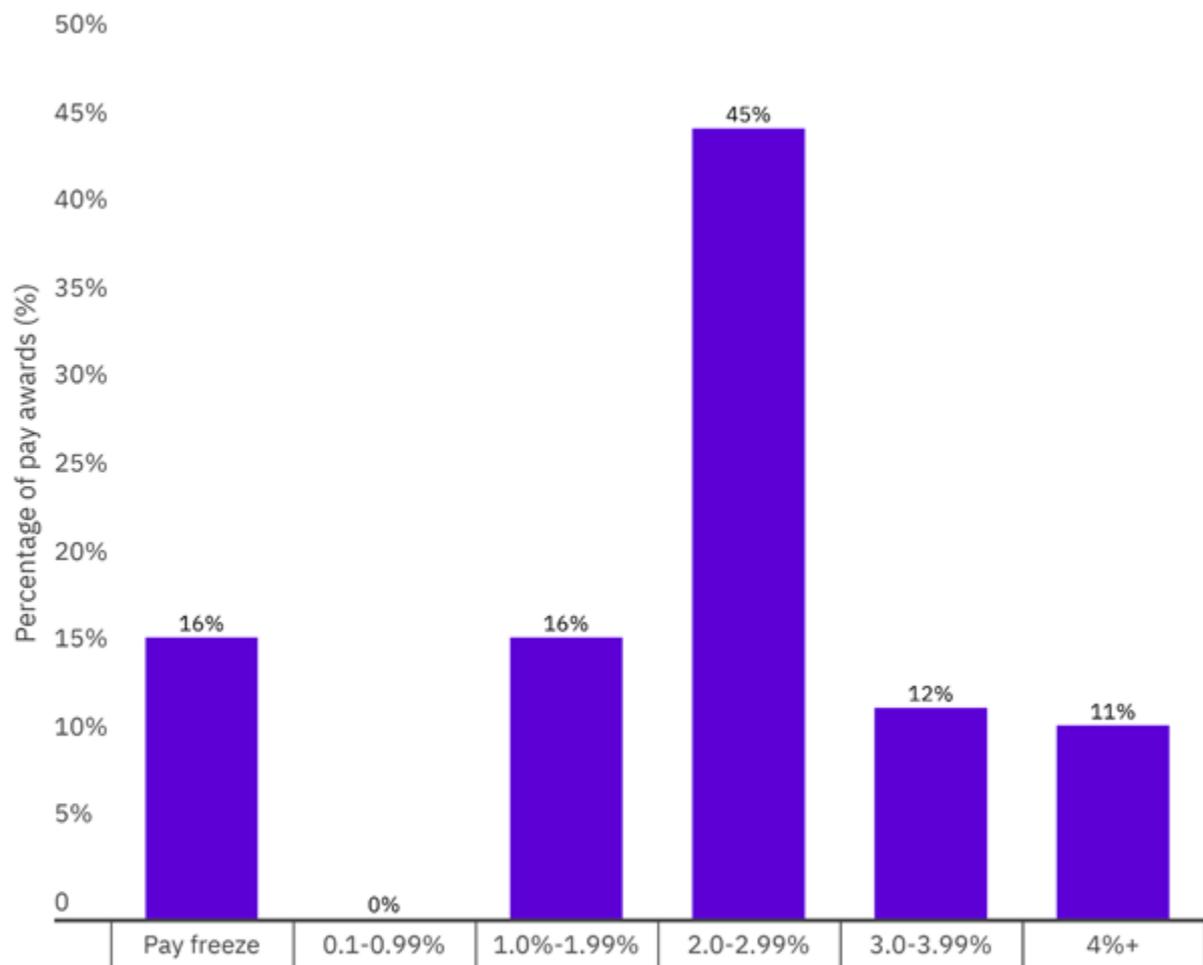
Pay awards in the three months to the end of September 2021

	Whole economy	Private sector	Manufacturing and production	Private services	Public sector
Lower quartile	1.7%	2.0%	2.0%	2.0%	0.0%
Median	2.0%	2.1%	2.0%	2.7%	1.0%
Upper quartile	2.8%	3.0%	2.5%	3.0%	1.8%

Based on 56 pay awards covering 1,077,677 employees in total.

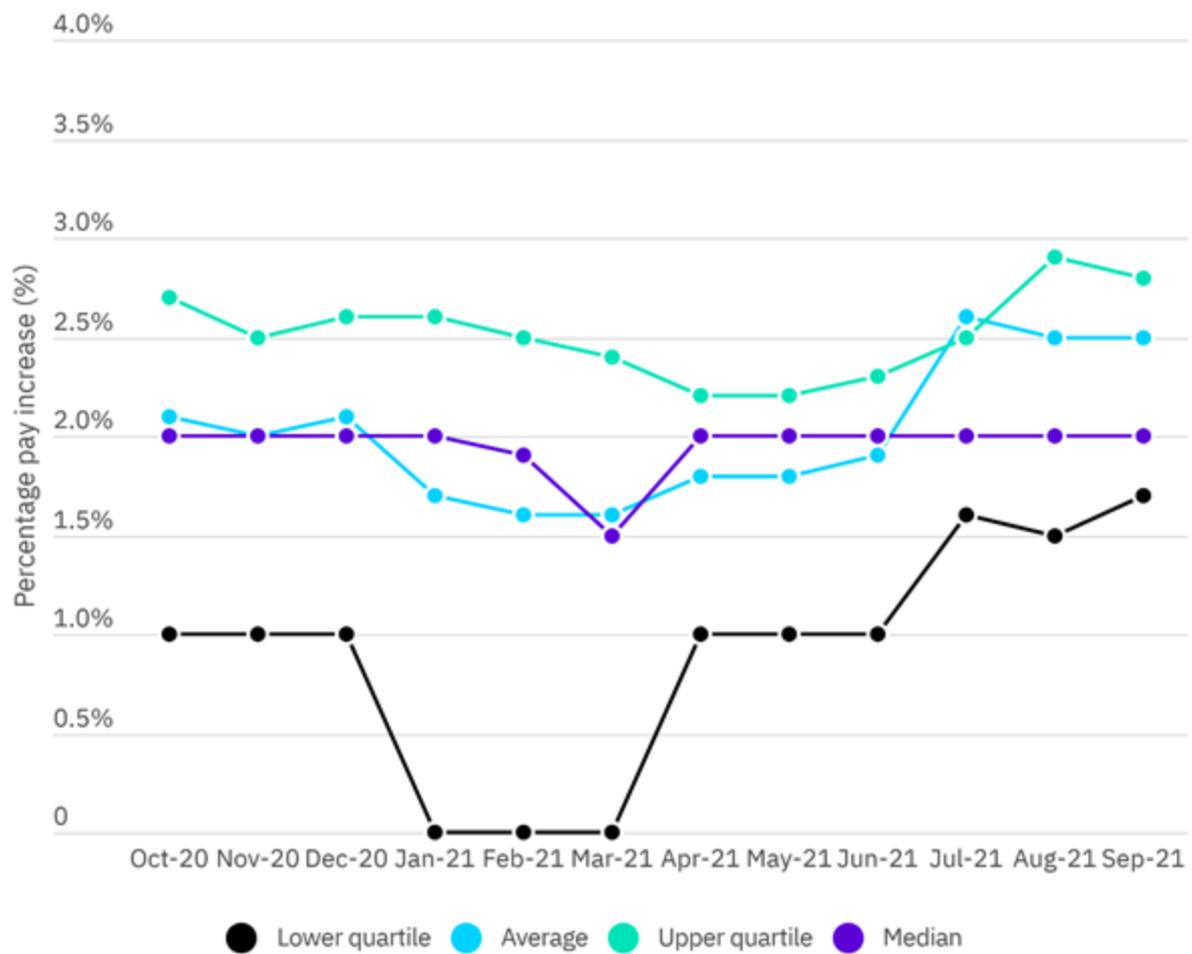
Source: IDR

Distribution of pay awards - three months to the end of September 2021



Source: IDR

Whole economy pay awards, October 2020 to September 2021



Source: IDR Pay Benchmarker