

Please find below our latest analysis of pay awards, which is a summary of our latest analysis on pay trends for 2023.

Pay Awards Analysis

Median pay award climbs to 5.0% in 2023

An initial look at already-decided pay outcomes for 2023 reveals a median of 5.0% across the whole economy, according to the latest analysis by IDR. This is higher than the median of 4.0% that we observed in 2022 and is influenced by a larger proportion of pay awards worth 5% or more when compared to last year – up from around a third in 2022 to over a half (53%) this year. We have monitored 85 pay awards so far and the results predominantly reflect the picture in the private sector since very few awards at this time of year are in the public sector.

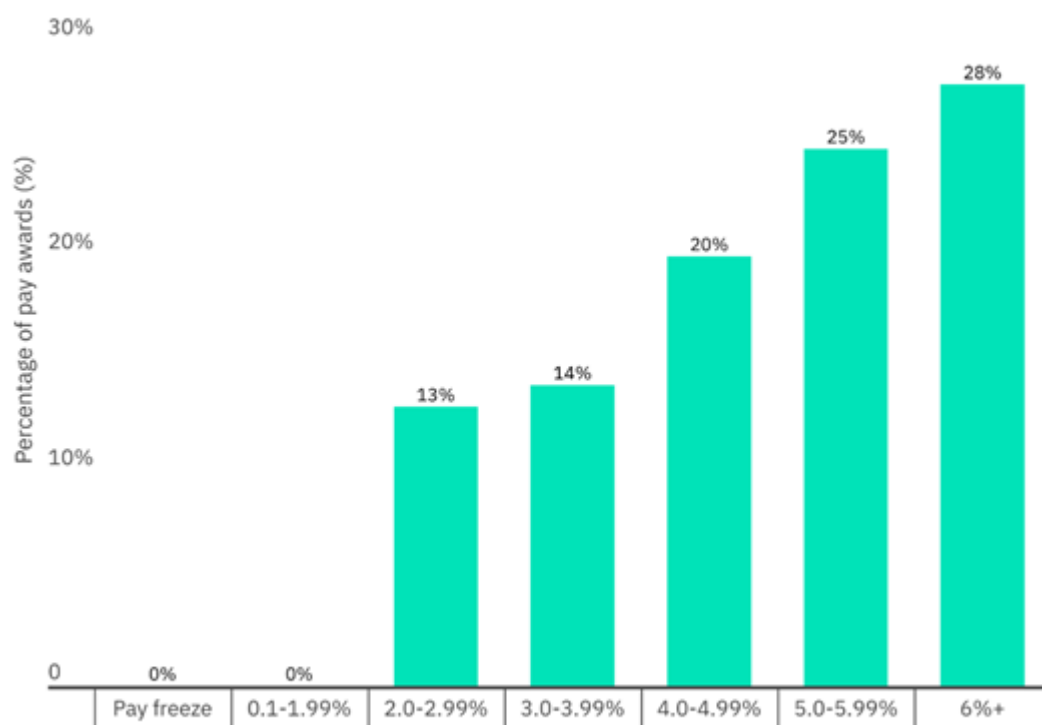
Pay awards in 2023

	Whole economy	Private sector	Manufacturing and production	Private services
Lower quartile	3.6%	3.6%	3.0%	4.0%
Median	5.0%	5.0%	4.4%	5.0%
Upper quartile	6.0%	6.0%	5.5%	6.0%

Based on 85 pay awards covering 554,594 employees in total.

Source: IDR

Distribution of pay awards in 2023 so far

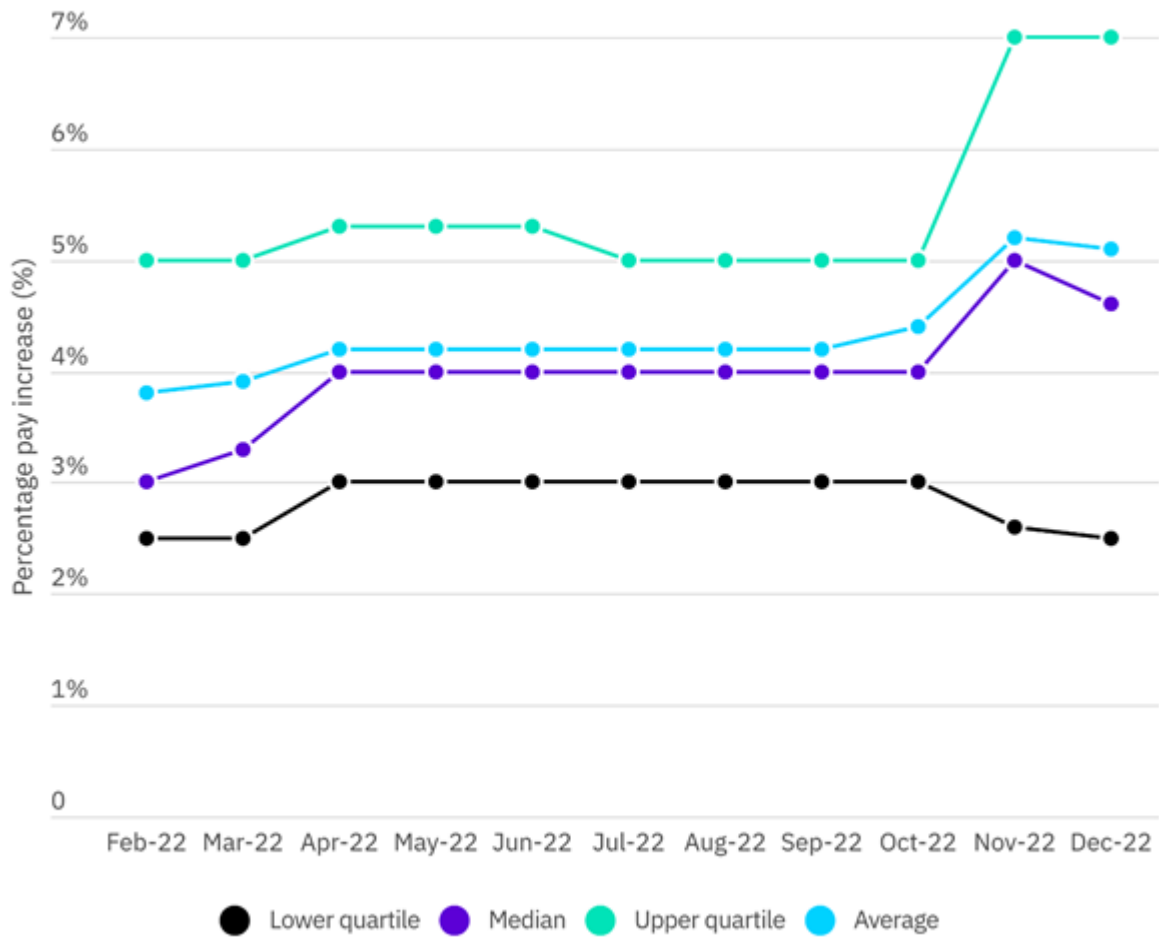


Source: IDR

The median in the private sector is therefore 5.0% and the interquartile range of awards has widened from between 3.0% and 5.1% in 2022 to between 3.6% to 6.0% this year. This change is largely influenced by awards in private services where nearly four-fifths of awards are worth 4% or more and the lower quartile of 4.0% is the highest across the major sectors of the economy. The potential for much higher increases in this sector is very likely as many lower-paying employers will respond to the National Living Wage rising by 9.7% to £10.42 on 1 April 2023.

High-end pay awards are also dominant among manufacturing and production firms where 72% of awards in this area are worth 4% or more. Instances of such increases are occurring in many parts of the sector including energy and water, engineering and food manufacturing. Employers such as BAE Systems, BMW, Mondelez (owner of Cadbury's) and OVO Energy are all set to award uplifts in pay of 4% or more for their workers this year under subsequent stages of long-term pay deals.

Whole economy pay awards February to December 2022*



*In the three months ending at each date.

Source: IDR