

PAY AWARDS ANALYSIS

Median dips in March but likely to return to 2% in April 2021

The median pay award across the economy has fallen from 2.0% to 1.8% for the three months to March 2021, according to the latest analysis by IDR. The upper quartile also fell, triggered by changes in the distribution of pay awards in the private sector, with a larger proportion of outcomes below 2%. Awards in the not-for-profit sector, where the median is 1.3%, were also a factor in bringing the whole-economy median down. Pay freezes continue to account for around a quarter of all reviews. However, the proportion of increases worth between 1.0% and 1.99% has grown. Looking at the first crop of April awards, there are indications that the median could return to 2.0% in our next rolling three-month analysis.

Meanwhile in the private sector, the median has held steady at 2.0%, buoyed up mainly by manufacturing where the median is the same. However, awards worth between 1.0% and 1.99% now represent over a quarter of our sample of private sector outcomes and this, coupled with a fall in the proportion of higher-end awards worth 3% or more, has caused the interquartile range to narrow.

These changes are most significant in manufacturing where the upper quartile fell from 2.8% in the three months to February to 2.5% this time. In private services, a rising proportion of lower awards, worth around 1.0%, has been offset by a fall in the number of pay freezes occurring in the sector – down from 36% to 29% in this latest analysis period.

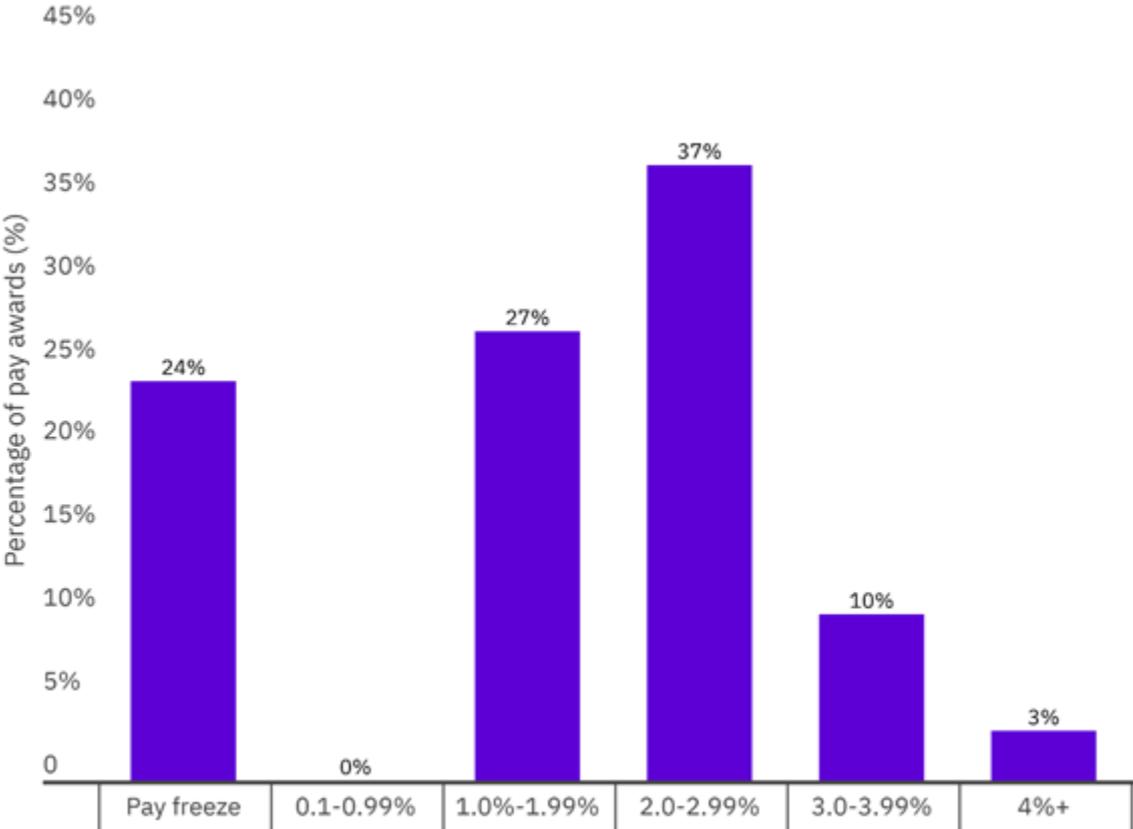
The latest figures are based on a sample of 71 pay awards effective between 1 January and 31 March 2021, together covering 510,230 employees in total.

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

	Whole economy	Private sector	Manufacturing and production	Private services	Not-for-profit
Lower quartile	1.0%	1.0%	1.1%	0.0%	0.3%
Median	1.8%	2.0%	2.0%	1.8%	1.3%
Upper quartile	2.3%	2.4%	2.5%	2.3%	1.9%

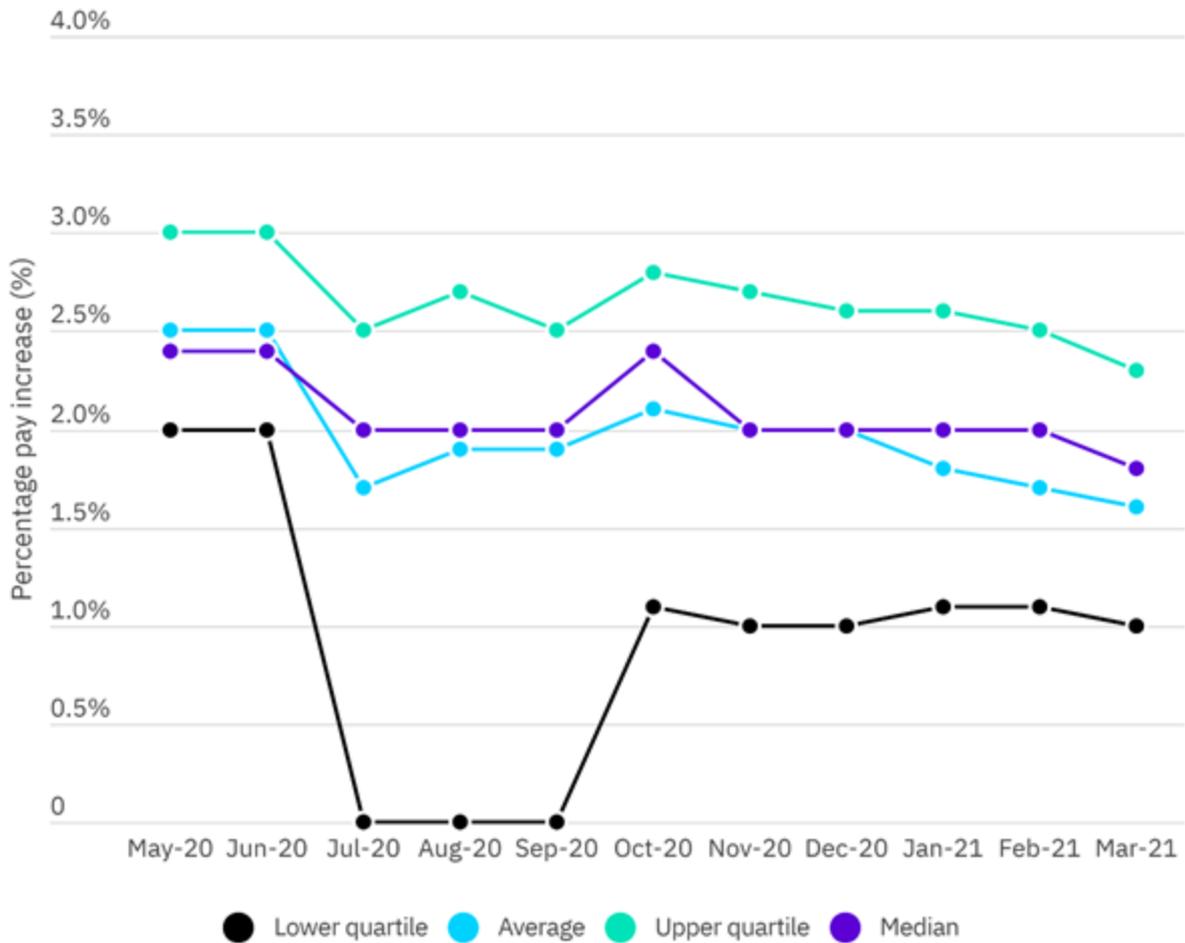
Based on 71 pay awards covering 510,230 employees in total.
Source: IDR

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



Source: IDR

Whole economy pay awards, May 2020 to March 2021



Source: IDR

April 2021 awards

An initial look at outcomes for April shows that the median pay award across the economy has returned to 2.0%, based on 87 awards monitored for the month so far. This change is influenced by higher-end deals in certain better-performing parts of the economy, such as food retail. Morrisons and the Co-operative Group both increased their minimum rates of pay by more than 5% this month. Meanwhile, many employers will be setting increases in line with the uplift in the National Living Wage, which rose by 2.2% to £8.91 on 1 April.