

Please find below our latest analysis of pay awards to the end of November 2022.

Pay Awards Analysis

Median pay award outcome climbs to 5.0%

The median pay award across the economy has jumped to 5.0% in the three months to November 2022, having been at 4.0% for most of the year, according to the latest analysis from IDR. The proportion of higher-end awards worth 5% or more has grown from around a third to over half (53%) of all outcomes, the majority of which occur in the manufacturing sector, and this has influenced the current median. The largest cluster of pay increases (39%) across the economy occurs in the 6%+ bracket and this has pushed the upper quartile to 7.0% (from 5.0%). Awards at this level have occurred across the economy and most commonly in energy and water, engineering and retail as employers face continued upward pressure on pay.

At the lower end of the distribution of outcomes, around a quarter of awards are worth between 2.0% and 2.99% - up from 18% in October. This has caused the lower quartile to drop from 3.0% to 2.6% in this latest sample, which is based on 43 pay awards effective between 1 September and 30 November 2022, covering over 1.3 million employees in total. Looking ahead to 2023, initial analysis indicates that the median could drop back a little but is set to remain above 4.0%.

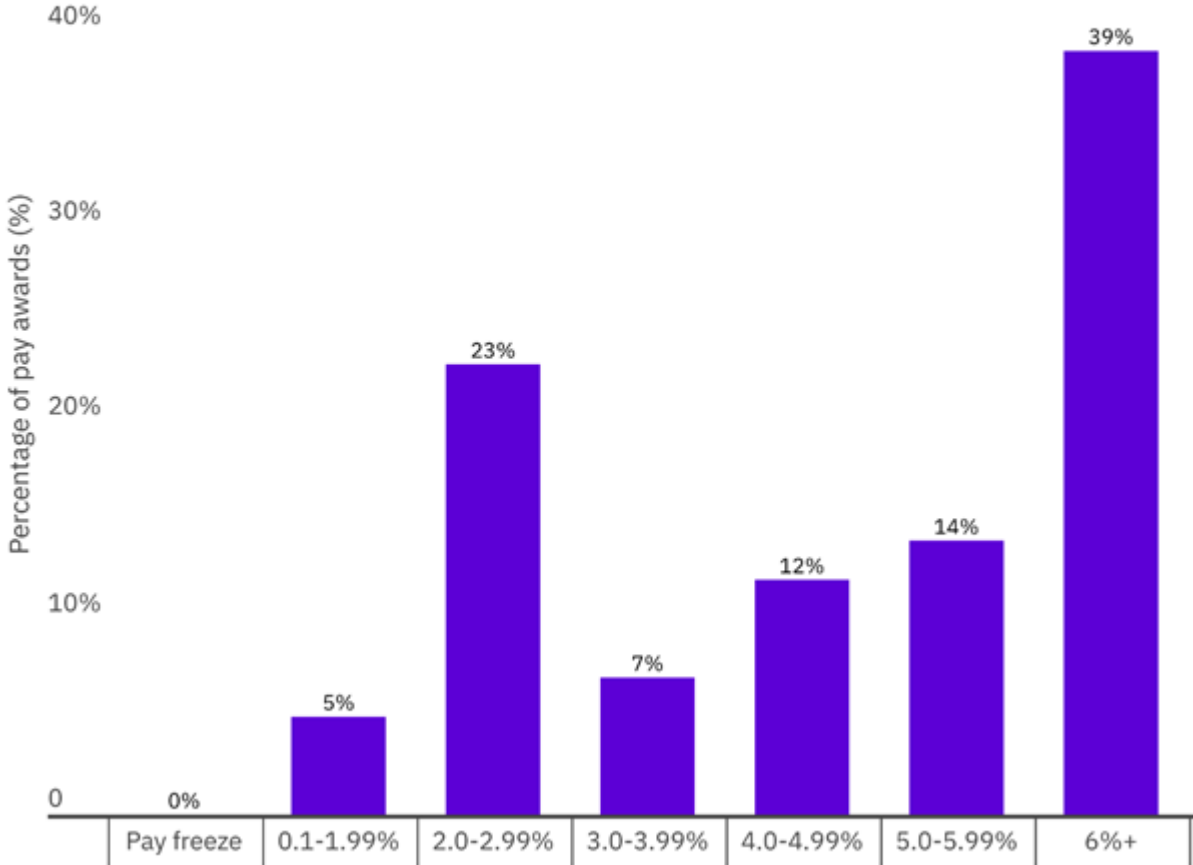
Pay awards in the three months to the end of November 2022

	Whole economy	Private sector	Manufacturing and production	Private services
Lower quartile	2.6%	2.5%	2.1%	2.5%
Median	5.0%	4.6%	5.5%	4.1%
Upper quartile	7.0%	7.1%	7.4%	6.8%

Based on 43 pay awards covering 1,349,172 employees in total.

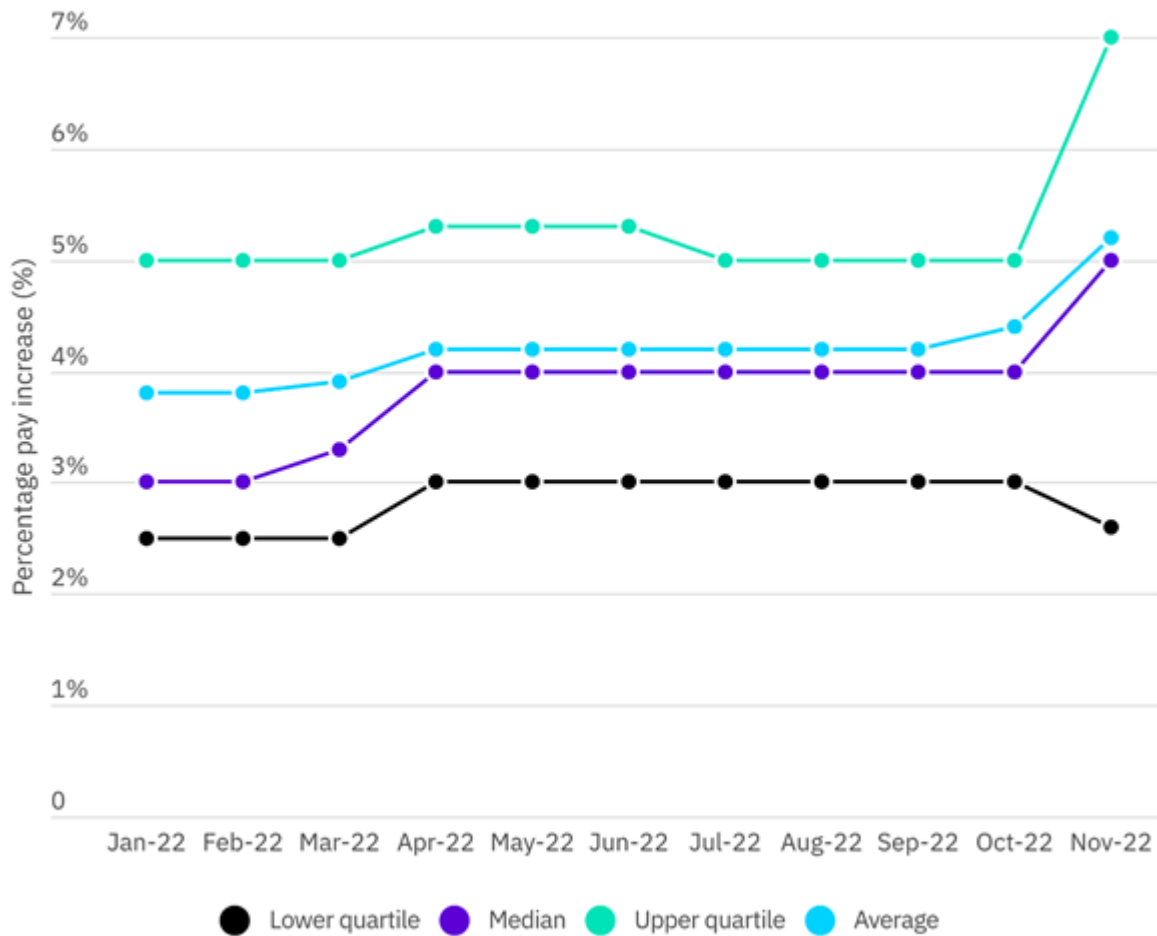
Source: IDR

Distribution of pay awards in the three months to November 2022



Source: IDR

Whole economy pay awards January to November 2022*



*In the three months ending at each date.

Source: IDR

The whole economy median is also affected by awards in the not-for-profit and public sectors, neither of which are shown in the table due to small sample sizes. Together, these are why the private sector median is lower than that for the whole economy, though this has also risen – up from 3.8% to 4.6% in the three months to November. The interquartile range in the private sector has widened from between 2.4% and 6.0% to between 2.5% and 7.1% as diverse trends continue to occur in the distribution of awards. On the one hand the proportion of awards in the sector worth 6% or more has grown from 29% in the three months to October to more than two-fifths (42%) in our latest sample. At the same time, the proportion of lower-end awards worth between 2.0% and 2.99% has also grown – up from a quarter to 28% of outcomes in November.

The interquartile range of awards in manufacturing has been influenced by contrasting outcomes across the distribution of awards. In what is usually a quiet time for pay-setting in the sector, a number of higher-end awards above 10% have been made. Examples include long-term deals linked to RPI inflation, such as the 14.2% increase for hourly-paid workers at Ford Motor Company. Elsewhere, our latest sample also includes comparatively lower increases such as the deal covering thousands of workers under the Heating, Ventilating and Domestic Engineering Joint Consultative Council where an increase of 2.0% took effect on 3 October 2022 in the second year of a two-year deal.

We have continued to monitor instances of interim or additional pay awards, particularly in private services where the median of 4.1% is low when compared to the whole economy median. Our analysis reveals that employers awarding such increases commonly implement a lower level of subsequent award in addition to higher awards made earlier in the year. However, we have also observed higher additional increases, although to a lesser extent. For example, our latest sample includes both a 2% uplift awarded in November to thousands of hourly-paid workers at [Tesco](#) as well as a 7.9% increase implemented by [Lidl](#) in October. These additional awards follow earlier pay increases in 2022 of 5.8% and 6.3% respectively.

Outlook for 2023

An early look at pay awards due to take effect in 2023 reveals that the median could dip a little at the start of the year but will remain above 4.0%. Our latest analysis of deals due to take effect in 2023 shows that the median pay award across the economy is 4.5%, based on a sample of 75 outcomes monitored by IDR so far. The results for the coming year predominantly reflect the picture in the private sector.