

PAY AWARDS ANALYSIS

Lower-level increases dominate 2021 pay reviews

An early look at 2021 outcomes shows that the median pay award across the whole economy is 2.0%, according to the latest analysis by IDR. This is lower than the median for 2020, which was 2.3% overall. We take a look at the distribution of pay reviews and how the falling number of higher-end awards, versus the growing proportion of lower-end outcomes, is influencing the median. The latest analysis is based on a sample of 56 pay awards effective between 1 January 2021 and 31 December 2021.

Analysis of deals effective in 2021 shows that higher-end awards worth 3% or more account for around one-in-ten pay outcomes, based on 56 awards monitored by IDR so far. This is far lower than in 2020 when just over a quarter of increases were at this level. Meanwhile at the lower end of the distribution, pay freezes account for 23% of outcomes so far this year - up from 16% for 2020 as a whole. The results predominantly reflect the picture in the private sector since very few awards at this time of year are in the public sector.

Nearly three-fifths (59%) of deals in manufacturing are worth between 2.0% and 2.99%, which has influenced the upper quartile in this area, taking it to 2.8%, above the upper quartiles for other areas of the economy. In private services, the number of pay freezes has grown from around a fifth of all outcomes to more than a quarter (28%). However, in this sector there has been a significant change in the proportion of lower-level pay awards, those worth between 0.1% and 1.99%. These have increased from just one-in-twenty or 5% in 2020 to over a fifth (22%) of all awards for 2021.

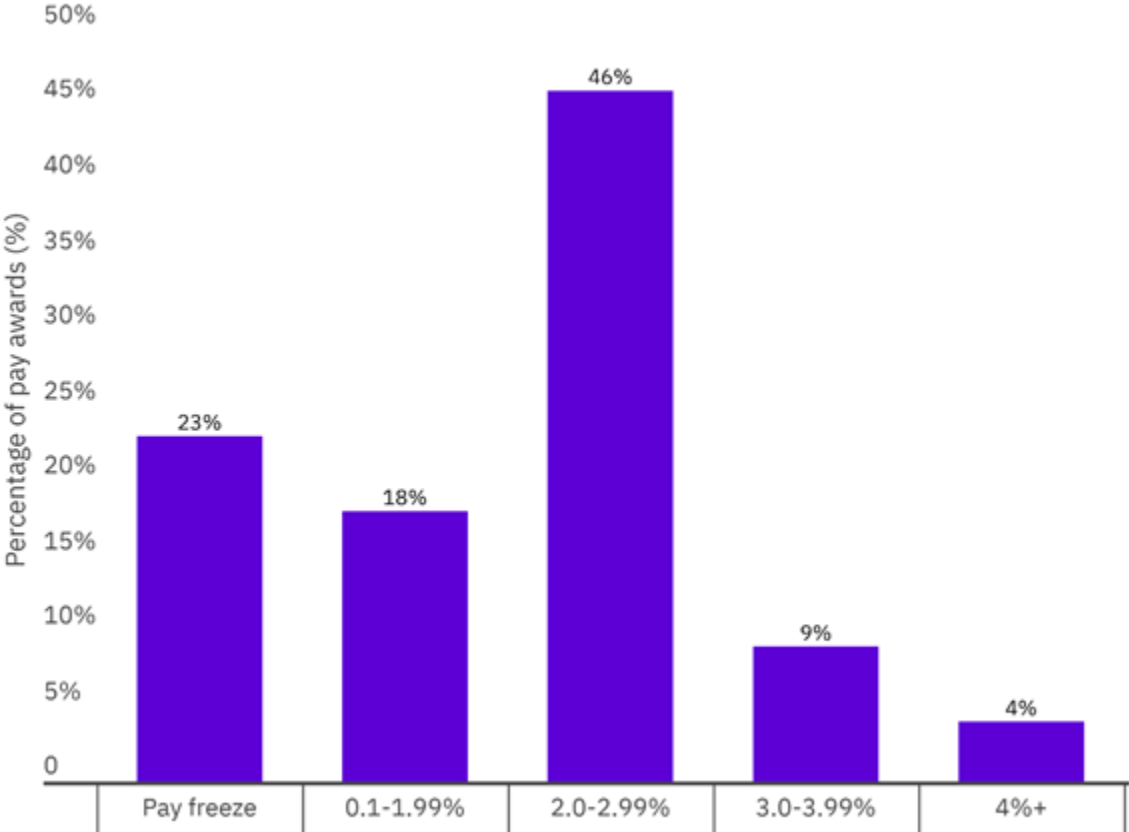
Pay awards in 2021

	Whole economy	Private sector	Manufacturing and production	Private services
Lower quartile	1.0%	1.0%	1.1%	0.3%
Median	2.0%	2.0%	2.2%	1.8%
Upper quartile	2.5%	2.5%	2.8%	2.2%

Based on 56 pay awards covering 478,373 employees

Source: IDR

Distribution of pay awards in 2021 so far



Source: IDR