

PAY SETTLEMENT ANALYSIS (BY INCOMES DATA RESEARCH) MARCH 2019

Rise in higher-end awards prompts return to trend for pay rises.

The median pay award across the whole economy was 2.5% in the three months to January 2019, according to the latest monitoring figures from IDR. The interquartile range has widened from between 2% and 2.5% to between 2% to 3%. This reflects a rise in the number of higher-end awards compared to the last analysis period, with over a quarter of pay awards worth 3% or more, set against around a tenth of awards at this level in final three months of 2017. The latest figures are based on a sample of 65 pay awards effective between 1 November 2018 and 31 January 2019, covering 277,825 employees.

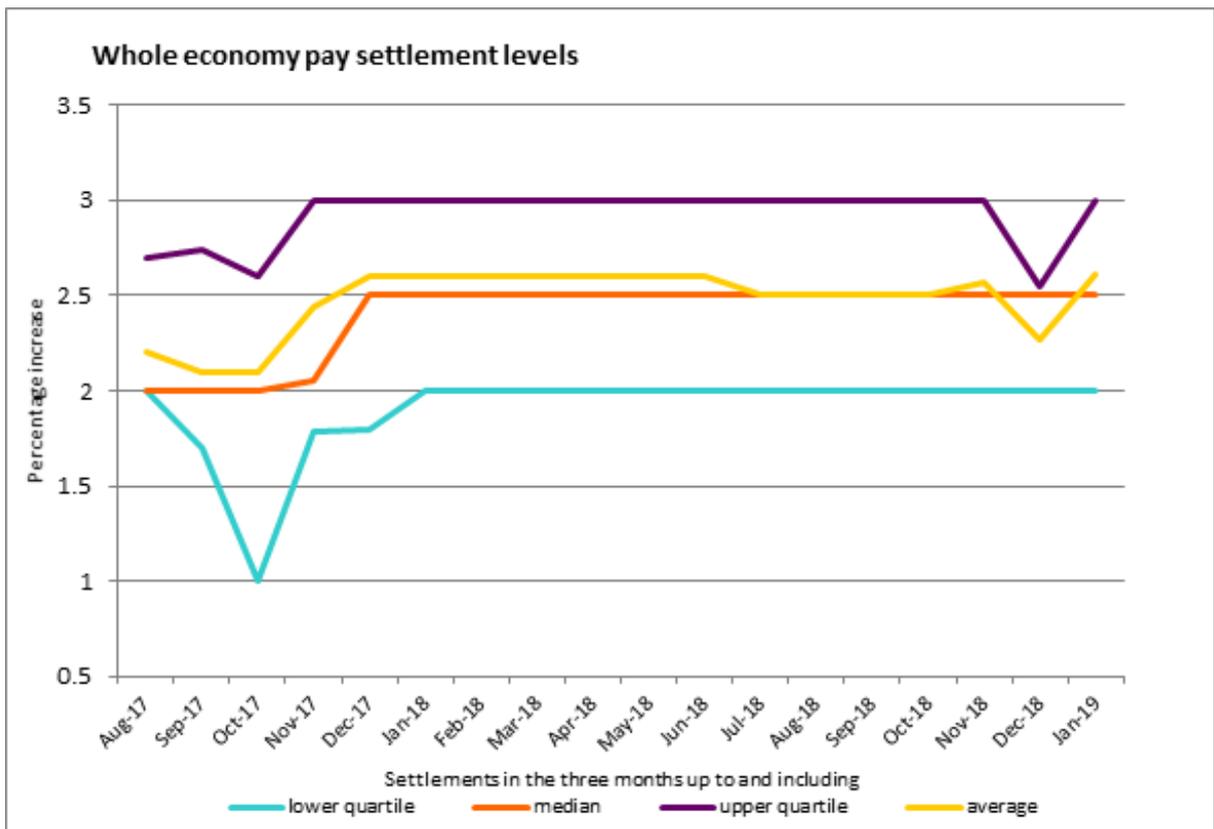
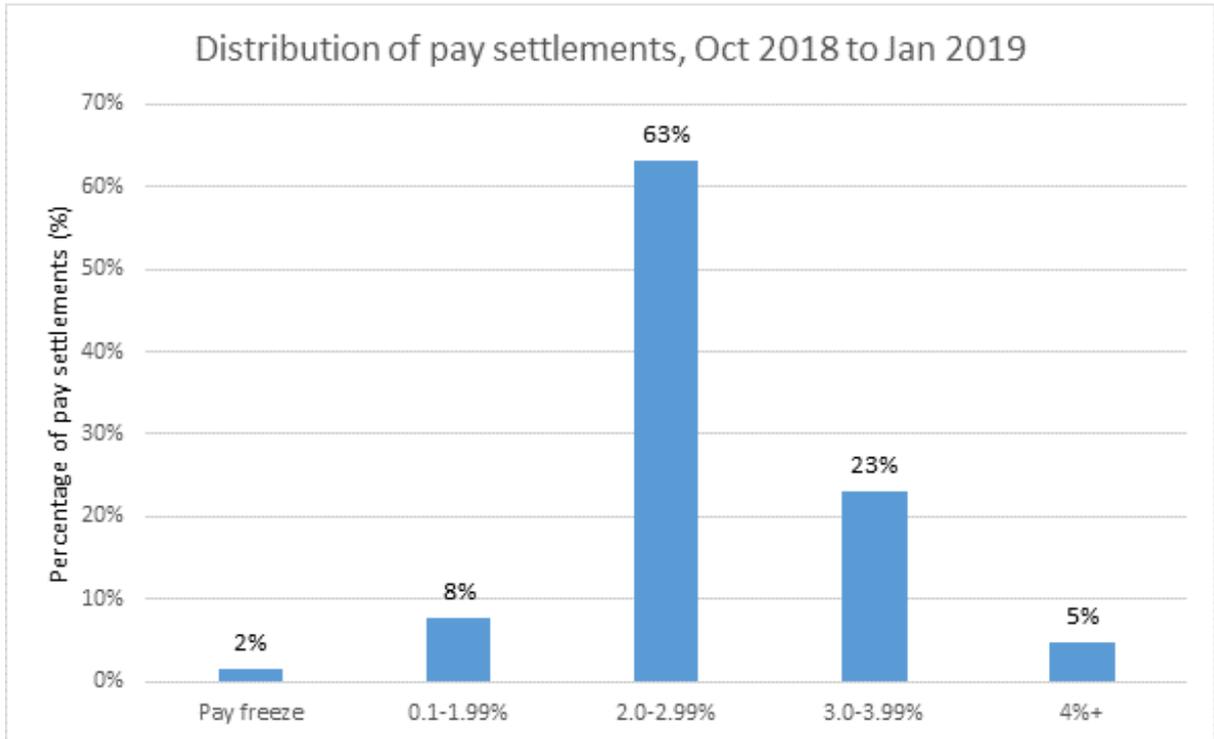
The smaller proportion of higher-end awards in the final quarter of last year was associated with a dip in the upper quartile measure of settlements. This drop in the upper quartile, and subsequent recovery, occurred around the same time in 2017/18, though it was accompanied at the time by a lower median. The lower median was produced mainly by retailers awarding lower pay rises than those elsewhere. Since then however, following the shift in the date for uprating the NLW/NMW from October to April, far fewer organisations award pay rises at that time of the year. As a result while the quartiles in the three months to December fell slightly the median remained the same.

Pay settlement data – three months to end of January 2019

	Whole economy	Private sector	Manufacturing & production	Private services	Not-for-profit
Median	2.5%	2.5%	2.6%	2.5%	2.0%
Average	2.6%	2.6%	2.6%	2.6%	2.6%
Interquartile range	2.0 to 3.0%	2.0 to 3.0%	2.4 to 3.0%	2.0 to 3.0%	2.0 to 2.8%

Based on 65 settlements covering 277,825 employees

Looking at the latest figures for the three months to January 2019, the upper quartile of 3.0% represents a return to the trend that was established in 2018 before the autumn dip. Nearly a third of awards in this latest period were worth 3% or more. Similarly, analysis of deals effective in 2019 only shows that higher-end rises account for nearly a third of awards, based on 79 awards monitored by IDR so far.



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