

Statistical bulletin

Average weekly earnings, bonus payments in Great Britain: financial year ending 2016

Average Weekly Earnings (AWE) is the key National Statistics indicator of short-term earnings growth, which provides monthly estimates of the level of average weekly earnings per employee.

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Table of contents

1. [Abstract](#)
2. [Main points](#)
3. [Total bonus payments by year](#)
4. [Bonus payments as a percentage of total pay](#)
5. [Analysis of the "bonus season"](#)
6. [Bonus payments by industry](#)
7. [Bonus payments per employee](#)
8. [Quality and methodology](#)
9. [Background notes](#)

1 . Abstract

This article examines total bonus payments received across the whole economy of Great Britain in the financial year ending 2016 (April 2015 to March 2016) with analyses presented by month paid, by sector and industry.

The industry level contribution to the change in whole economy bonus payments between the financial years ending 2015 (April 2014 to March 2015) and 2016 is also analysed, as is the average bonus payment per employee.

Bonus payments tend to be seasonal, with the "bonus season" generally considered to be between December and March of each year. However, there is evidence in some years that bonuses have been deferred from March to April. Therefore, to give a complete picture on how bonus payments changed on a like-for-like basis, this article also examines bonuses paid in the period May to April.

This article uses nominal bonus payments, that is, payments that have not been adjusted for inflation. As a result, interpretation of changes in bonus payments made over time should be carried out with caution.

All figures are derived from the [Average weekly earnings \(AWE\) dataset](#), part of the [Labour market statistics release](#).

2 . Main points

In the financial year ending 2016 the combined value of all bonuses paid in Great Britain was a record £44.3 billion, surpassing the previous highest amount seen in the financial year ending 2008 and 4.4% higher than in the financial year ending 2015.

Bonuses as a percentage of total pay were 6.0% overall in the financial year ending 2016, a small increase on the previous year, but still well below the financial year ending 2008 peak of 7.1%.

Industries outside of financial and insurance activities have continued to challenge the established definition of the "bonus season" (December to March) by paying more bonuses in April than in the past.

Financial and insurance activities industries paid the highest average bonus per employee, at £13,400, while the health and social work industry paid the lowest average bonus per employee at close to zero.

3 . Total bonus payments by year

3.1 Analysis of financial year

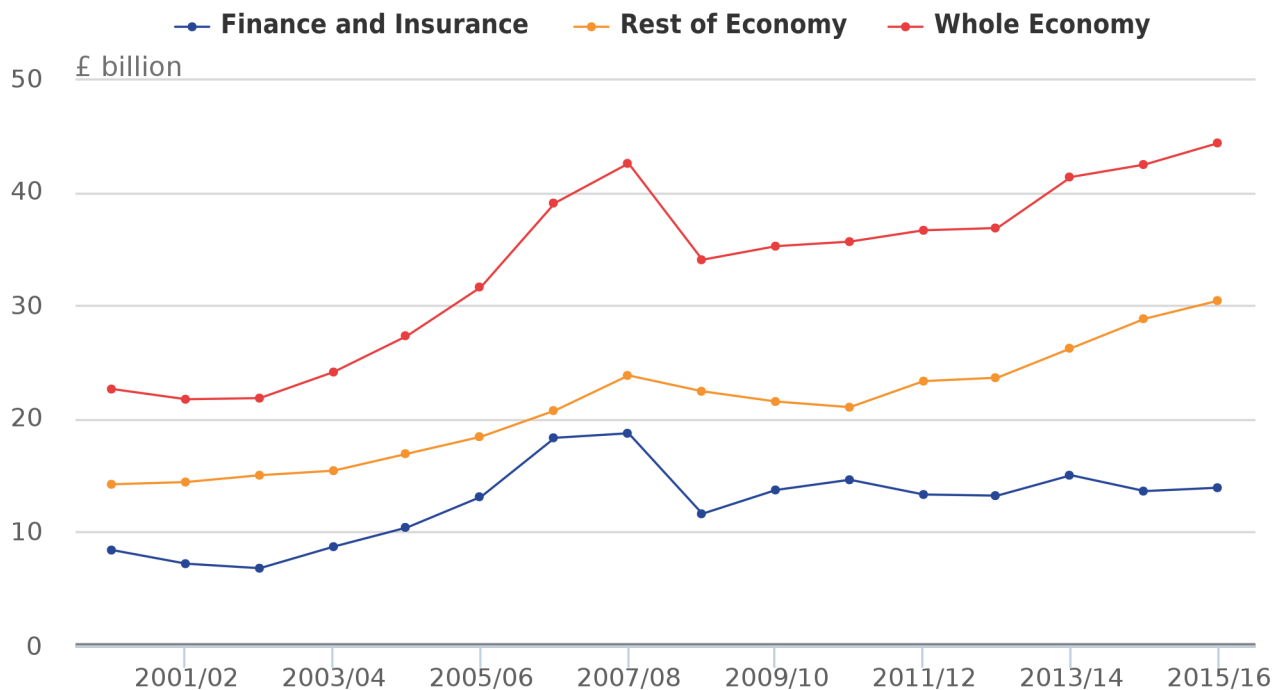
Total bonus payments received across the whole economy during the financial year ending 2016 (April 2015 to March 2016) were £44.3 billion, the highest on record and an increase of 4.4% compared with a year earlier. This is 4.2% higher than the previous highest level, which was in the financial year ending 2008, shortly before the economic downturn.

The largest contributor to this record level of bonus payments was the financial and insurance activities industry, at £13.9 billion, an increase of 2.2% over the year. Payments made in the rest of the economy increased by 5.4% to £30.4 billion. The latter figure is the highest since the series began in the financial year ending 2001, as shown in Figure 1. The average bonus per employee at whole economy level in the year to March 2016 has increased to around £1,600, an increase of 2.4% over the financial year.

Bonus payments in the private sector increased by 4.8% to £43.7 billion, while bonus payments in the public sector continued to decrease from their peak in the financial year ending March 2012, and remained very small compared with those in the private sector. However, a true comparison between the private and public sectors is difficult to make due to classification changes from public to private in recent years. Examples of this include the reclassifications to the private sector of Royal Mail in October 2013 and Lloyds Banking Group in April 2014.

Figure 1: Total bonus payments from April to March, financial year ending 2001 to financial year ending 2016

Great Britain



Source: Monthly Wages and Salaries Survey - Office for National Statistics

Notes:

1. Throughout this release 2000/01 refers to the financial year ending 2001 (April 2000 to March 2001), 2001 /02 refers to the financial year ending 2002 (April 2001 to March 2002).

3.2 Analysis of May to April

Total bonus payments received across the whole economy during the period May 2015 to April 2016 were £44.7 billion, the highest since the series began in the financial year ending 2001. This is an increase of 4.8% compared with the same period in 2014 to 2015 and equates to an average of just under £1,600 per employee. This increase of bonus payments for the period May 2015 to April 2016 is higher than the increase over the financial year, April 2015 to March 2016 (4.4%). This is as a result of an increase in bonus payments in April 2016 compared with April 2015.

4 . Bonus payments as a percentage of total pay

Bonuses as a percentage of total pay were 6.0% for the whole economy in the financial year ending 2016 (April 2015 to March 2016). This is a small increase on the previous financial year. In March 2016, bonuses as a percentage of total pay reached 15.4%, the largest percentage of pay for a single month since February 2008. Annual bonuses for the whole economy peaked in the financial year ending 2008, when they contributed 7.1% of total pay.

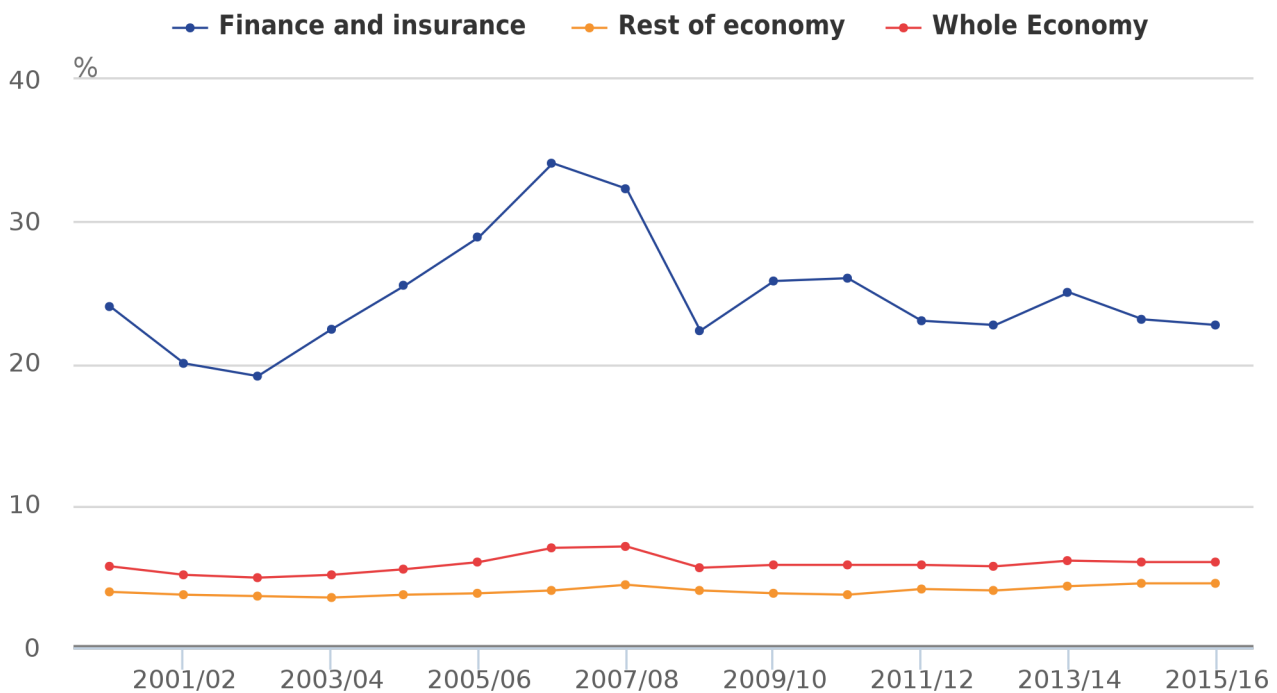
Bonuses contributed just over one-fifth of total pay in the financial and insurance activities industry in the financial year ending 2016, at 22.7%. This is down from 23.1% of total pay in the previous financial year. Annual bonuses as a percentage of total pay peaked in this industry in the financial year ending 2007 with 34.1% of total pay, which is 11.5 percentage points higher than the financial year ending 2016 figure. In March 2016, bonuses contributed over half of total pay in the financial and insurance activities industry at 54.6%, which is 12.8 percentage points below the peak in February 2008 of 67.4%.

In contrast, bonuses as a percentage of total pay for the rest of the economy have remained relatively stable since the series began in 2000, with an average of 4.0%, as highlighted in Figure 2. Bonuses contributed 4.5% of total pay in the financial year to March 2016, the highest since the series began.

Bonuses contributed 7.3% of total pay in the private sector, compared with 0.5% in the public sector. This is the lowest in the public sector since the financial year ending 2005. Bonuses in the public sector excluding financial services made up 0.3% of total pay.

Figure 2: Bonuses as a percentage of total pay, financial year ending 2001 to financial year ending 2016

Great Britain



Source: Monthly Wages and Salaries Survey - Office for National Statistics

5 . Analysis of the "bonus season"

Typically, the majority of large bonuses are paid in the period December to March each year, mainly, but not exclusively, in the financial and insurance activities industry. This period is sometimes referred to as the "bonus season".

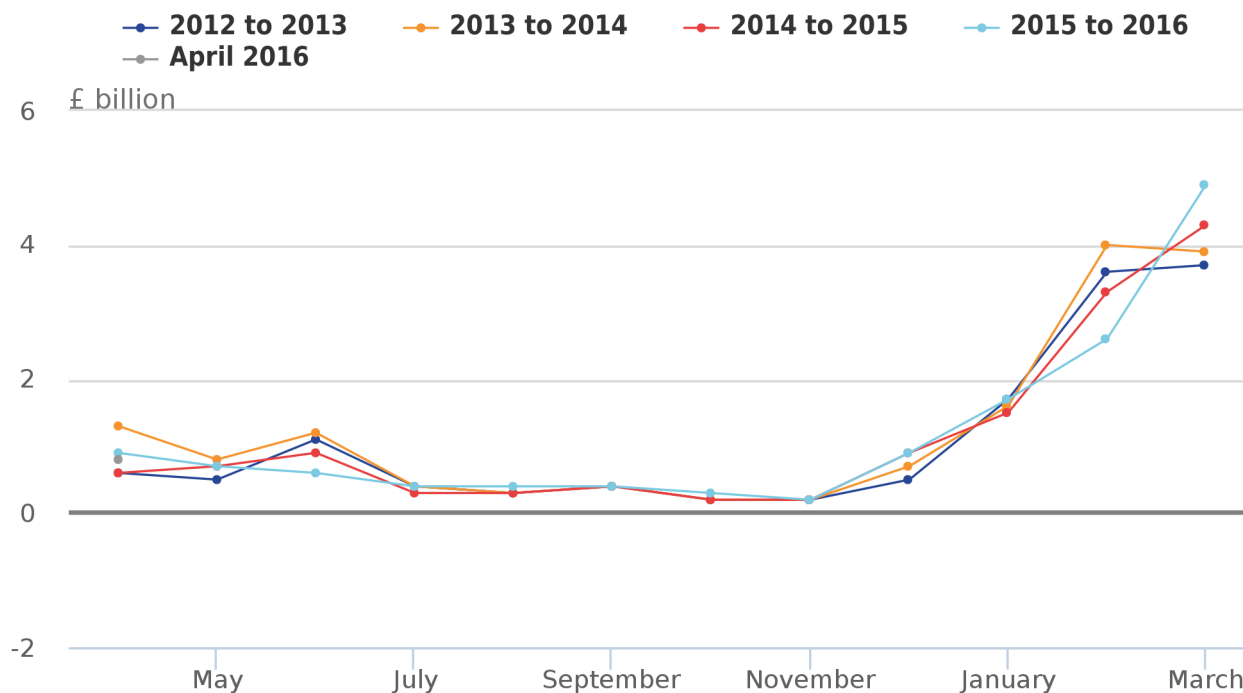
In the financial year ending in 2016 (April 2015 to March 2016), 53.3% of all bonus payments in the whole economy were paid in the bonus season. This is down 1.7 percentage points from 54.9% in the financial year ending 2015 (April 2014 to March 2015). This is partly due to an increase in total levels of bonus payments in April 2016 compared with April 2015 in the rest of the economy.

In the financial year ending 2016, 72.3% of total bonuses paid in the financial and insurance activities industry were paid between December and March, down from 73.1% in the financial year ending 2015.

Bonus payments paid across the rest of the economy between December 2015 and March 2016 represented 44.5% of total bonuses, compared with 46.3% in the same time period in 2014 to 2015. This decrease is partly a result of an increase in bonus payments paid in April 2016, which is outside of the bonus season (this is discussed in further detail in this section). In the rest of the economy, the bonuses are paid more evenly throughout the year than the financial and insurance activities industries and therefore the bonus season is less significant for the rest of the economy, as shown by its lower percentage.

Figure 3a: Bonus payments: by month, Great Britain

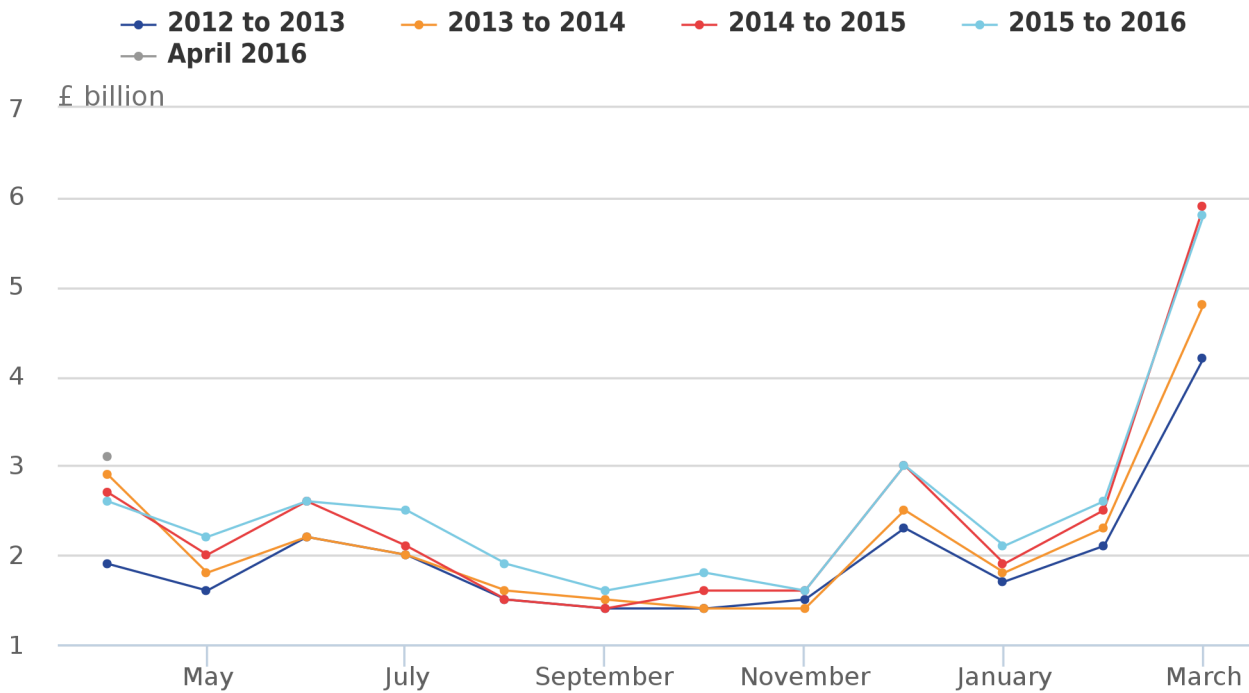
Financial and insurance activities



Source: Monthly Wages and Salaries Survey - Office for National Statistics

Figure 3b: Bonus payments: by month, Great Britain

Rest of the economy



Source: Monthly Wages and Salaries Survey - Office for National Statistics

Figure 3 highlights the extent to which the usual definition of "bonus season" was extended in 2012 to 2013, with April 2013 seeing unusually high levels of bonus payments. The increase in bonuses in April 2013 partly occurred because some businesses chose to defer 2013 bonus payments to April due to a change in tax rates. Since April 2013, in the rest of the economy, it appears that some bonuses have continued to be deferred until April at the start of the following financial year, challenging the established definition of the "bonus season".

Total bonus payments paid in the financial and insurance activities industry were £10.1 billion in the 2016 bonus season (December 2015 to March 2016) compared with £10.0 billion in the 2015 bonus season (December 2014 to March 2015). This is compared with £15.3 billion paid in the 2008 bonus season, the highest in the series. Considering that bonus payments have decreased to £0.8 billion in April 2016 from £0.9 billion in April 2015, this indicates that some bonus payments in the financial and insurance activities industry have returned to being paid in March, as is typical, instead of being deferred to April.

Total bonus payments paid in the rest of the economy were £13.5 billion in the 2016 bonus season, an increase of £0.2 billion from the 2015 bonus season. This is the highest amount of bonuses paid in a bonus season since the beginning of the series in the financial year ending 2001. Additionally, £3.1 billion of bonuses were paid in April 2016, an increase of 17.7% from April 2015. This increase was seen particularly in the professional, scientific and technical industry and the retail trade and repair industry.

Overall, bonuses paid during the 2016 bonus season in the whole economy were £23.6 billion, an increase of £0.3 billion (1.2%) since the 2015 bonus season. This is a decrease of £2.0 billion (7.7%) from the peak in 2008.

6 . Bonus payments by industry

6.1 Analysis of financial year

Figure 4 shows the contribution made by each of the 19 industries to the increase in whole economy bonus payments between the financial years ending 2015 (April 2014 to March 2015) and 2016 (April 2015 to March 2016).

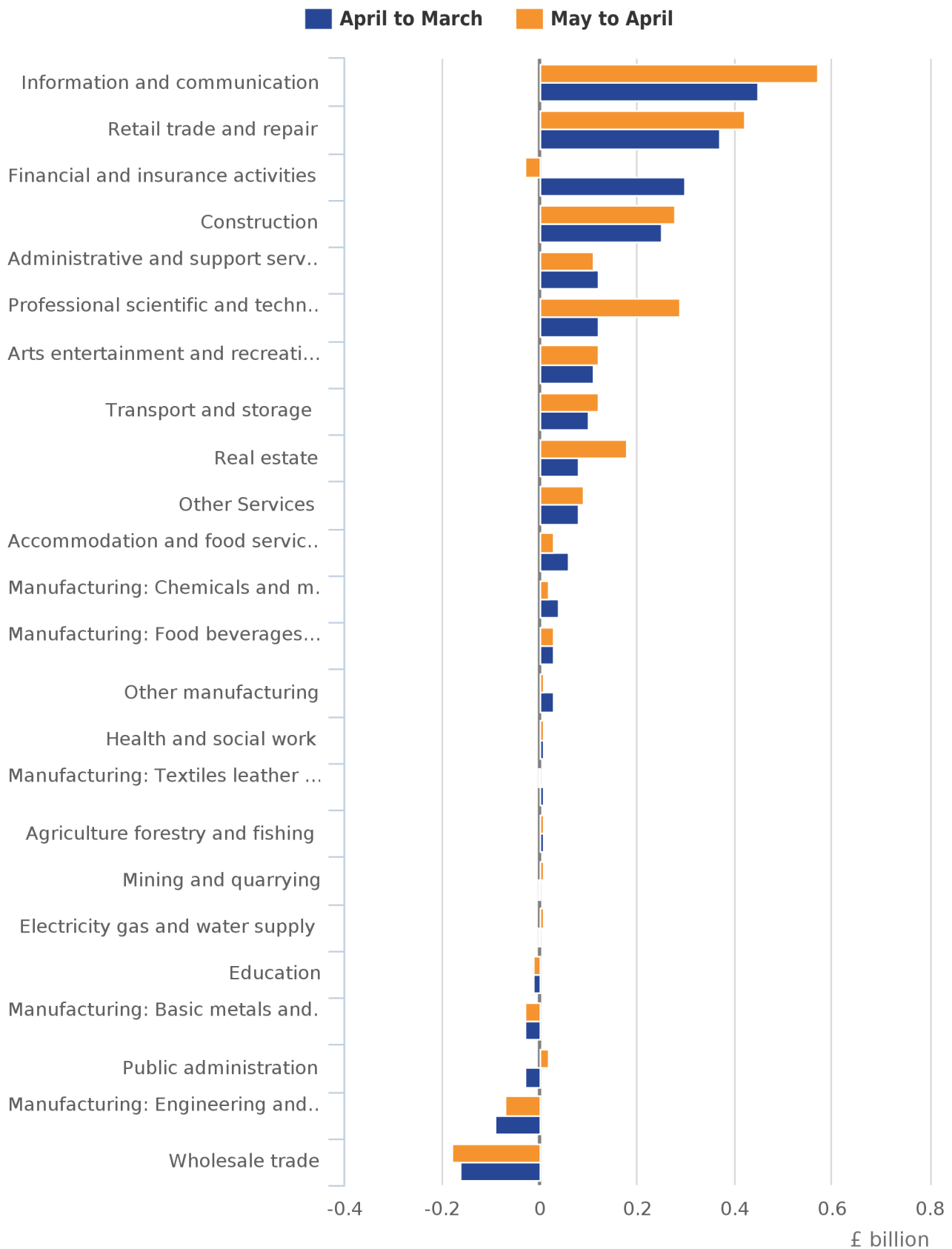
In the financial year ending 2016, the information and communication industry experienced a growth of just over £0.4 billion from the previous year, a 9.0% increase in bonus payments on the financial year ending 2015. Retail trade and repair, and financial and insurance activities industries also contributed just under £0.4 billion and £0.3 billion respectively. The wholesale trade industry contributed the largest decrease to bonuses by negative £0.2 billion.

6.2 Analysis of May to April

Most industries have similar contributions to bonus payments in the financial year April 2015 to March 2016 and the period from May 2015 to April 2016. The most notable difference is in the financial and insurance activities industry, which contributed £0.3 billion towards total bonuses growth between April 2015 and March 2016, but had a negative contribution between May 2015 and April 2016. This is partly a result of the financial and insurance activities industry deferring fewer bonuses to April 2016. Conversely, the professional, scientific and technical industry and the real estate industry contributed over twice as much to total bonus growth in the period May 2015 to April 2016 than in the financial year, April 2015 to March 2016.

Figure 4: Contributions to change in total bonus payments: by industry, financial year ending 2015 to financial year ending 2016

Great Britain



Source: Monthly Wages and Salaries Survey - Office for National Statistics

7 . Bonus payments per employee

7.1 Analysis of financial year

During the financial year ending 2016 (April 2015 to March 2016), the whole economy average bonus per employee was just under £1,600, which was 2.4% higher than the previous financial year.

The average bonus per employee in the financial and insurance activities industry in the financial year ending 2016 was £13,400. This was an increase of £300 compared with the average bonus received by financial sector workers in the financial year ending 2015. This increase was largely due to the financial and insurance activities industry moving away from deferring bonuses to April and paying them in March, as had become more common in recent years. Mining and quarrying (including oil extraction and exploration) was the industry with the second highest average bonus, with an average bonus per employee of £7,200. This was an increase of £200 compared with the average bonus per employee received in the financial year ending 2015.

The lowest bonuses per employee were paid in the health and social work industry, where the bonuses per head figures were close to zero.

The average private sector employee received just over £1,900 in bonuses, whereas the average public sector worker's bonus was just over £100. However, private sector workers are on average in receipt of lower regular pay than people working in the public sector, with bonuses forming a more significant part of total pay. If financial services are removed from the public sector, the average public sector worker's bonus falls to below £100 in the year to March 2016.

7.2 Analysis of May to April

When the period May 2015 to April 2016 is considered, the whole economy average bonus per employee was also approximately £1,600, an increase of 2.9% on the same period in the previous year.

The bonus per employee in the period May 2015 to April 2016 is very similar to that in the financial year April 2015 to March 2016, across most industries.

Table 1: Annual average bonuses per employee: by industry, Great Britain Financial year ending 2015 to financial year ending 2016

Financial year	£ thousands	
	April to March	
	2014 /15	2015 /16
Financial and insurance activities	13.1	13.4
Mining and quarrying	7.0	7.2
Information and communication	4.3	4.6
Manufacturing: Chemicals and man made fibres	3.1	3.3
Real estate	3.1	3.2
Wholesale trade	3.1	2.9
Professional, scientific and technical	2.5	2.5
Electricity, gas and water supply	1.9	1.8
Construction	1.2	1.3
Manufacturing: Engineering and allied industries	1.4	1.3
Other manufacturing	1.1	1.2
Retail trade and repair	1.0	1.1
Manufacturing: Food, beverages and tobacco	0.9	1.0
Manufacturing: Basic metals and metal products	1.0	1.0
Transport and storage	0.9	0.9
Administrative and support services	0.9	0.9
Other Services	0.7	0.9
Arts, entertainment and recreation	0.7	0.8
Manufacturing: Textiles, leather and clothing	0.6	0.7
Agriculture, forestry and fishing	0.4	0.5
Accommodation and food services	0.4	0.4
Public administration	0.1	0.1
Education	0.1	0.1
Health and social work	<0.1	<0.1
Private sector	1.8	1.9
Public sector	0.1	0.1
Public sector excluding financial services	0.1	0.1
Whole economy	1.5	1.6

Source: Monthly Wages and Salaries Survey

8 . Quality and methodology

The [Average weekly earnings Quality and Methodology Information document](#) contains important information on:

- the strengths and limitations of the data and how it compares with related data
- users and uses of the data
- how the output was created
- the quality of the output including the accuracy of the data

9. Background notes

1. All figures are derived from the [Average weekly earnings \(AWE\) dataset](#), part of the [Labour market statistics](#) release.
2. The data do not include the Armed Forces, government-supported trainees or the self-employed.
3. These figures are not seasonally adjusted. This means that seasonal patterns are included in the estimates.
4. These figures are not adjusted for inflation.
5. Details of the [policy governing the release of new data](#) are available by visiting the [UK Statistics Authority website](#).