

Statistical bulletin

Average Weekly Earnings, bonus payments in Great Britain: 2017

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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Release date:
19 September 2017

Next release:
To be announced

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1 . Abstract

This article examines total bonus payments received across the whole economy of Great Britain in the financial year ending 2017 (April 2016 to March 2017) with analyses presented by month paid, by sector and by industry.

The industry level contribution to the change in whole economy bonus payments between the financial years ending 2016 (April 2015 to March 2016) and 2017 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. As such, the proportion of annual bonuses paid in the bonus season is also analysed.

Furthermore, the article considers growth in bonuses versus regular pay at the industry level in the mid- (since financial year ending 2008) and longer- (since financial year ending 2001) terms.

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 2017 (April 2016 to March 2017), the combined value of all bonuses paid in Great Britain was a record £46.4 billion, growing by 6.5% on the financial year ending 2016 , surpassing the previous highest amount seen in the previous financial year.
- The financial and insurance activities industry paid the highest average bonus per employee, at slightly under £14,770, while the health and social work industry paid the lowest average bonus per employee at close to zero.
- Bonuses as a percentage of total pay were 6.2% overall in the financial year ending 2017, a small increase on the previous year, but still below the financial year ending 2008 peak of 7.1%; however, since the financial year ending 2001, bonuses for most industries have grown more in percentage terms than regular pay.

3 . Total bonus payments by year

Analysis of financial year

Total bonus payments received across the whole economy of Great Britain during the financial year ending 2017 (April 2016 to March 2017) were £46.4 billion, the highest on record and an increase of 6.5% compared with the previous financial year, the previous highest bonus on record. This is 11.3% higher than the peak in bonuses in the financial year ending 2008, which was prior to the economic downturn.

The largest contributor to the level of bonuses was the financial and insurance activities industry, at £15.0 billion, an increase of 9.7% over the previous financial year. However, this is still below the 2008 peak of £18.4 billion for this industry. As financial and insurance activities comprise a significant portion of bonus payments at the whole economy level, many of the analyses in this article will investigate this industry separate to the rest of the economy.

Payments made in the whole economy minus financial and insurance activities (hereon termed “rest of the economy”) increased by 5.1% to £31.4 billion. This is the highest bonus figure reported for the rest of the economy since the start of the series in the financial year ending in 2001. For the financial year ending 2017, this annual growth has been driven by strong increases in bonus pay for the administrative and support service activities (by £539 million, 25.0%), construction (by £434 million, 27.5%) and arts, entertainment and recreation (by £386 million, 76.8%) industries.

The average bonus per employee at the whole economy level in the financial year ending March 2017 has increased to slightly over £1,600, an increase of 5.3% over the financial year ending March 2016.

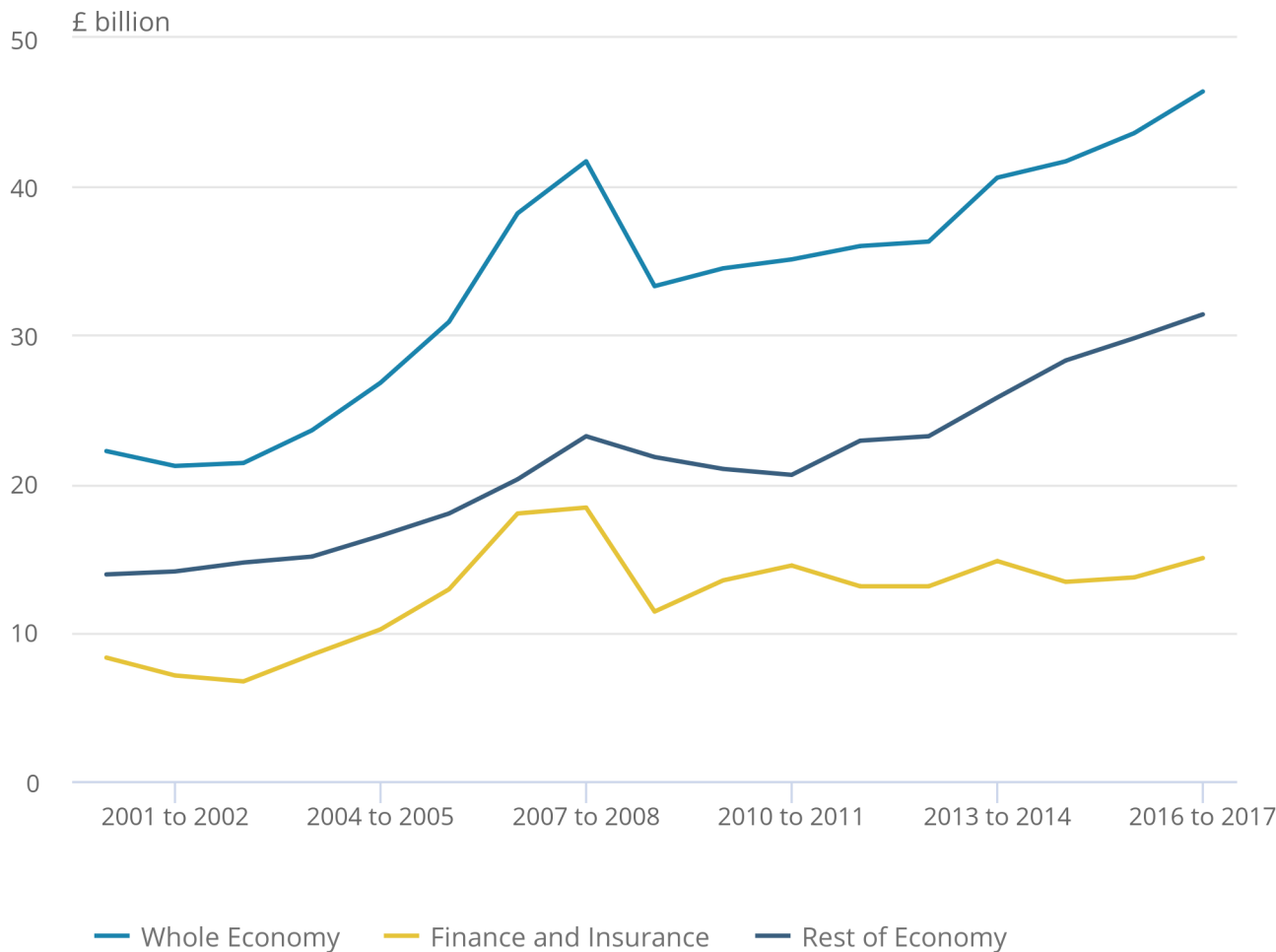
Bonus payments in the private sector increased by 6.5% to £45.7 billion, the highest ever reported on Average Weekly Earnings (AWE). Bonus payments in the public sector were up 5.8% to £650 million, which is below the peak of £1.9 billion in the financial year ending March 2012, remaining relatively 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. When considering the public sector excluding financial services (which removes the impact of the recent bank reclassifications), bonuses increased by 29.6% to £431 million. The large growth is as a result of a weak bonus value recorded in the financial year ending 2016, with growth between the financial years ending 2015 and 2017 negligible at 0.3%.

Figure 1: Total bonus payments (£ billion) from April to March, financial year ending 2001 to financial year ending 2017

Great Britain

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Great Britain



Source: Monthly Wages & Salaries Survey, Office for National Statistics

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4 . Bonus payments as a percentage of total pay

Annual bonus pay as a percentage of total annual pay was 6.2% for the whole economy in the financial year ending 2017 (April 2016 to March 2017). As a proportion, this is an increase of 0.2 percentage points on the previous financial year. This is the highest bonuses have been as a percentage of total pay since the financial year ending 2008, where annual bonuses for the whole economy peaked at 7.1% of total pay. In the single month of March 2017, bonuses as a percentage of total pay reached 15.9%, the largest percentage of total pay for a single month since February 2008 (16.2%) and the third highest since the Average Weekly Earnings (AWE) series began in January 2000.

Annual bonus pay contributed almost one quarter of total annual pay in the financial and insurance activities industry in the financial year ending 2017 at 24.2%, up from 22.6% 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 2008 at 33.7%. In March 2017, bonuses contributed over half of total pay in the financial and insurance activities industry at 58.2%.

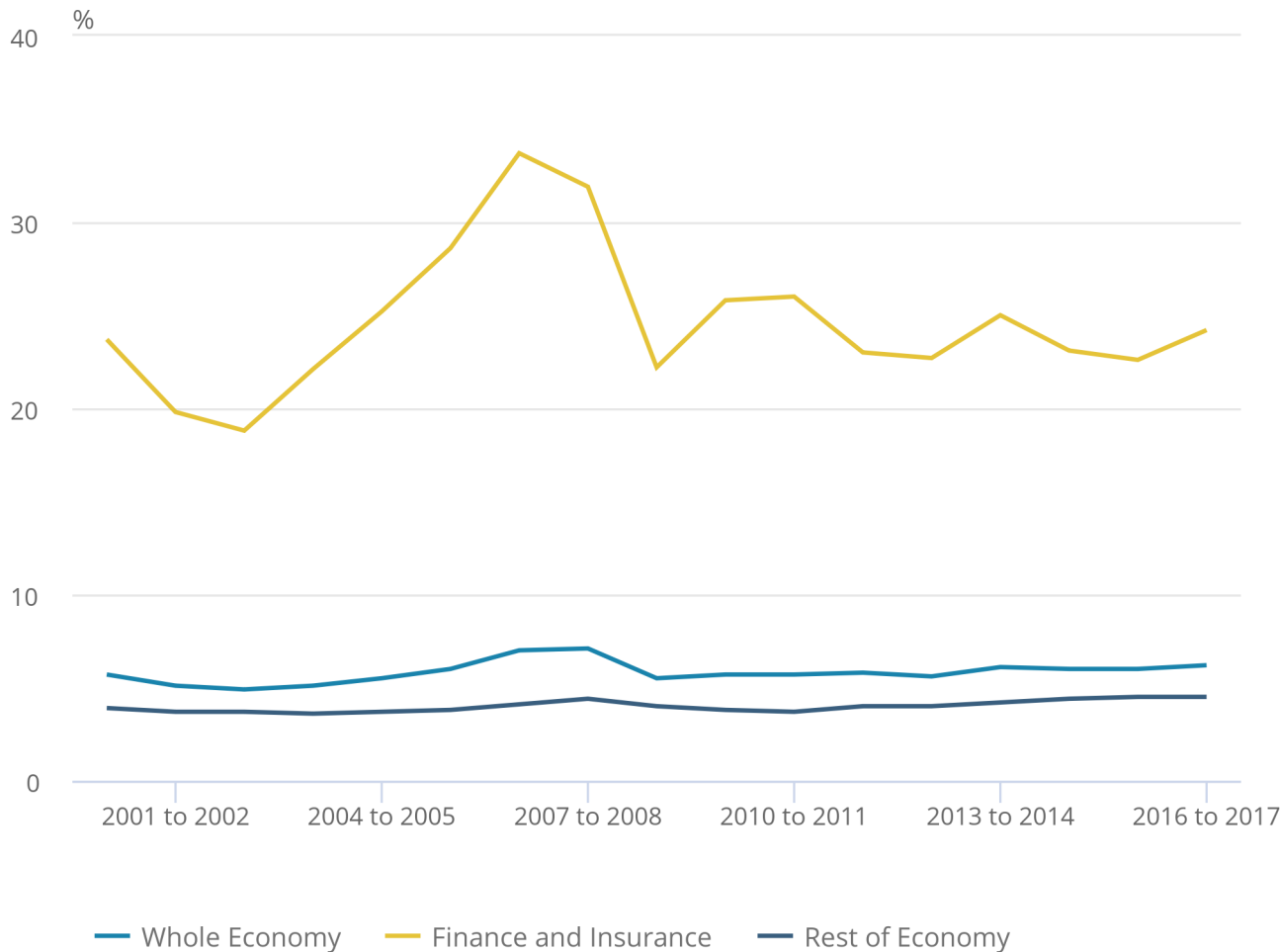
In contrast, bonuses as a percentage of total annual pay for the rest of the economy have remained relatively stable since the series began in 2000, averaging at 4.0%, as highlighted in Figure 2. Bonuses contributed 4.5% of total annual pay in the financial year to March 2017, the same figure as the previous year.

Figure 2: Bonuses as a percentage of total pay, financial year ending 2001 to financial year ending 2017

Great Britain

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Great Britain



Source: Monthly Wages & Salaries Survey, Office for National Statistics

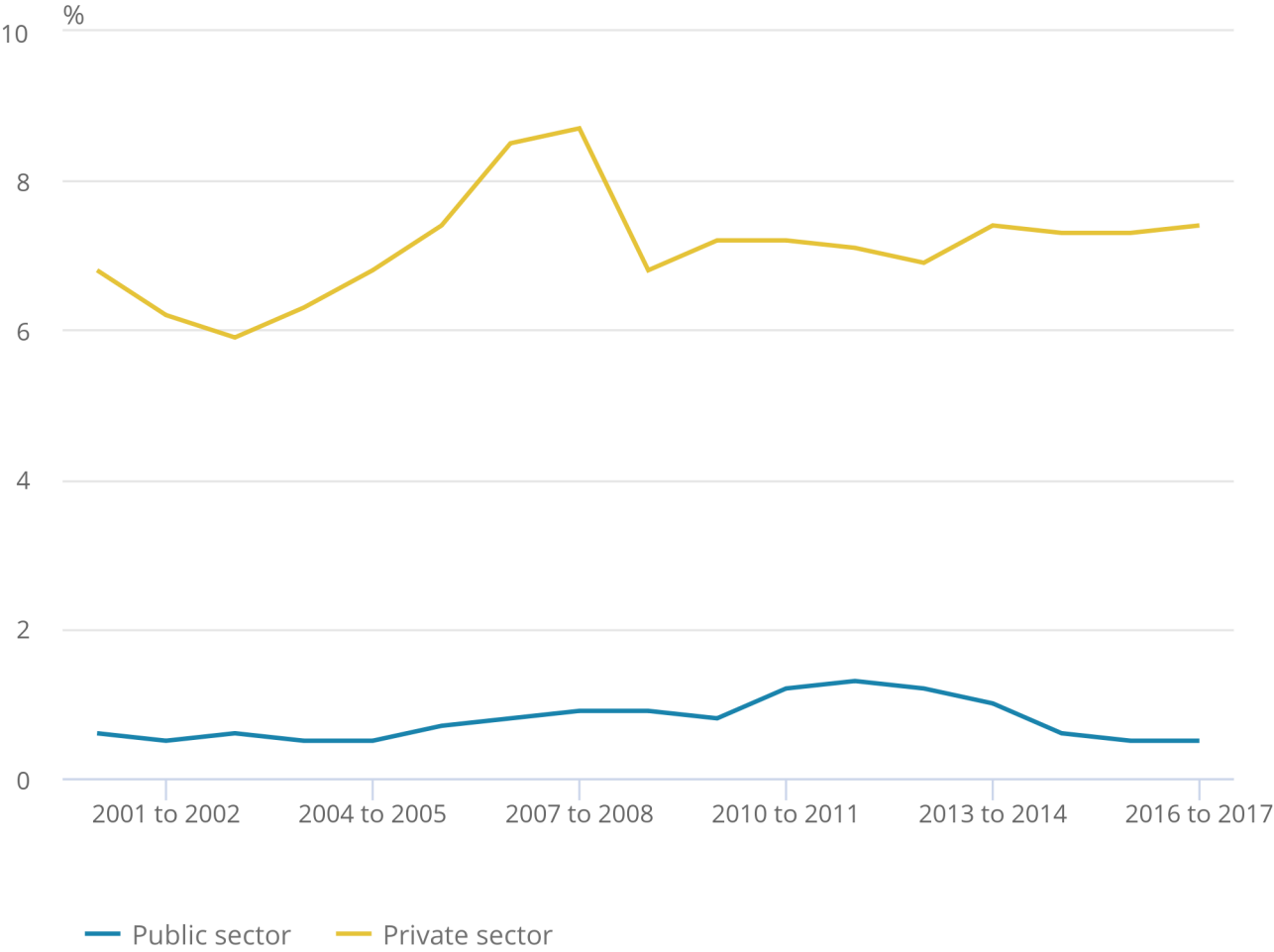
Source: Monthly Wages & Salaries Survey, Office for National Statistics

Bonuses contributed 7.4% of total pay in the private sector for the financial year ending in 2017, compared with 0.5% in the public sector (Figure 3). Together with last year, this is the joint lowest in the public sector since the financial year ending 2005. However, as mentioned earlier, these comparisons are affected by reclassifications of businesses between the private and public sectors. Bonuses in the public sector excluding financial services made up 0.3% of total pay matching the record low seen in the past 2 financial years.

Figure 3: Bonuses as a percentage of total pay in the private/public sector, financial year ending 2001 to financial year ending 2017

Great Britain

Figure 3: Bonuses as a percentage of total pay in the private/public sector, financial year ending 2001 to financial year ending 2017



Source: Monthly Wages & Salaries Survey, Office for National Statistics

Source: Monthly Wages & Salaries Survey, Office for National Statistics

5 . Analysis of the “bonus season”

Typically, the majority of large bonuses are paid between 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 2017 (April 2016 to March 2017), of all bonus payments in the whole economy, 52.8% (£24.5 billion) were paid in the bonus season. Although this is an increase of £1.3 billion since the 2016 bonus season, it is down as a proportion by 0.5 percentage points. This is due to the bonus payments increasing in the period outside of the bonus season (by £1.6 billion, 7.7%) more so than bonus payments inside the bonus season (by £1.3 billion, 5.5%). While the amount of bonuses paid in the bonus season for the whole economy is below the peak in the financial year ending 2008 (£25.1 billion), it is the second highest on record.

In the financial and insurance activities industry, 72.7% (£10.9 billion) of total bonuses paid in the financial year ending March 2017 were paid between December 2016 and March 2017, up from 72.2% (£9.9 billion) in the previous financial year. This is the highest percentage since the financial year ending 2011, with strong increases seen year-on-year in both February (by £270 million, 10.7%) and March (by £772 million, 16.2%). Notably, the bonus paid for March 2017 in the financial and insurance activities industry was the largest since February 2008.

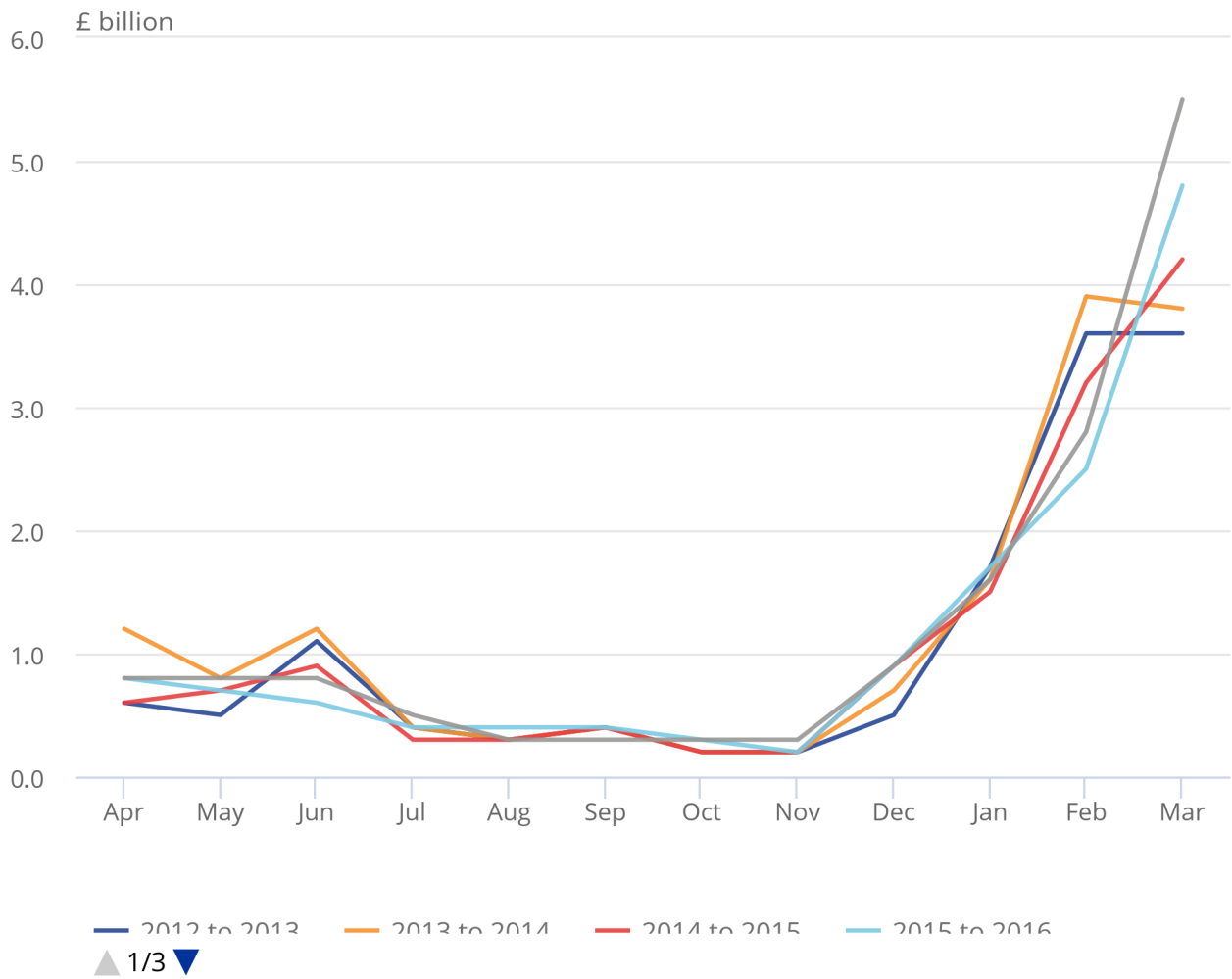
In the rest of the economy, the bonuses are paid more evenly throughout the year. Thus the bonus season is less significant than for the financial and insurance activities industry. Bonus payments paid across the rest of the economy between December 2016 and March 2017 represented 43.3% (£13.6 billion) of total bonuses in the financial year ending 2017, compared with 44.7% (£13.3 billion) in the same time period for the financial year ending 2016. This decrease in the percentage of bonuses paid within the bonus period is partly a result of an 18.7% increase in bonus payments paid in April 2016 compared with April 2015, which is outside of the bonus season for the financial year ending 2017. In terms of the amount of bonus paid, this is the highest for the rest of the economy in a bonus season since the beginning of the series.

Figure 4a: Bonus payments: by month, financial year ending 2013 to financial year ending 2017, Great Britain

Financial and insurance activities

Figure 4a: Bonus payments: by month, financial year ending 2013 to financial year ending 2017, Great Britain

Financial and insurance activities



Source: Monthly Wages & Salaries Survey, Office for National Statistics

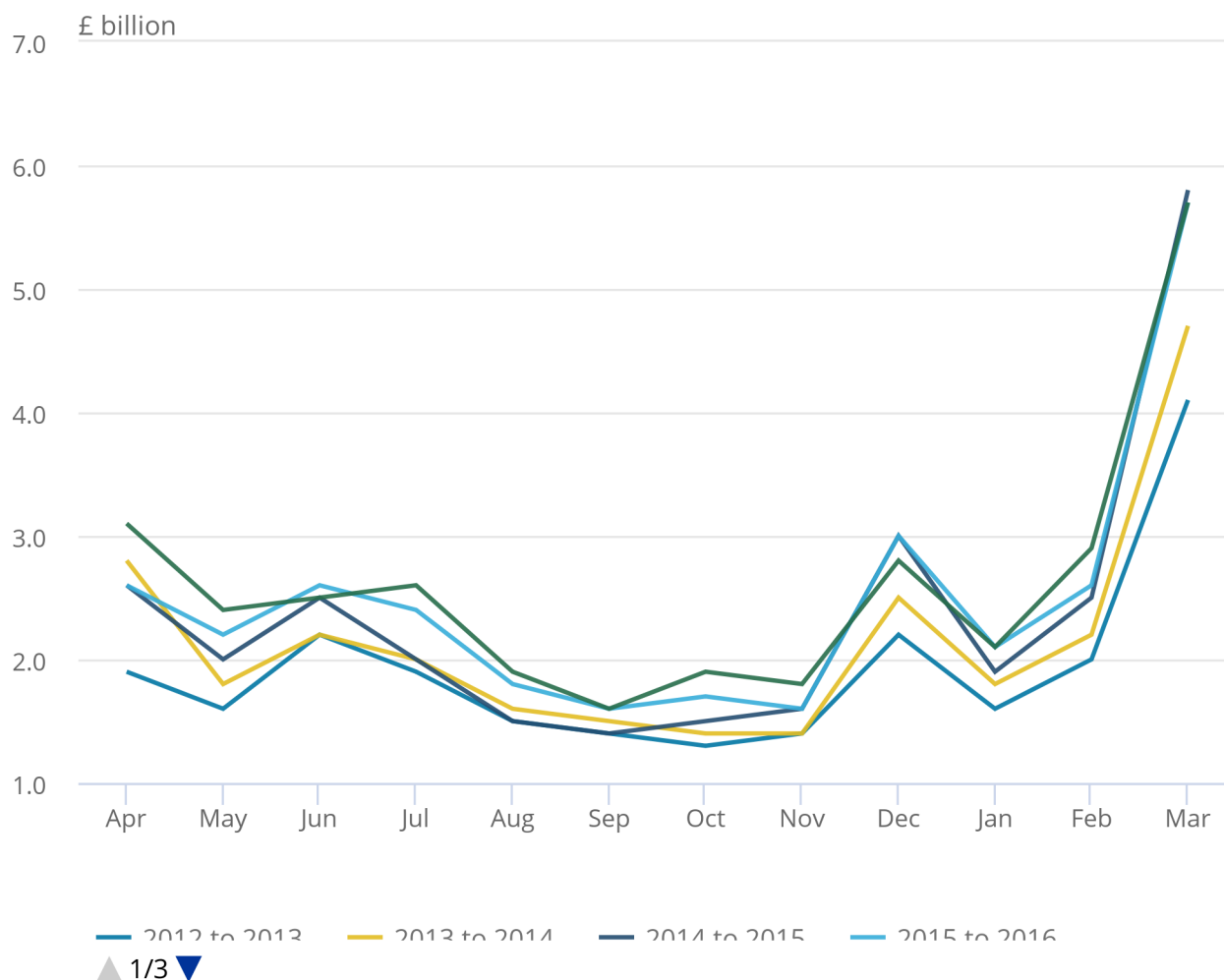
Source: Monthly Wages & Salaries Survey, Office for National Statistics

Figure 4b: Bonus payments: by month, financial year ending 2013 to financial year ending 2017, Great Britain

Rest of the economy

Figure 4b: Bonus payments: by month, financial year ending 2013 to financial year ending 2017, Great Britain

Rest of the economy



Source: Monthly Wages & Salaries Survey, Office for National Statistics

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Figures 4a and 4b highlight the extent to which the usual definition of “bonus season” was extended in 2012 to 2013, with April 2013 (the financial year ending 2014) exhibiting unusually high levels of bonus payments, particularly in the financial and insurance activities industry. 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”.

With the recent pattern of deferring bonuses, analysing April in more detail shows that at the whole economy level, £3.7 billion of bonuses were paid in April 2017. Although this is a small decrease of £0.1 billion from April 2016, it is an increase of £1.3 billion over April 2012, prior to the deferral of bonuses.

6 . Bonus payments by industry

Analysis of financial year

Total bonus payments received across the whole economy during the financial year ending 2017 (April 2016 to March 2017) were £46.4 billion, the highest on record and an increase of 6.5% compared with the previous financial year. Figure 5 shows the contribution made by each of the 24 industries to this increase.

The financial and insurance activities industry experienced the largest increase in total bonus payments, growing by £1.3 billion from the previous year (9.7%). Other large increases between financial years ending 2016 and 2017 include administrative and support service activities (by £539 million, 25.0%), construction (by £434 million, 27.5%) and arts, entertainment and recreation (by £386 million, 76.8%).

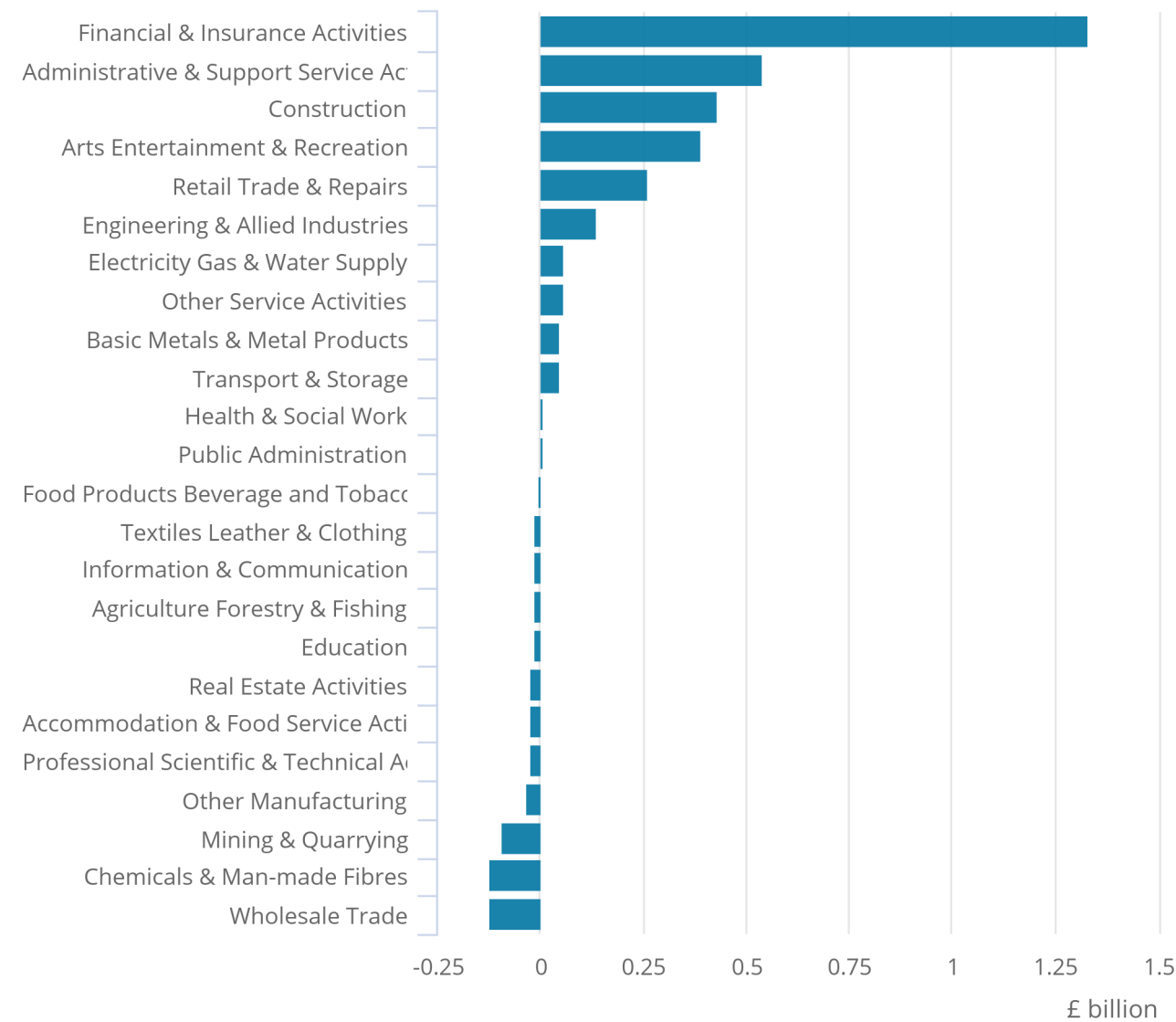
The wholesale trade (by negative 3.7%), chemicals and man-made fibres (by negative 23.1%) and mining and quarrying (by negative 18.2%) industries each experienced a fall of approximately £0.1 billion in bonuses paid between the financial years ending 2016 and 2017.

Figure 5: Contributions to the annual change in total bonus payments: by industry, financial year ending 2017

Great Britain

Figure 5: Contributions to the annual change in total bonus payments: by industry, financial year ending 2017

Great Britain



Source: Monthly Wages & Salaries Survey, Office for National Statistics

Source: Monthly Wages & Salaries Survey, Office for National Statistics

7 . Bonus payments per employee

Analysis of financial year

During the financial year ending 2017 (April 2016 to March 2017), the whole economy average bonus per employee has increased to just over £1,600, which is 5.3% higher than the previous financial year.

The largest annual increase and largest average bonus of any industry was reported by the financial and insurance activities industry at slightly under £14,770, an increase of approximately £1,560 (11.8%). This increase was due largely to an increase in bonuses in the month of March 2017, which reported the largest bonus per employee in a single month since February 2008. Compared with the previous March, this was approximately an £850 (18.7%) per employee increase.

Mining and quarrying (including oil extraction and exploration) was the industry with the second highest average bonus per employee of slightly over £6,520. However, this was approximately £520 (7.4%) per employee lower than in the previous year. The largest decrease was recorded in the chemicals and man-made fibres industry, down approximately £580 (17.4%) per employee.

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 slightly lower regular pay than people working in the public sector, with bonuses forming a more significant part of total pay.

Table 1: Annual average bonuses per employee for the financial year ending 2016 and the financial year ending 2017, by industry, Great Britain

	Financial year(April to March)		
	£ thousands		
	2015 to 2016	2016 to 2017	Difference
Financial & Insurance Activities	13.2	14.8	1.6
Mining & Quarrying	7.0	6.5	-0.5
Information & Communication	4.4	4.3	-0.1
Real Estate Activities	3.0	2.9	-0.1
Chemicals & Man-made Fibres	3.3	2.8	-0.6
Wholesale Trade	2.9	2.8	-0.1
Professional, Scientific & Technical Activities	2.5	2.3	-0.1
Electricity, Gas & Water Supply	1.8	1.9	0.1
Construction	1.3	1.6	0.3
Engineering & Allied Industries	1.2	1.4	0.2
Arts, Entertainment & Recreation	0.8	1.4	0.6
Basic Metals & Metal Products	0.9	1.1	0.2
Other Manufacturing	1.1	1.1	0
Retail Trade & Repairs	1.0	1.1	0.1
Administrative & Support Service Activities	0.9	1.1	0.2
Food Products, Beverage and Tobacco	1.0	0.9	0
Transport & Storage	0.9	0.9	0
Other Service Activities	0.8	0.9	0.1
Textiles, Leather & Clothing	0.7	0.6	-0.1
Agriculture, Forestry & Fishing	0.5	0.4	-0.1
Accommodation & Food Service Activities	0.4	0.4	0
Public Administration	0.1	0.1	0
Education	0.1	0.1	0
Health & Social Work	0.0	0.0	0
Private sector	1.8	1.9	0.1
Public sector	0.1	0.1	0
Public sector excluding financial services	0.1	0.1	0
Whole economy	1.5	1.6	0.1

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

8 . Longer-term trends in bonuses

Since the financial year ending 2001 (April 2000 to March 2001), the financial and insurance activities industry has seen the largest nominal increase in average bonuses per employee, growing 93.8% from approximately £7,620 bonus received per employee in financial year ending 2001 to slightly under £14,770 bonus received per employee in financial year ending 2017 (Figure 6). However, this is still below the year prior to the economic downturn (financial year ending 2008), which reported approximately £15,460 in bonuses paid per employee in this industry.

Mining and quarrying (£4,312), information and communication (£2,020), professional, scientific and technical services (£1,457) and chemicals and man-made fibres (£1,361) have all seen bonuses on average increase by more than £1,000 per employee since financial year ending 2001. However, there has been little-to-no growth in bonuses for employees in education, health and social work, and public administration since the financial year ending in 2001.

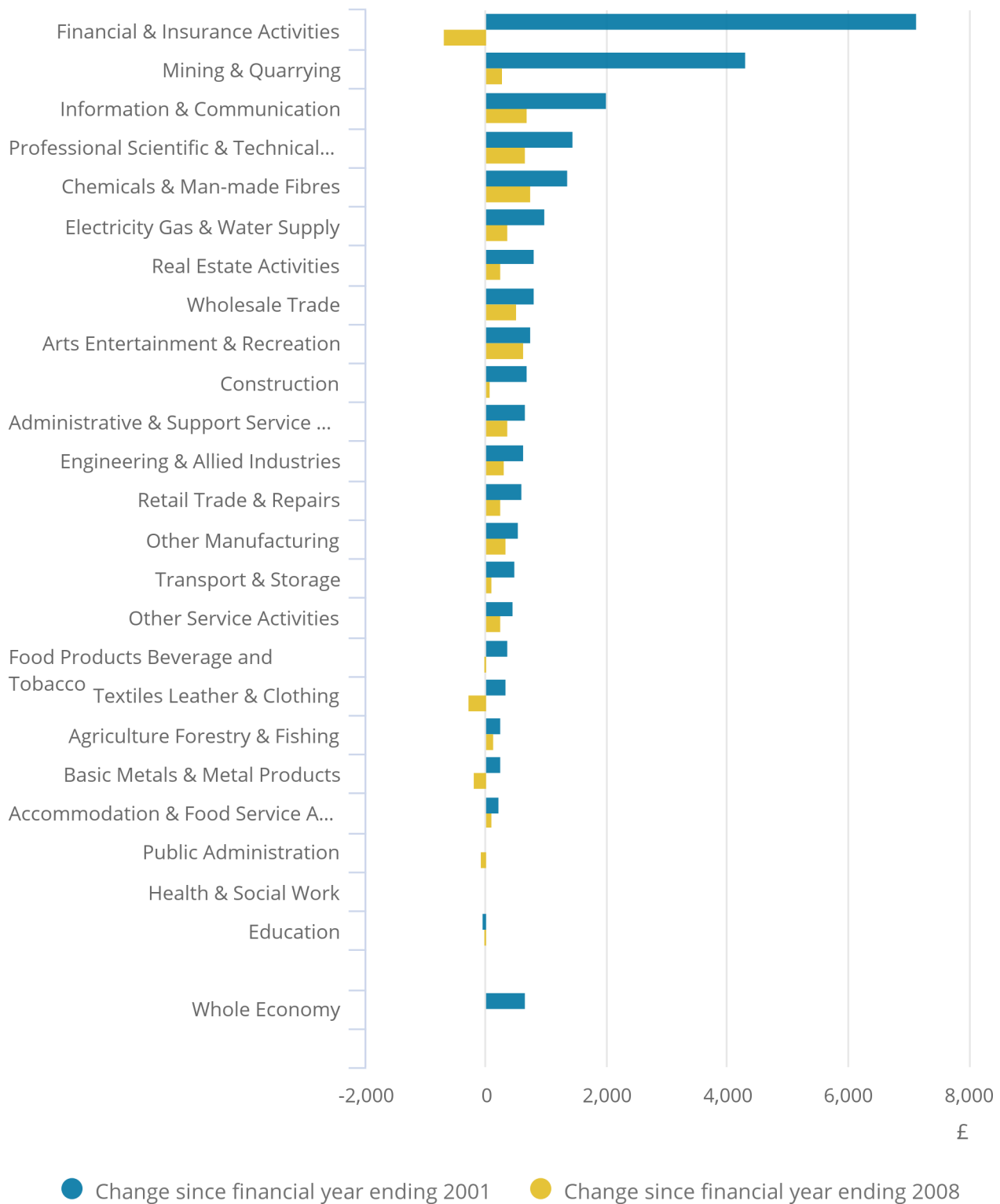
Although the financial and insurance activities industry average per employee bonuses are still below their pre-economic downturn peak in financial year ending 2008, employees in most other industries have reached or surpassed bonuses since this point in time, with chemicals and man-made fibres (by £754), information and communication (by £704) and professional, scientific and technical services (by £660) showing the three largest increases in terms of per employee bonus payments.

Figure 6: Change in total bonus payments between 2000 to 2001 and 2016 and 2017 and between 2007 to 2008 and 2016 to 2017, by industry

Great Britain

Figure 6: Change in total bonus payments between 2000 to 2001 and 2016 and 2017 and between 2007 to 2008 and 2016 to 2017, by industry

Great Britain



Source: Monthly Wages & Salaries Survey, Office for National Statistics

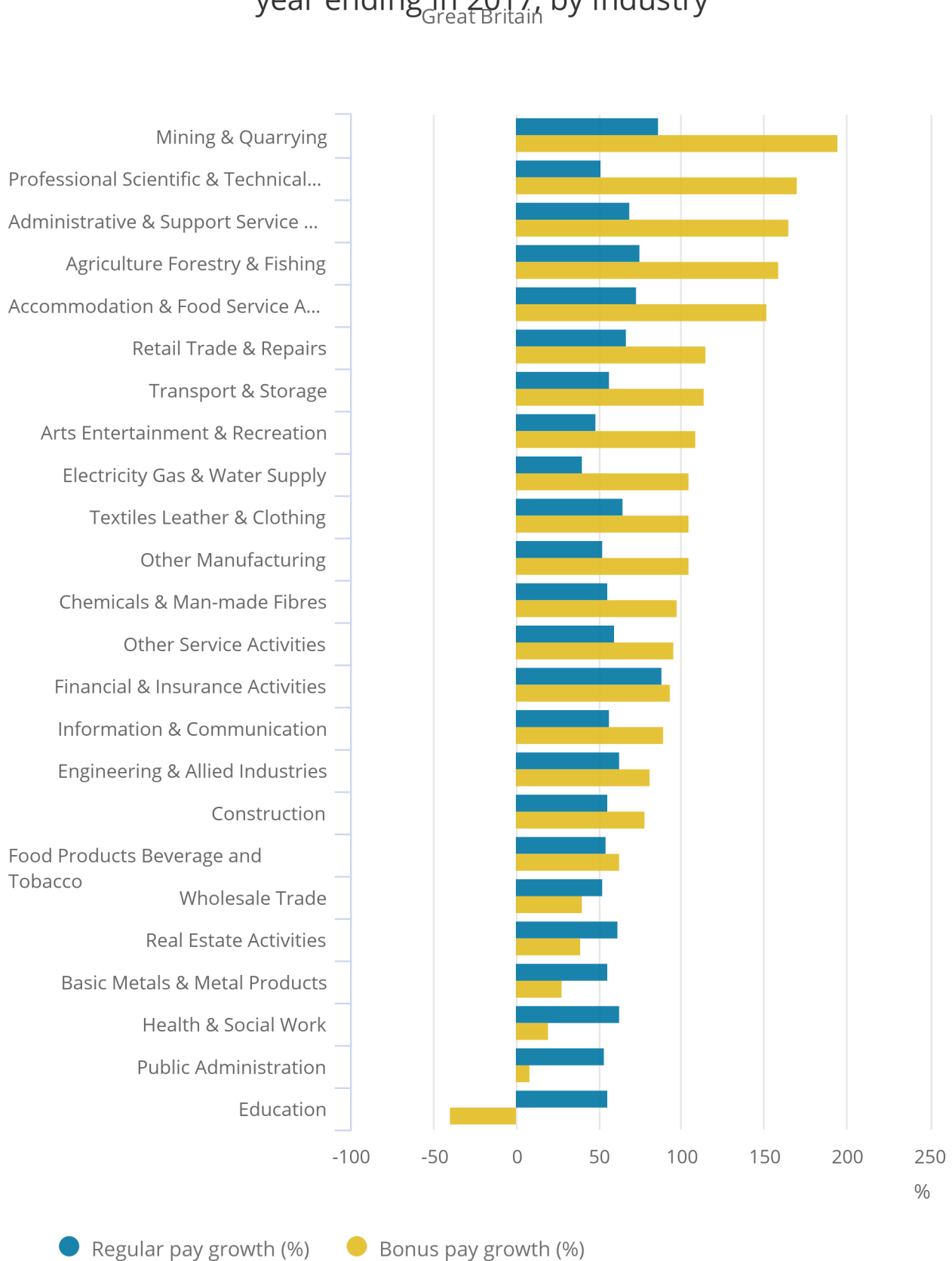
Looking at the longer-term growth in bonuses compared with growth in regular pay per employee by industry since financial year ending 2001 shows that bonuses for most industries per employee have grown more in percentage terms than regular pay (Figures 7 and 8). This is particularly noticeable in mining and quarrying (bonus pay : 195.1%, regular pay: 86.0%), professional, scientific and technical activities (bonus pay: 170.7%, regular pay: 51.5%) and administrative and support service activities (bonus pay: 164.8%, regular pay: 68.6%).

The opposite is true in education (bonus pay: negative 39.5%, regular pay: 55.8%), public administration (bonus pay: 8.2%, regular pay: 53.4%), and health and social work (bonus pay: 19.7%, regular pay: 62.8%), which are all industries with a significant portion comprising the public sector reflective of the relatively low bonus pay in the public sector.

Figure 7: Change in regular pay and bonus pay per employee between the financial year ending in 2001 and the financial year ending in 2017, by industry

Great Britain

Figure 7: Change in regular pay and bonus pay per employee between the financial year ending in 2001 and the financial year ending in 2017, by industry



Source: Monthly Wages & Salaries Survey, Office for National Statistics

9 . Quality and methodology

The [Average Weekly Earnings Quality and Methodology Information report](#) 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
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.