

IDS Pay Report

1042 • February 2010

Research and analysis on pay and benefits

FIRST LOOK AT JANUARY PAY ROUND

The latest figures on pay settlements from IDSPay.co.uk show that January awards are producing a median outcome of 2 per cent. Freezes still figure strongly, but nearly all of these are 'new' freezes, with firms who froze pay in 2009 awarding increases for 2010.

ANALYSIS

Unemployment starts to fall

The numbers leaving the claimant count are greater than the numbers joining it for the first time in almost two years, indicating that the labour market outlook may be improving.

Private and public sector earnings

Media coverage of the apparent disparity between private and public sector earnings relies on a number of misleading assumptions. We look at what the figures really show, and at the likely impact of the planned public sector pay squeeze on the existing bargaining machinery and industrial relations.

LATEST NEWS ON PAY AND CONDITIONS

- **CHEMICALS AND PHARMACEUTICALS** – Bemis, Bostik, Leigh's Paints, Wyeth
- **ENGINEERING** – BAE Land Systems, EEF pay settlements
- **VEHICLE COMPONENTS** – Cummins Turbo, Bosch, Knorr-Bremse, Michelin
- **TRANSPORT** – British Airways, London Underground
- **PUBLIC SECTOR** – Local government, NHS, Sixth-form teachers
- **VOLUNTARY SECTOR** – Royal Star & Garter

IDS

www.incomesdata.co.uk

IDSPay.co.uk

IDSPay.co.uk is a new and unique online repository of all remuneration data collected by IDS including data from Pay Report, Pay Benchmark and Executive Compensation Review.

The service makes this comprehensive set of pay data accessible in one place for the first time, enabling you to search and interrogate all the available information on pay levels, settlements and executive compensation. In addition to this, advanced reporting functionality will allow you to export charts, graphs and tables of need-to-know information to help you compile reports and benchmark against your competitors. IDSPay.co.uk gives you:

- A huge database of pay settlements, pay levels and executive reward
- Coverage of named companies so you can benchmark against your competitors
- The functionality to manipulate and export your data to use in bespoke reports

For further information and to order IDSPay.co.uk, please call 0845 077 2921 or email IDSPay.support@thomson.com

IDS Pay Report provides news and analysis of the latest developments in pay & benefits. We monitor settlements, report on changes to pay & conditions at named organisations, and analyse statistics on inflation, earnings and the labour market to provide a key resource for decision makers.

IDS Pay Report

ISSN: 17483-2828

Head of Pay and HR Services:
Alastair Hatchett

Editor: Ken Mulkearn
Assistant Editors: Lindsay Hutton, John Robertson

Researchers: Angela Bowring, Laura James, Rachel Ridgway, Jon Taylor, Anna Warberg, Lois Wiggins

Published by
Incomes Data Services Ltd
Finsbury Tower
103-105 Bunhill Row
London EC1Y 8LZ

Telephone: 0845 077 2911
Email: ids@incomesdata.co.uk

Subscriptions: For enquiries and renewals, call Customer Services on 0845 600 9355 or visit www.incomesdata.co.uk

Subscription gives you 24 issues per year and full access to www.idspayreport.co.uk which includes a comprehensive databank of agreements and pay structures featured in the journal.

A full index to the journal is available on the Pay Report page of the IDS website.

www.idspayreport.co.uk

To request a subscriber password, please visit www.incomesdata.co.uk/passwords

VIEWPOINT

Are we finally seeing a slow return to normality? 2

NEWS REVIEW

London Underground – RPI plus 0.5% from April in second year of 2-year deal 3

Local Government – unions object to pay freeze threat for 2010 3

BAE Land Systems – 2% pay rise and performance pay terminated 3

Michelin – 2.75% from January in second year of 3-year deal 4

Lafarge Cement – basic pay and allowances frozen from January 4

Lloyds Banking Group – unions reject harmonisation proposals at newly-merged bank 4

Robert Bosch – long-service award agreed at closing manufacturing plant 5

NHS – review body recommends improved rates for pharmacists 5

British Airways – cabin crew ballot again for industrial action 6

EEF survey – slight increase in level of engineering pay deals 6

NEWS IN BRIEF

Cummins Turbo Technologies, Knorr-Bremse, Sixth-form teachers, Wyeth, Public sector employment, Bostik, Leigh's Paints, Unipres, Royal Star & Garter, Bemis, Cereal Partners, Diamond Jubilee

IDSPay.co.uk

Pay settlement analysis 7

Pay awards in January 2010 show an early median settlement level of 2 per cent. Pay freezes still figure relatively strongly but many firms who made zero awards last year have returned to awarding increases.

ANALYSIS

Private and public sector earnings 12

The recent media focus on an alleged pay lead for public sector employees ignores important differences in the occupational make-up of the public and private sectors.

Is unemployment about to turn down? 14

Average Weekly Earnings 16

What is the future for public sector pay? 18

PAY STRUCTURES

Thermal Insulation 21

Lafarge Cement 22

Department for Business, Innovation & Skills 23

Morrisons 25

Leigh's Paints 26

DATA CHECK

Latest statistics on inflation and earnings growth 27

Are we finally seeing a slow return to normality?

The recession might be officially over, but what does this mean for decisions on pay and conditions in 2010? Our first detailed look at the January pay round indicates that in many ways, the picture so far is similar to the overall outturn for last year (see page 6). Currently, this means a median settlement level of 2 per cent but with freezes still running at around a third of awards.

Unsurprisingly, this 2 per cent median is a key figure for awards, with five of the deals featured in our 'News review' section at this level. These include settlements at BAE Land Systems, Bemis Swansea and Knorr-Bremse. There are some lower awards, notably at car body manufacturer Unipres, and also at London Underground, but also some deals above 2 per cent too. Examples here include Bostik and Wyeth.

In other instances, slightly higher-than-average awards have been made under a number of long-term deals, at Cummins Turbo Technologies and Michelin Tyres. But freezes continue to figure as well, with examples at Lafarge Cement and Leigh's Paints, both of which firms have doubtless been affected by the continued slump in construction.

Changing backdrop

Most of these deals were reached when the economy was still in recession and inflation was low (or negative). But this backdrop is now changing. As well as a modest economic recovery – which may yet be derailed, though let's hope not – inflation is making something of a comeback. On the latest figures, RPI inflation was at 2.4 per cent in December, having been barely above zero a month previously, in November. And the CPI, which the Government uses as a target for economic management, rose by 2.9 per cent in the year to December, up from 1.9 per cent in November.

The sharp rise in the RPI exceeded all the economists' predictions. But the factors involved in the latest 12-month change are closely connected to the contrast with the same period last year. Then, VAT was reduced, while the price of oil fell sharply and many retailers implemented sharp discounts in the pre-Christmas period. Nevertheless, inflation is predicted to rise further, to over 4 per cent in the year to April. If these forecasts are correct, this will bring it near to the levels seen prior to the downturn, though economists do not see it continuing to rise.

Overall therefore, while we probably shouldn't be worried about a return to 1970s-style inflation, the rise in the cost of living and

the small growth in GDP represent some restoration of modest upward pressures on pay. Further from this, the labour market may be on the turn as well, though jobs will continue to be a focus, as closures and 'downsizing' continue in many sectors.

What will this mean for pay setting? The London Underground pay deal is interesting in this respect. While the first-year increase came in at a modest 1.5 per cent, the next stage – due from April – is linked to inflation and should produce a rise somewhere between 3 and 4 per cent. This is where most pay settlements were before the recession hit, and if inflation continues to rise, this could well be what we'll see, though much depends on the economy. In fact, some firms are deferring their pay reviews in order to get a clearer feel for the business outlook.

Fiscal squeeze to hit public sector

The economic recovery is indeed fragile, and some economists are warning that the cuts in public spending being heralded by both parties could shatter it. And that's the thing – we might be returning to some semblance of normality in the private sector, but in the public sector, the outlook for negotiations over pay, and therefore for industrial relations, is the bleakest it has been for some time.

In fact, if private sector pay settlements do pick up, both political parties' policies on public sector pay mean that we will soon see a rapid re-institution of the traditional cycle of falling behind and catching up in the relationship between private and public sector pay. This might not be such a problem were it not likely to have severe impacts on the recruitment, retention and motivation of staff, as the experience of the 1990s shows. In addition, the promised squeeze may well have a deleterious effect on industrial relations and the machinery for determining pay (see page 18).

In this light, the Conservatives' policy for a 'freeze' to cover all public sector workers, apart from those earning below £18,000, is interesting. Large numbers of staff are paid below this level and one way of seeing this policy is as a clever way of preventing a unified trade union response to an across-the-board 'freeze'. But much depends on the level of increases on offer. And how will 'earnings' be calculated? If an employee's basic pay is below £18,000 but other payments take them above this level, could they expect a basic rise? All these considerations indicate that life for pay setters in the public sector is going to be very interesting indeed...

London Underground agrees two-year deal

London Underground and the trades unions RMT, TSSA, ASLEF and Unite have reached agreement on a two-year pay deal for around 18,000 employees, backdated to April 2009. The settlement paid 1.5 per cent increases in the first year of the deal, effective from 1 April 2009. In the second year of the deal, effective from 1 April 2010, the pay increase will be equal to the RPI inflation figure for February 2010 plus 0.5 per cent.

According to the most recent inflation forecasts collected by IDS, RPI inflation is predicted to be around 3.2 per cent in February 2010. If these forecasts are accurate, the formula would yield a pay increase of around 3.7 per cent for tube staff in April 2010. The current agreement covers all of London Underground's direct employees below senior manager level, including drivers, station staff, signallers and white-collar grades, as well as former Metronet employees.

Pay freeze threat for local government employees

Local government employers have intimated that a pay freeze is likely in 2010 by informing the trade union side of the NJC that the financial position of the majority of councils is such that an increase is not affordable. The employers have stated that even with a pay freeze, individual authorities' pay bills would grow significantly through the cost of incremental progression.

The unions involved, the GMB, Unison and Unite are angry that there has been no negotiation and a meeting of the trade union side of the NJC executive will take place on 26

The London Underground pay deal was agreed more than eight months after the anniversary date, and was the result of lengthy negotiations between LU management and the four trades unions representing employees at the organisation. In June 2009, the largest underground union, the RMT, held a 48-hour strike after negotiations stalled.

Job security

Alongside the main pay negotiations, the issue of job security for maintenance workers formerly with the contractor Metronet provided another major stumbling block to an early agreement. Metronet was the private contractor responsible for maintenance and renewal on the Bakerloo, Central and Victoria lines which went into administration in 2007. In May 2008, London Underground formally took former Metronet contracts back in-house, along with all of the company's former employees.

January 2010, with a full trade union meeting likely in early February to discuss the unions' response. The unions will press for negotiations to be re-opened and, possibly, for arbitration if this does not happen. The unions had put in a pay claim for 2.5 per cent or £500, whichever was the greater.

The employers have also decided that they will extend the zero awards to the joint negotiating committees covering chief executives, chief officers and craft workers, although no pay claim has been submitted by any of these negotiating bodies so far.

BAE Land Systems agrees 2%

Unions and management at BAE Land Systems have agreed across-the-board pay rises of 2 per cent from 1 January 2010. Individual performance-related pay has been abandoned for 2010. The deal covers about 800 employees at sites in Newcastle, Leicester, Wolverhampton, Glascoed and Telford. It brings the spot rate for manufacturing technicians and support operatives to £23,071 a year.

Last year employees (including those at Barrow) were awarded increases of 3.4 per cent from 1 January 2009. They also received a non-consolidated bonus payment in April 2009 worth 3 per cent of salary under the

Employee Incentive Scheme (EIS). The EIS scheme is linked to the achievement of company targets. Employees at the Barrow site no longer form part of this bargaining group, having transferred to the weapons division.

At the main Newcastle site employees are currently heavily engaged in the manufacture of the Engineering Tank System (ETS) for the Afghanistan battle theatre. The ETS is a versatile multi-purpose vehicle. While this work involves a lot of overtime working, BAE is continuing with its programme of restructuring and redundancies.

News in brief

Cummins Turbo Technologies awards 3%

Cummins Turbo Technologies has increased basic pay by 3 per cent from 1 January 2010 in the fifth and final year of a five-year deal. The agreement covers around 790 manual workers and staff at the firm's Huddersfield site. The increase was based on a formula of the November 2009 RPI plus 0.75 per cent, with a guaranteed minimum rise of 3 per cent. Since the November RPI was just 0.3 per cent, the minimum rise was triggered. Last year, basic pay rose by 3.75 per cent in the fourth year of the deal, effective from 1 January 2009.

Knorr-Bremse awards 2%

Knorr-Bremse has awarded a cost-of-living increase of 2 per cent in a 12-month deal, effective from 1 January 2010. The deal, negotiated with Unite, covers around 115 manual and white-collar employees at the firm's site in Kingswood, Bristol, which manufactures brake components for heavy vehicles. Last year, a decision over the pay review was delayed until the end of the year, at which time it was retrospectively agreed that pay would be frozen for 2009.

6th-form teachers agree 2.3% increase

Following lengthy negotiations, teaching staff in sixth-form colleges in England and Wales have agreed a staged pay increase totalling 2.3 per cent. In the first stage, 2008 pay scales will be increased by 1.5 per cent backdated to 1 September 2009. In the second stage, pay scales will rise by an additional 0.8 per cent from 1 April 2010, bringing the annual rise in the payroll to 1.84 per cent. The rises cover about 7,500 teachers.

News in brief

Wyeth agrees 2.5%

Packaging and distribution workers at pharmaceuticals company Wyeth in Havant, Hampshire, received an increase of 2.5 per cent from 1 January 2010. The review covers 168 employees and was negotiated with Unite. Around 80 laboratory workers and 50 clerical staff received merit-based increases worth 3 per cent on the paybill, also effective from 1 January 2010. A new bonus scheme with payments based on site performance was introduced in 2009, with the first payment due later in 2010. Last year, Wyeth paid increases from a 4 per cent pot, effective from 1 January 2009.

Employment up in the public sector

ONS figures show that public sector employment increased by 23,000 in the third quarter of 2009 to 6.093 million staff, driven mainly by growth in central government employment. This increased by 31,000 and includes an extra 23,000 employees in the NHS and an extra 4,000 staff in the civil service, mainly in Jobcentre Plus offices. By contrast employment in local government declined by 3,000 and in public corporations by 5,000 over the same period.

Bostik pays 2.5% from January 2010

Unionised employees at adhesives and sealants company Bostik's factories in Leicester and Stafford have received increases of 2.5 per cent from 1 January 2010. The deal was negotiated with Unite and covers around 340 employees in total across the two sites. Last year's review, from 1 January 2009, resulted in a pay freeze.

Michelin pays 2.75% plus bonuses

Tyre manufacturer Michelin has paid basic rate increases of 2.75 per cent in the second year of a three-year deal, effective from 1 January 2010. The deal covers around 1,900 production employees at the firm's three plants in Ballymena, Dundee, and Stoke-on-Trent. Employees are also eligible for merit-based bonus payments worth up to 7 per cent of salary.

Pay frozen at Lafarge Cement

Basic pay and allowances have been frozen for all employee groups at Lafarge Cement, effective for 12 months from 1 January 2010. The freeze covers around 1,030 process, craft and staff grades at sites across the UK in a deal negotiated with trade unions Unite, the GMB and the British Cement Staff Association. The average salary for a multi-skilled process operator remains at £24,871 a year and the average salary for a multi-skilled craftworker at £29,565 a year, based on a 37-hour week.

Lloyds Trade Union rejects bank's harmonisation proposals

Following the effective nationalisation of both HBOS and Lloyds TSB, and their amalgamation into the Lloyds Banking Group, this new body is embarking on a major harmonisation of terms and conditions. However, Lloyds Trade Union (LTU), which represents employees at the former Lloyds TSB is recommending rejection of the employer's harmonised terms and conditions package.

The package covers the pay and grading structure as well as working hours, overtime, mobility, sick pay and holidays. However, the main issue of contention appears to be that of pensions. The Bank has proposed that pensionable pay increases should be limited each year to the lowest of the following three options: 2 per cent of salary; inflation; or the annual pay award. This move follows that made recently at the Royal Bank of Scotland where the company announced plans to limit the pensionable element of all future pay rises to 2 per cent each year, or to the rise in the Consumer Prices Index, whichever is the lower (IDS Pay Report 1033 p.2).

Final salary schemes in the Group were closed a number of years ago and all new employees now join the Personal Investment Plan (PIP). Employees in the existing money purchase plan can continue to make the current 2 per

Bonuses are based on two or three-month measured periods and are dependent on individual and team performance. Next year, in the third stage of the deal, basic rates will rise by 2.5 per cent from 1 January 2011 and merit-based bonuses will rise to a maximum of 9 per cent of salary. In the first year of the deal, basic pay increased by 3 per cent from 1 January 2009.

Last year, this employee group received a basic pay award of 4.32 per cent from 1 January 2009 in the third year of a three-year deal.

Pay has also been frozen for around 140 sales lorry drivers from 1 January 2010 under a separate agreement, negotiated with Unite and the GMB. This group received a basic pay award of 3 per cent last year from 1 January 2009. The general freeze also applies to around 60 senior managers at the firm.

cent contributions but once a new money purchase plan takes effect in 2011, a 2 per cent contribution will attract significantly lower contributions from the employer.

Final salary scheme

The LTU has published projected benefits to members of the final salary scheme which, it says, have been provided by the employer. These are set out in the table. According to the union, this shows that a member of staff earning £20,000 a year with 25 years left to retirement will see their benefits reduced by £5,000 a year. If that person lives until the age of 80, the union calculates that the total loss will amount to £100,000. Similarly, someone earning £40,000 a year will incur a total loss of £200,000 if he or she lives to the age of 80 and a person earning £80,000 will lose a total of £400,000.

Money purchase scheme

The new PIP scheme proposed for 2011 will have no minimum age limit, automatic enrolment and a default contribution of 3 per cent. The current default contribution of 2 per cent attracts a contribution from the Bank ranging between 6.5 and 10.5 per cent, depending on age. If employees keep their contribution at 2 per cent, according to the new scheme, the Bank will reduce its

contribution by between 0.5 per cent (for those aged 25 to 30) and 4.5 per cent (for those aged 45 and over).

Other changes

According to the union, which has produced an analysis of the impact of the proposals on other changes to terms and conditions, the package could result in a limit on pay

expectations for staff in lower pay areas, a reduction in overtime earnings for the lowest-paid staff, an increase in the mobility requirement for all staff, and a reduction in sick pay for all staff with less than four years' service. On the plus side, there could be a slight increase in bonuses (depending on the Group's performance) and a possible slight increase to holiday entitlement.

Projected pension benefit losses per annum

Salary levels £pa	Period to retirement			
	5 years £pa	10 years £pa	15 years £pa	25 years £pa
20,000	1,000	2,000	3,000	5,000
40,000	2,000	4,000	6,000	10,000
80,000	4,000	9,000	13,000	20,000

Source: LTU News

Robert Bosch pays 1.99% and rewards long service

Robert Bosch has increased basic pay by 1.99 per cent at its Miskin plant in Wales, effective from 1 January 2010. The deal also includes a long-service award of one extra day's holiday and an 'InterBosch' voucher worth £200 for 20 years' service. The agreement covers around 900 staff at the firm's manufacturing plant near Cardiff, which has produced alternators for the automotive industry since 1991.

The company has since announced that the plant will close in 2011 with the loss of 900 jobs. It is hoped that there will be some redeployment to other Bosch sites although this would be dependent on skills and location. Manufacturing operations will transfer to an existing plant in Hungary.

In separate negotiations, pay talks have been suspended at Robert Bosch's after-sales site in Uxbridge, Middlesex, where around 500 staff are based. Last year, following a pay pause, it was decided that pay would be frozen for 12 months from 1 January 2009.

The headquarters is based in Denham, Buckinghamshire, where the majority of the company's sales and distribution activities are based in the UK. Bosch employs around 5,000 people in the UK with other major facilities in St Neots (headquarters of Bosch Rexroth), Worcester (Worcester, Bosch Group) and Stowmarket, Suffolk (Bosch Lawn and Garden). Bosch and Siemens Home Appliances, a 50/50 joint venture between Bosch and Siemens, is based in Milton Keynes.

No review of NHS rise but more urged for pharmacists

The NHS Pay Review Body, the NHSPRB, has not sought a remit to review the 2.25 per cent pay increase due to over a million nursing and support staff from April 2010. But it does urge the Government to reconsider the review body recommendation for a recruitment and retention premium for pharmacists, which the Government rejected.

In its December 2009 report, 'Consideration of Whether to Seek a Remit to Review the Pay Increase Agreed by the Parties for 2010/11', the review body explains that 'our decision not to seek a remit does not mean, however, that we

endorse the increase set out in the parties' agreement.'

The long-term pay settlement agreed in 2008 was for a 2.75 per cent increase for 2008/09. This was the level of increase recommended by the NHSPRB. However, the review body was not consulted on the subsequent increases of 2.4 per cent for 2009/10 and 2.25 per cent for 2010/11.

These were agreed in negotiations between two of the health unions, Unison and the RCN, and the employers. Nor was the review body consulted on the terms under which the increases for these two years would be reviewed. 'Nonetheless,' it says, 'we

News in brief

Leigh's Paints in Bolton freezes pay

Employees at Leigh's Paints in Bolton have had their pay frozen for 12 months, effective from 1 January 2010. The pay freeze covers all 265 of the paint manufacturer's employees. No payment was made in January under the company's annual profit-share bonus, which paid out £1,673 per employee in January 2009. Last year's review, effective from 1 January 2009, resulted in an increase of 4 per cent across-the-board.

Unipres pays 1.1% in new two-year deal

Automotive components manufacturer Unipres has awarded pay increases of 1.1 per cent in the first year of a two-year deal, effective from 1 January 2010. Employees will also receive a share of pre-tax profits under the company's profit-share scheme. The deal covers around 470 production, maintenance and engineering staff at the company's Sunderland plant. Next year, basic pay will rise in line with the RPI figure for October 2010, with a minimum increase of 0.5 per cent and a maximum of 1.5 per cent, effective from 1 January 2011. Last year, basic pay rose by 1.75 per cent from 1 January 2009 in the second year of a two-year deal.

Royal Star and Garter awards 2%

Some 230 employees at Royal Star and Garter Homes have been awarded increases of 2 per cent from 1 January 2010. The organisation provides care homes for disabled ex-service men and women as well as nursing and therapeutic care. Employees are represented by Unison and the RCN.

News in brief

Bemis Swansea awards 2% from January

Employees at packaging manufacturer Bemis Swansea have agreed to increases of 2 per cent, effective from 1 January 2010. The agreement, negotiated with the GMB and Unite, covers 235 staff and manual workers. Bonuses averaging 1 per cent were paid in August 2009, based on achievement of Key Performance Indicators. Last year's review resulted in an increase to basic pay of 3.25 per cent, effective from 1 January 2009.

Pay freeze at Cereal Partners for 2010

A 12-month pay freeze for 2010 has been implemented for around 675 employees at Cereal Partners, following a variety of pay rises in 2009. The freeze, effective from 1 January, covers all managers, staff and union-represented employees at the company's sites in Welwyn Garden City (head office), Staverton and Bromborough (manufacturing). Cereal Partners is part of the Nestlé group and produces cereals such as Shredded Wheat and Cheerios.

Extra bank holiday for Diamond Jubilee

The Government has announced an extra bank holiday to celebrate the Queen's Diamond Jubilee in June 2012. This will entail putting back the late May bank holiday to Monday 4 June and adding an additional Jubilee bank holiday on Tuesday 5 June. The TUC, which has been campaigning for a Community Day bank holiday, welcomed the announcement and proposed that it should become a permanent fixture.

agreed to undertake the work as specified in the remit at the request of the parties.'

This work involved the review body gathering evidence on changes in recruitment and retention and wider economic and labour market conditions. Then, if it was felt appropriate, the review body could ask the Government to re-open negotiations. However, the NHSPRB has said it considered the review mechanism 'unduly rigid' as it allowed very limited discretion for it to consider whether a review was necessary.

It also regarded the two-stage process as 'cumbersome and protracted,' because it meant that the review body needed to ask the Government for a remit to undertake a review before actually carrying out the review. By contrast, a similar long-term deal for staff

covered by the School Teachers' Review Body had no such stipulation.

Shortage of pharmacists

In addition, the review body restated its recommendation for a national recruitment and retention premium of £5,000 a year for junior pharmacists. The NHSPRB has been concerned over the shortage of pharmacists and the problems the NHS is experiencing in recruiting and retaining junior pharmacists, in particular.

In its report at the beginning of 2009 the review body recommended that, as a short-term measure, a national recruitment and retention premium should be paid to junior pharmacists. But the Government rejected this recommendation. The new December 2009 report reiterates the arguments for the premium and urges the Government to reconsider its decision.

New BA cabin crew ballot gets underway

Some 11,000 British Airways' cabin crew are currently being re-balloted on whether to take industrial action over the company's imposition of changes to their workload and working conditions. This follows an injunction preventing industrial action by cabin crew which was granted to BA in December on the basis that the union breached the technical requirements of the earlier ballot by including some 800 staff who were due to be made redundant in the process (see IDS Pay Report 1041, p.2). The new ballot is due to close on 22 February.

BA management and representatives from the Unite union had been taking part in talks at the TUC aimed at resolving the dispute, but these have broken down. And, in a move likely to cause relations to deteriorate further, the airline has now put out a call to all staff for volunteers to undertake a 21-day training

course to become temporary cabin crew to replace the experienced staff in the event of industrial action.

In response, the two major unions at BA, Unite and the GMB, have put out a joint statement urging all the airline's staff not to break the strike if one is called since, according to the unions, they may be putting their permanent jobs at risk.

The unions have also warned the pilots' union BALPA that its declared 'neutral' stance is unacceptable. Tony Woodley, Unite's joint general secretary said that it was 'not acceptable for trade unionists to act as strike-breakers in a legitimate industrial dispute, nor for pilots to use their privileged position to undermine much lower-paid union colleagues'. There have been reports that some BA pilots have volunteered to work during a strike.

EEF average pay deal rises slightly

Pay settlement levels at engineering firms rose slightly to an average of 0.5 per cent in the three months to December 2009, according to the latest data from the manufacturers' association EEF. This represents a continuing trend of gradual increases in the level of pay deals recorded by

the organisation since its record-low average of 0.3 per cent between May and August 2009. Just over two-thirds of settlements recorded during the three months to December were pay freezes. The latest EEF analysis covers 78 settlements and just over 10,000 employees.

Early January focus is on rises of 2%

Pay setting so far in 2010 has shown that pay increases are bunching around 2 per cent. Some new pay freezes have also emerged but these are not in companies that froze pay last January.

Summary of key settlement data

For the three months to the end of January 2010, based on 46 settlements covering 187,497 employees in total

Median (whole economy)	2.0%
Average	1.8%
Interquartile range (whole economy)	0 to 2.5%
Manufacturing & production median	2.0%
Private services sector median	2.0%

The picture so far for pay settlements set in 2010 shows a similar pattern to that for 2009. While pay freezes are still part of the picture, increases continue to be paid too. Our current analysis for the three months to the end of January provides a median pay settlement level of 2 per cent. The headline increase masks the full picture on pay and newly-monitored January deals have resulted in a range of outcomes, with freezes still figuring relatively strongly. The picture on freezes is that many firms who made zero awards in 2009 have returned to awarding increases this year, while there are a number of new freezes. There is only one example of a year-on-year freeze.

January awards

Pay awards effective in January 2010 show an early median settlement level of 2 per cent. So far, we have monitored 37 deals effective in January, including three new long-term deals. As in 2009, the summary figures disguise a complex picture on pay. A number of scenarios have and will continue to emerge in pay setting this year. For example, a number of pay pauses in 2009 eventually led to pay increases after a deferred period although there were also examples of firms freezing pay after a deferred period.

For instance, Scottish Power Energy Networks, employer of 2,700 network maintenance and support workers, agreed just before Christmas to a two-stage, 21-month deal with pay frozen for nine months from 1 April 2009. The company will apply a pay increase of 2.5 per cent from 1 January 2010 in the second stage of the deal, but this increase will not be paid until June 2010.

Knorr-Bremse, a brake-control technology company, only recently applied a pay freeze in 2009 and awarded a 2 per cent pay increase from 1 January 2010. Similarly this year, a number of companies are taking some time to make decisions over pay. This includes Nissan, where a pay review is due from January. However the car manufacturer has said it will only start pay negotiations once the economic picture becomes clearer. Last year's award at Nissan resulted in a freeze on basic pay scales

although merit-based progression increases were paid to eligible staff.

Slow economic recovery

An initial look at awards set in January shows a similar pattern to those set in 2009 with pay freezes making up around a third of deals and pay increases of around 2 per cent. However, most new deals in 2010 so far were reached against a backdrop of zero inflation, and an economy still in recession. This is set to change. Inflation has now returned, from low or negative figures for much of 2009, to 2.4 per cent on the all-items RPI measure in December 2009. The economy is expected to resume growth and employment figures also show some positive signs with a fall in the claimant count for the first time since February 2008 (see page 14).

There have been some examples of companies returning to paying increases where last year they froze pay. Chemical manufacturer Bostik Findley paid increases of 2.5 per cent from January 2010 after freezing pay in 2009. Another sign of a possible recovery in the economy is the re-emergence of new long-term deals. Parts manufacturer Unipres and industry deals in Engineering Construction and the Plumbing Mechanical Engineering Services are all in the first years of multi-year deals. The latter implements a zero award for 2010 with a second-year increase linked to a likely higher rate of RPI inflation for June 2010 (current IDS inflation forecasts show an average RPI figure of 3.7 per cent for June 2010, see Pay Report 1040, p.18). Last year only 28 new long-term deals were set compared to 75 in 2008, with economic uncertainty and falling inflation a key factor in the relative decline here.

Key new deals

Organisation	% increase 2009	% increase 2010
Bentley Motors	2.8	pay freeze + bonus
British Gas	4.1	1.8 + bonus
Cereal Partners	3.5	pay freeze
Lafarge Cement	4.32	pay freeze
Michelin	3.0	2.75
Robert Bosch	pay freeze	1.99
Scottish Power Energy Networks	pay freeze (1st stage of 21-month deal)	2.5
Unipres	1.75	1.1
Public sector	% increase 2008	% increase 2009
Further Education Colleges (England)	3.2	1.5
Universities	5.0	0.5

Pay freezes

Pay freezes currently make up around a third of January deals and most of these are in the construction sector, arguably one of the sectors hardest hit by the recession and the most likely to come out of recession last due to its dependence on recovery in the housing market. Pay freezes have been recorded at building materials manufacturer Lafarge Cement from 1 January 2010. Last year the company

awarded average increases of around 3.7 per cent, honouring the RPI-linked formulas of long-term deals. So far, only one firm has frozen pay for a second consecutive year and this is at Ibstock Brick, a leading manufacturer of house bricks. The company has also closed five factories and made 850 redundancies over the past three years. Other sectors where pay freezes have been monitored include food and drink and chemical manufacturing.

IDSPay.co.uk – tables and charts

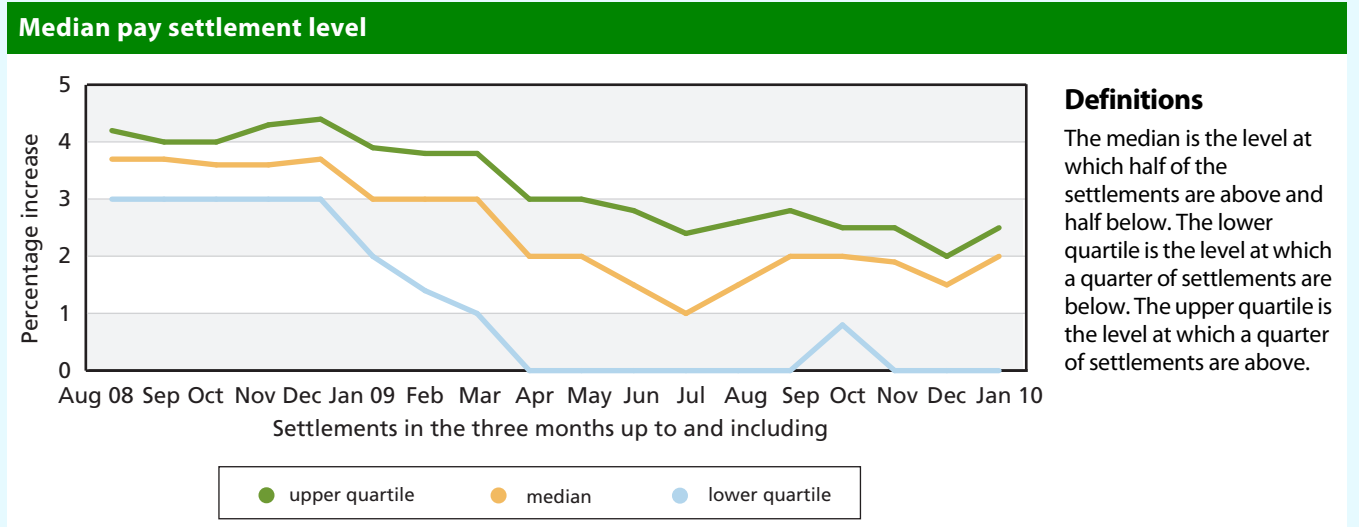
IDSPay.co.uk records data on settlements across the economy, covering approximately nine million employees in total. We present the data in two ways. The graph below shows the median and inter-quartile ranges of increases in each rolling three-month period over the past 18 months, and the table below gives this data in numerical format, also showing the total number of settlements recorded in each rolling three-month period.

On the page opposite is our *Pay settlement distribution chart*, where each dot represents the settlement for a particular organisation or bargaining group. The chart gives a clear idea of the overall distribution of increases and shows the outlying settlements which are lost from view in the inter-quartile range chart. The totals shown below each month are the number of deals effective in that month, rather than three-month rolling totals.

Methodology for analysing settlements

The percentage figure recorded for each settlement is the increase to basic pay. Bonuses or lump sum payments are not included in the aggregate data, although information on the amount of such payments, where known, is shown in the table of latest settlements by named organisations (see pages 10 to 11).

For settlements where the percentage increase varies for different employees (for example, based on individual performance) the figure recorded is the average increase, where this is known, or alternatively, the increase received by most employees, or the paybill rise.



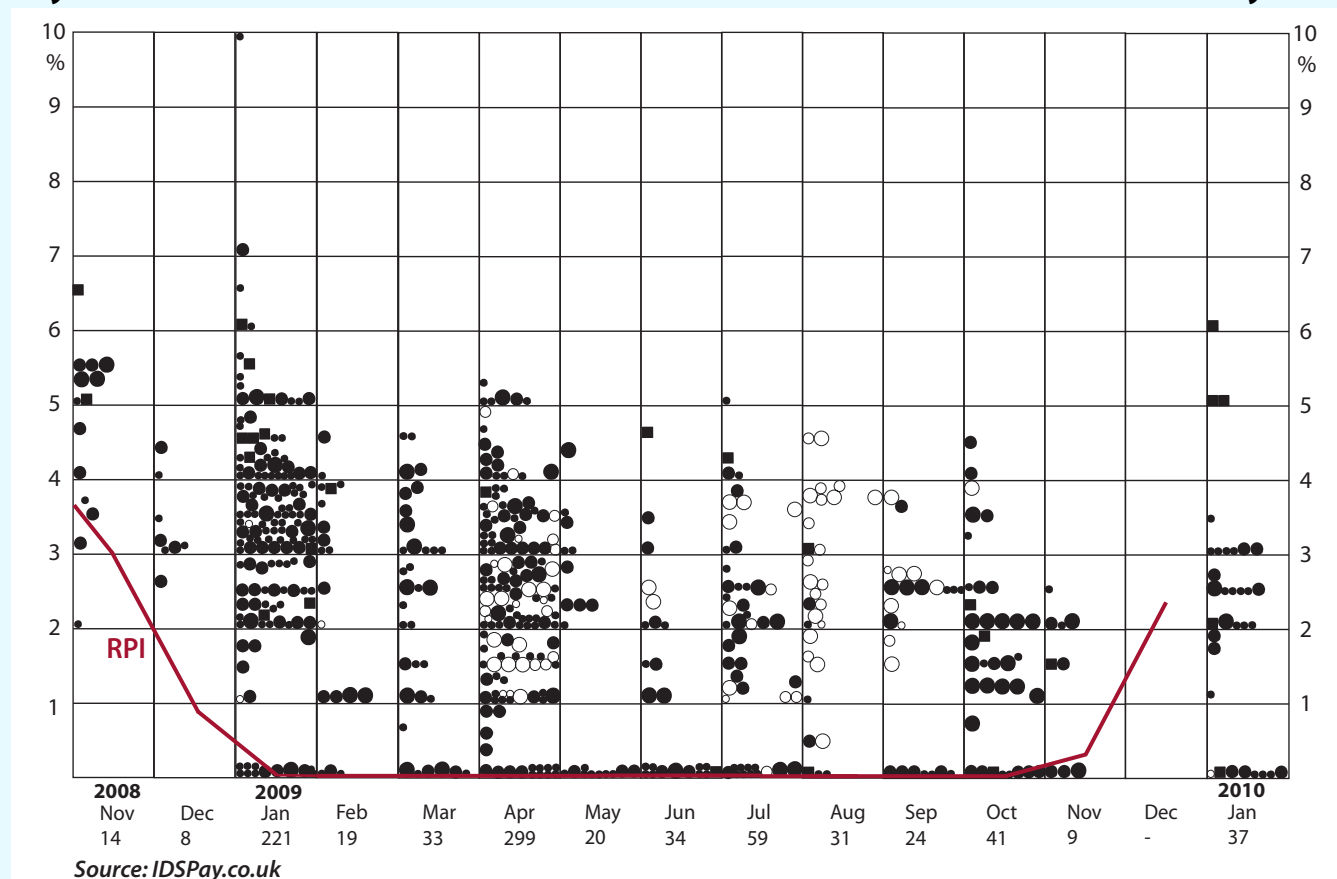
Median settlement level for each rolling three-month period (whole economy)

Three-month period to end	2008					2009												2010
	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Lower quartile	3.0	3.0	3.0	3.0	3.0	2.0	1.4r	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8r	0.0	0.0	0.0
Median	3.7	3.7	3.6	3.6	3.7	3.0	3.0	3.0	2.0	2.0	1.5	1.0	1.5	2.0	2.0	1.9r	1.5	2.0
Upper quartile	4.2	4.0	4.0	4.3	4.4	3.9r	3.8	3.8	3.0	3.0	2.8	2.4	2.6r	2.8	2.6	2.5	2.0	2.5
Total*	144	125	137	112	91	243	248	273	351	352	353	113	124	114	96	74	50	46

*Total number of settlements recorded in three-month period. r=revised

Pay settlement distribution chart

November 2008 to January 2010



Interpreting the pay chart

The chart above illustrates the distribution of settlements in the IDS pay settlement databank, with each dot representing the settlement for a particular organisation or bargaining group. The month indicates the effective date of the increase. The figures below each month show the numbers of settlements recorded that are effective in that month.

The rate of inflation is represented as a continuous line, to enable a comparison between settlement levels and inflation.

The table below gives a numerical breakdown month-by-month of the data in the chart.

Key:

Numbers of employees covered:

- under 500
- 500 to 5,000
- over 5,000

- Private sector settlements
 - Public sector settlements
 - Industry settlements setting minimum rates
- Inflation: increase in the retail prices index over the previous 12 months

Distribution of increases by month

Increase (%)	2008		2009												2010
	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Freeze	-	-	53	3	6	93	10	22	21	3	7	11	3	-	12
0.1-1.99	-	-	6	4	6	54	-	4	11	6	2	13	2	-	3
2.0-2.99	1	1	39	2	8	78	5	5	15	9	13	11	4	-	12
3.0-3.99	3	5	75	8	9	55	4	2	8	10	2	4	-	-	7
4.0-4.99	2	2	31	2	4	12	1	1	3	3	-	2	-	-	-
5.0-5.99	7	-	12	-	-	7	-	-	1	-	-	-	-	-	2
6.0-6.99	1	-	3	-	-	-	-	-	-	-	-	-	-	-	1
7.0-7.99	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
8.0+	-	-	1	-	-	-	-	-	-	-	-	-	-	-	-
Total deals	14	8	221	19	33	299	20	34	59	31	24	41	9	-	37

Note: the month indicates the effective date of the increase.

New settlements added to IDSPay.co.uk					
Sector	Organisation	% inc	Comment	Effective date	Employees covered
Care services & housing	Royal Air Forces Association	0	pay freeze	1 Jan 10	180 employees
	Royal Star and Garter Home	2.0		1 Jan 10	230 employees
Chemicals, pharmaceuticals & oil	Bemis	0	pay freeze	1 Jan 10	100 employees (Elsham)
	Bemis	2.0		1 Jan 10	235 employees (Swansea)
	Bostik	2.5		1 Jan 10	140 unionised employees (Leicester)
	Bostik	2.5		1 Jan 10	200 unionised employees (Stafford)
	Leighs Paints	0	pay freeze	1 Jan 10	265 manual workers, white-collar staff & managers
	Offshore Contractors Association	0	pay freeze	1 Apr 09	10,000 engineering workers
	Wyeth Pharmaceuticals	2.5		1 Jan 10	168 distribution & packaging staff
	Wyeth Pharmaceuticals	3.0	on paybill	1 Jan 10	80 laboratory staff
Wyeth Pharmaceuticals	3.0	on paybill	1 Jan 10	50 clerical & admin staff	
Construction	Construction Industry JC	0	pay freeze. Pay talks paused until the end of 09 but then concluded with no increase. Next review due from June 10	29 Jun 09	600,000 manual workers
	Lafarge Cement	0	pay freeze	1 Jan 10	60 senior managers
	Lafarge Cement	0	pay freeze	1 Jan 10	1,033 process, craft & white-collar staff
Energy & water	British Gas	1.8		1 Jan 10	5,000 customer service & administrative staff
	Scottish Power Energy Networks	2.5	2nd stage of 2-stage deal, 21-month deal, effective for 12 months. Increase will be paid in June and backdated to Jan 10. First stage applied pay freeze for 9 months from 1 Apr 09	1 Jan 10	2,700 network maintenance & support workers
Engineering	Alfa Laval	0	pay freeze	1 Jan 10	177 employees
	BAE Systems Surface Ships	2.5		1 Apr 09	900 manual workers & staff (Clyde)
	Bentley Motors	0	pay freeze. Bonus of £225 paid to support the launch of a new product, plus a discretionary £175 dependant on achieving business goals	1 Jan 10	2,680 manual workers & staff
	Cummins Turbo Technologies	3.0	5th year of 5-year deal. Based on Nov 09 RPI plus 0.75% with a minimum floor of 3%	1 Jan 10	790 manual workers & staff
	Knorr-Bremse	0	pay freeze, pay deal paused and decision made in Jan 10. Profit-related bonus paid for one quarter - £200, payable in December 09	1 Jan 09	115 employees

New settlements added to IDSPay.co.uk (cont'd)					
Sector	Organisation	% inc	Comment	Effective date	Employees covered
Engineering (cont'd)	Knorr-Bremse	2.0		1 Jan 10	115 employees
	Michelin	2.75	2nd year of 3-year deal	1 Jan 10	1,900 manual workers
	Robert Bosch	1.99		1 Jan 10	900 employees (Miskin)
	Unipres	1.1	1st year of 2-year deal	1 Jan 10	470 production, maintenance & engineering staff
Food, drink & tobacco	Arla Foods	0	pay freeze	1 Jan 10	1,000 non-negotiated employees
	Cereal Partners UK	0	pay freeze	1 Jan 10	675 employees
	Premier Foods	3.0	3rd year of 3-year deal	1 Jan 10	250 hourly-paid employees (Knighton)
Leisure	Society of London Theatre	2.5		5 Oct 09	1,000 theatre staff
Mining & quarrying	UK Coal	2.0	2nd year of 3-year deal	1 Jan 10	3,000 employees
Public sector	ACAS	2.5	overall increase. Includes progression costs of 1.8% and increase to scale maximums of 1.21%	1 Aug 09	900 staff
	Canterbury City Council	1.0		1 Apr 09	820 employees
	Department for Business, Innovation & Skills	2.38	on paybill	1 Aug 09	2,735 civil servants
	Driver and Vehicle Licensing Agency	1.99	average increase in earnings. Minimum rates increased by 1 to 5%, maximum rates increased by 1 to 1.6%	1 Aug 09	7,000 staff
	Further Education Colleges	1.5		1 Aug 09	50,000 lecturers (England)
	Land Registry	2.38	average earnings growth. Pay scales increased by 2%	1 Jun 09	6,000 staff
	Maritime and Coastguard Agency	2.67	increase to staff in post (ISP)	1 Aug 09	1,200 staff
	Ministry of Justice	3.7	average earnings growth. Basic award between zero and 7%	1 Aug 09	13,000 court staff, bailiffs, admin staff & managers
	Ordnance Survey	3.9	on paybill. 3rd year of 3-year deal	1 Aug 09	1,340 professional & technical staff
	Prison Service	1.5	on maximum rates	1 Apr 09	2,000 professional, technical & specialist grades
	Prison Service	1.8	on maximum rates	1 Apr 09	8,000 administrative, secretarial & support grades
	Prison Service	1.5	on maximum rates	1 Apr 09	2,000 industrial & agricultural grades
	South Northamptonshire District Council	1.0	1.25% paid to lowest local pay grades	1 Apr 09	250 staff
Universities	0.5		1 Aug 09	205,780 academic, clerical, admin, technical, computer staff & manual workers	

Pitfalls of comparing private and public sector earnings

A great deal of press attention has recently homed in on the apparent differences in earnings for employees in the private and public sectors which emerge from the government's Annual Survey of Hours and Earnings (ASHE). In this article, we examine why differences in the make-up of the two sectors make direct comparisons difficult.

Much has been made in recent press coverage at the apparent disparity between average earnings figures for the public and private sectors. The most common conclusion which has been drawn is that earnings for public sector employees are higher than for equivalent employees in the private sector. There are two main problems with this analysis. One is that we are not necessarily comparing like with like. The profiles of the public and private sector workforces are quite distinctive and these compositional differences are a better aid to understanding why the headline figures appear to show a bias towards the public sector. The second is that crude comparisons take no account of important changes to the make-up of both the public and private sectors which have taken place in the past decade and which also have an important bearing on the average earnings figures.

The latest figures from ASHE show that, at April 2009, average earnings for full-time employees in the public sector were £604.80 a week, compared to an average of £581.20 a week in the private sector (see table). The median rates for full-time employees were £538.90 in the public sector, compared to £464.70 in the private sector. The first point to be made about this is that it seems to be making something of a mountain out of a molehill, given that the earnings figures are not actually all that different – at an average of about £20 a week for all full-time employees and less than £10 a week on the 'all employees' measure.

Comparisons difficult

More importantly, the mistake that many commentators make when looking at this apparently straightforward public sector pay lead is to assume that a direct comparison can be made but in fact this is not the case. Making direct job comparisons between the private and public sectors is actually a notoriously difficult exercise for a number of reasons. The public sector is much smaller than the private sector, and a much higher proportion of public sector workers are employed in specialist roles which require a generally higher degree of training and skills, up to diploma and degree level. In the education and health services, for example, we are talking about a more significant ratio of jobs such as speech therapists, psychologists, paramedics, GPs. In the civil service, most of the major government

departments employ large numbers of specialist scientific and technical staff, such as those who work for the Department for the Environment, Food and Rural Affairs (DEFRA) or the Coastguard Agency. All of these jobs again require a high level of training and responsibility and in many cases are roles which have no private sector equivalents.

Even at lower-paid levels, in jobs such as local authority housing officer, a much higher level of skill and responsibility is involved than in superficially comparable roles in the private sector such as customer service advisor. Only at the very bottom of the earnings distribution do we normally find that earnings for the lowest skilled jobs are higher in the public sector than in the private sector. And, increasingly, many of these jobs have been contracted out, to be eventually replaced by staff on inferior pay and conditions (the so-called 'two-tier workforce', see below).

It is also the case that a much higher proportion of public sector employees are women and, importantly, most of them are employed in professional roles of one kind or another. Again, what this means is that they tend to be trained to diploma or degree level and will be employed as teachers, lecturers, social workers, nurses or in qualified administrative roles.

In the private sector, by comparison, the proportion of women employed in full-time professional jobs is much lower and a much higher percentage of the women employed in the private sector are in less skilled and lower-paid occupations such as retailing, fast food, hospitality and call centres. Many of these women are paid on rates which are at or around the level of the National Minimum Wage and can in no sense be regarded as working in equivalent roles to the public sector.

Generally speaking, earnings differences within the public sector are less extreme than for the private sector. There are fewer employees at National Minimum Wage level and there are also very few on the very high rates which are found in some parts of the private sector such as finance and the law. It is also the case that most of the top earners in the private sector are men. Although some of their public sector equivalents in managerial roles have made some strides towards pay parity with their private sector

equivalents in recent years, they still have a long way to go to catch up.

Diamonds and pyramids

So, in the private sector, the average earnings figures are heavily influenced by a very large number of employees in lower-paid jobs at one end, many of them in the service sector, and a much higher proportion at the higher end as well, predominantly in financial services. By comparison, most public sector jobs are concentrated in the intermediate range. The overall shape of the workforce profile in the private sector is like a pyramid; in the public sector it is more of a diamond shape.

Even where directly comparable roles can be found, most serious studies show that earnings in the public sector are actually consistently lower. Studies have shown that basic pay for employees in two of the key civil service grades, of executive officer (EO) and higher executive officer (HEO) is behind those for the equivalent level of administrative role in the private sector. The picture is much the same higher up the pay ladder, where pay rates for senior civil servants are typically less than for an equivalent manager in the private sector.

Outsourcing

To some extent, recent changes to the composition of the public and private sector workforces have accentuated these differences but have also confused the picture somewhat. For example, in the last few years there has been a steady exodus of the very lowest-paid jobs in the public sector, such as cleaning and other ancillary roles, as a result of these functions being outsourced to the private sector. The obvious impact of this has been to reduce the proportion of lower-paid workers in the public sector, increase it in the private sector, and thereby increase the average earnings differential at this level. While TUPE regulations mean that those transferred retain their pay and conditions, over time they tend to be replaced by new staff on lower pay and inferior terms, a phenomenon referred to as the 'two-tier workforce'.

Other important compositional changes have had more contradictory effects. One of the most important of these is that, since 2008, some of the very high-level earnings in the finance sector have been transferred into the public sector as a result of the effective nationalisation of Northern Rock, RBS and Lloyds Banking Group. This obviously affects the earnings distribution profile in the public sector at the top end and also takes out some high earners from the private sector figures. Up to the start of the banking crisis, the overall earnings figures in the private sector

would have been inflated by the extraordinarily high levels of bonus being paid. Since the recession started, the biggest impact at this level has been on bonus pay which has shrunk drastically, especially in the finance sector. The contraction of City bonuses in the first quarter of 2009 was sufficiently large to send the earnings growth figures for the whole economy into negative territory in February 2009.

There are, in fact, relatively few direct job comparisons which can be made between the public and private sectors. The main area where direct comparisons can be made is for jobs in administrative and clerical roles and as we have already mentioned, the rates paid here tend to be higher in the banks and insurance companies than in the public sector. There is no significant equivalent of predominantly male occupations such as the police force, the fire brigade, the prison service or the armed forces in many parts of the private sector. Nor is there any substantial group outside of the public sector against which the earnings of predominantly female, and professionally-credited occupations such as teaching, social work or nursing care can be compared.

Of course, none of this stops comparisons of this kind being made. But that is mainly because the supposedly inflated earnings of the public sector are currently being regarded as an easy target by some sections of the press. This campaign has very little to do with an honest appraisal of the facts and may well be more to do with establishing an agenda which some commentators believe will be crucial in the run-up to the upcoming general election.

Private and public sectors – weekly gross earnings

Average (mean) weekly earnings	Public sector £pw	Private sector £pw
All employees	490.8	481.6
Male employees	634.8	580.6
Female employees	414.5	338.1
Full-time employees	604.8	581.2
Part-time employees	238.3	169.3
Median weekly earnings	Public sector £pw	Private sector £pw
All employees	431.1	383.3
Male employees	562.3	473.9
Female employees	366.6	272.0
Full-time employees	538.9	464.7
Part-time employees	195.9	132.0

Source: ASHE 2009

Is unemployment about to turn down?

The rise in unemployment has stopped for the moment, according to the latest labour market statistics from the ONS. In particular, outflows from the claimant count are now greater than inflows, with more people leaving the live register than joining it. In previous recessions, this was an important signal that the labour market was returning to health. Much depends on the state of the economy, but the outlook for the labour market may be improving.

In our last issue we suggested that the labour market data for the period up to the end of October 2009 gave grounds for optimism, presenting a welcome contrast with the figures for much of last year, with employment rising and the growth in unemployment slowing down (IDS Pay Report 1041, page 11). The latest figures, for the period up to the end of November, are a further indication that a healthier labour market picture may be emerging.

The latest figures show that the rise in unemployment appears to have stopped for the moment. Unemployment among all those aged 16 or over, as measured by responses to the Labour Force Survey, has fallen by 7,000 to stand at 2,458,000, or 7.8 per cent of the workforce. The claimant count, which measures the numbers in receipt of the Jobseeker's Allowance, also fell, by 15,200, to stand at 1,606,500, or 5 per cent of the workforce.

More leaving claimant count

For the first time since February 2008 the numbers leaving the live unemployment register are greater than those joining it. Outflows from the claimant count were 351,700 in December 2009, up 14,300 on the figures for

November. Meanwhile, inflows – or the numbers joining the live register – were down 3,500 to 328,300.

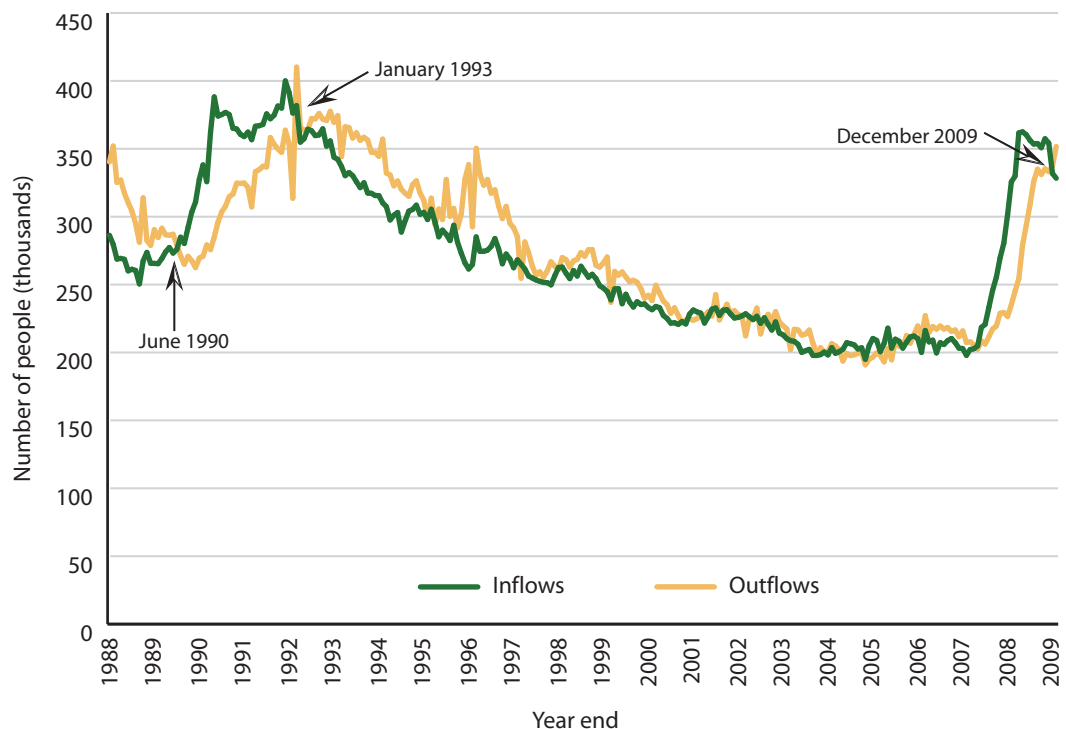
This could be a seasonal effect. After all, the claimant count figures are for December, when casual Christmas employment usually reaches its peak. But the wider LFS measure, which is for the earlier period from September to November, is also down, albeit only slightly.

Experience in early 1990s

In past recessions the point at which claimant count outflows outstripped inflows proved to be significant. The graph below shows the numbers leaving the claimant count, compared with the numbers joining it, between November 1988 and December 2009.

At the start of this period, outflows were greater than inflows. In other words, there were more people leaving the live register than joining it, and unemployment was falling. This changed however in June 1990, when the inflows to the claimant count numbered 284,900, some 13,700 higher than the outflows of 271,200. For many working people, this was the point at which the recession of the early 1990s began.

Claimant count inflows and outflows, 1988–2009



Source: ONS

Throughout the 1990s recession the number of joiners continued to outstrip the numbers of those leaving the count, until January 1993, when outflows were greater once more. In many ways, this was a signal that the recession was ending. The general trend in both series after this was downwards as the economy recovered and unemployment fell.

Although the two series were closely intertwined during the early years of the new century – indicating the extent of ‘churn’ in the claimant count – it was not until March 2008 that inflows started to rise again, with the latest economic downturn.

It’s impossible to say for certain whether we have now reached another turning point. Coming months’ figures will be vital in deciding whether a trend is being established. This will also depend on the overall health of the economy. In this respect, the fact that the number of redundancies are down, while vacancies have increased, is also significant (see table).

Unemployment falls among younger

If previous experience is any guide then we may well have reached a turning point. Certainly, other parts of the labour market picture are an indication that this could be the case. Unemployment among younger workers, in the 18 to 24 age group, has fallen for the first time since the three months to February 2008, from 740,000 to 728,000. And a similar picture emerges for those in the 16 to 17 age group, with unemployment here falling by nearly 2 per cent on the previous quarter.

Employment down slightly

On the downside, the numbers in employment have fallen slightly (which is why, despite the drop in the numbers of unemployed, the unemployment rate hasn’t fallen). The fall was mainly in manufacturing.

As shown by previous figures, while the numbers in full-time employment continue to drop, part-time employment has increased, this time by 99,000 to reach 7.71 million workers. According to the ONS, this is the highest figure since comparable records began in 1992.

Most of the quarterly increase in part-time employment was among women, indicating that one interesting outcome of this recession may be a further increase in women’s workforce participation.

Long-term unemployment

Also on the downside, the figures for long-term unemployment have worsened. While the numbers of unemployed for less than six months fell in the latest three-month period, the figures in both the six to 12 month category and the category covering those unemployed for over 12 months have increased, by 10.2 and 4.7 per cent respectively.

According to the ONS, the figures for those unemployed for over 12 months are the highest since the three months to the end of November 1997, with some 631,000 people currently in this category. We might expect long-term unemployment to continue to rise for a period, even after the economy is officially out of recession, but these figures will be a concern for policy-makers.

Economic inactivity

On the surface, the figures for economic inactivity appear worrying, with a slight rise in both the numbers and the rate for this large category. However, according to the ONS, most of the rise is accounted for by students. The numbers of people giving ‘education’ as a reason for economic inactivity rose by 81,000 on the quarter, a 3.7 per cent change, and 218,000 on the year, a rise of 10.8 per cent. This may well be linked to Government efforts to provide extra places in education for young people.

‘Economic inactivity’ covers those people who are neither in work nor unemployed, those who want a job but have not been seeking work in the last four weeks, those who want a job and are seeking work but are unavailable to start work, and those who do not want a job. Alongside full-time education, the other main reasons for economic inactivity are long-term sickness and looking after the home or family. Students make up around 28 per cent of those classified as ‘economically inactive’, as do those looking after the family or home, while the long-term sick comprise around a quarter of the people in this category.

Labour market statistics, January 2010

	Reference period	Levels	Rate (%)	Change in levels	Change in quarterly rate (%)
Employment	Sept to Nov 2009	28,921,000	72.4	-14,000	-0.1
Unemployment	Sept to Nov 2009	2,458,000	7.8	-7,000	0
Claimant count	December 2009	1,606,500	5.0	-15,200	0
Economic inactivity	Sept to Nov 2009	8,046,000	21.2	+79,000	0.2
Redundancies	Sept to Nov 2009	182,000	7.3	-31,000	-1.2
Vacancies	Oct to Dec 2009	448,000	1.7	+16,000	0.1

Source: ONS

Average Weekly Earnings

The Office for National Statistics (ONS) has introduced a new earnings measure, Average Weekly Earnings (AWE), which replaces the AEI as the official measure of earnings growth. The first of our analyses of the monthly AWE figures appears on page 28 in the Datacheck section of this issue. Here, however, we look at the way in which the first official release of the AWE figures and the media response to it provided an insight into the way the statistics can be used, and abused.

The AWE is the new official earnings figure, and its introduction has caused some confusion among those familiar with the old Average Earnings Index (AEI) measure. As an introduction to the series:

- The AWE is primarily a measure of earnings growth, along the same lines as the AEI
- As well as measuring earnings growth, the AWE also provides a cash estimate for weekly average earnings levels in sections of the economy
- Where the AEI had only two series, including and excluding bonuses, the AWE has three: total pay, regular pay and bonus pay, with both cash levels and annual percentage growth figures available for all three series. The total pay measure, which includes both bonuses and regular pay, is the headline measure, which means it takes prominence in the ONS' releases. This demonstrates the extent to which private sector earnings are dependent on bonus fluctuations
- Another feature of the AWE is the extent to which it takes into account changes in workforce composition. Where the AEI updated figures on the composition of the workforce once a year, the AWE does so on a monthly basis. This development is a welcome change, especially in a recession, as it gives an idea of the extent to which, for example, employees have left higher-paying jobs and taken lower-paying ones, or moved into part-time work. It does, however, leave the headline figures open to misinterpretation (see below).

Current AWE figures

Immediately after the release of the new figures, journalists reported a 3.8 per cent increase in public

sector earnings growth. However, this figure is misleading, as it is affected by the reclassification of nationalised banks from the RBS and Lloyds groups into the public sector. The influx of a large number of higher-paid private sector financial workers with different pay structures added artificial growth to public sector earnings (see text box). The ONS releases another series showing average public sector earnings excluding financial services, which showed more modest 2.8 per cent growth. We consider that this figure excluding the nationalised banks gives a more accurate picture of earnings in the public sector, and will report it on a monthly basis in place of the figure including the banks.

Invidious comparisons

As with any set of statistics, the AWE can be misinterpreted, and any conclusions drawn from it require careful scrutiny. The first AWE release was met by a series of newspaper articles that pointed to an apparent pay gap between public and private-sector employees. In most cases, these presented a view of a protected public sector in contrast with the recession-hit private sector. The flaws in these pieces began with, but were not limited to, the use of the public sector earnings figure skewed by the reclassification of the nationalised banks.

The IDS view has always been that direct comparisons on pay between the public and private sectors are invidious, due to the different profiles of the workforces (see page 12). The public sector workforce has a much higher proportion of professionals with qualifications, a higher proportion of women, and a far narrower pay range. It comprises only around 20 per cent of the UK workforce,

Average weekly earnings figures (November 2009)

	Weekly earnings £pw	Single month % change year on year	3-month average % change year on year
Whole economy	451	0.9	0.7
Private sector	447	0.1	-0.1
Public sector (excluding financial services)	453	2.6	2.8
All Services	436	1.0	0.9
Finance and business services	598	0.5	-0.2
Manufacturing	510	1.7	1.6
Construction	557	1.4	0.8
Distribution, hotels and restaurants	303	1.7	1.8

Source: ONS. Figures are seasonally adjusted, and include bonuses but exclude arrears.

compared to 80 per cent in the private sector, and is more specialised, with an obvious focus on vital services. Low-paying manual work is increasingly outsourced to the private sector, removing low-paying jobs from the public sector and placing them into the private sector, skewing both averages.

Nevertheless, sectoral comparisons based on the AWE are inevitable, particularly given the current debate over public spending. It is worth examining whether the statistics actually support the claim of a wide gap in earnings growth between public and private sector employees, and if so, what the reasons for this might be.

Public-private sector earnings

Even using the public sector earnings growth figure excluding financial services, the AWE data for November shows 2.8 per cent growth in the year-on-year three-month average figures, compared to a 0.1 per cent fall in the private sector.

The abrupt fall in private sector bonus levels in 2009 played a significant role in this change. All industries saw a fall in bonus levels during 2009, but the impact of this trend on earnings was much more noticeable in the private sector, where bonuses traditionally make up a significant proportion of overall earnings. For example, AWE data shows that in the three months to February 2009 bonuses in the finance sector, which significantly influence overall earnings figures, fell by almost 44 per cent from 2008 levels.

Furthermore, pay settlements in the private sector were generally lower in 2009 than 2008, with a median pay increase of around 2 per cent and around a third of settlements recorded as pay freezes. Earnings potential was further hit by a loss of shift earnings, overtime and the introduction of short-time working in some sectors such as manufacturing. By contrast, public sector earnings growth was steady, maintained by long-term pay deals currently centred on 2.5 per cent, alongside the regular hours necessitated by the nature of the services offered, and a much lower reliance on fluctuating bonuses.

Over the longer term, AWE time series data shows that public sector earnings lagged behind the private sector until the recession hit in the final quarter of 2008. For example, in April 2008, average weekly pay in the private sector was £445, while in the public sector it was £434. During 2009, private sector earnings growth fell behind that in the public sector, due to the higher volatility of earnings in the private sector, and changes in the composition of the workforce (see box). If the economy continues its gradual recovery and we see a bounce back in the level of bonus payments and longer working hours, it would be reasonable to assume that the private sector will bounce back in 2010/11 and restore its earnings lead once again.



For the latest AWE figures, please turn to our Datacheck section on page 28, or visit <http://www.incomesdata.co.uk/pay-employment-data/average-earnings.aspx>

Nationalised banks' effect on figures

In July 2009, several hundred thousand financial workers from the Lloyds and RBS groups were reclassified from the private to the public sector after governmental intervention in 2008. This changed the composition of the workforce in both sectors, removing significant numbers of highly-paid employees from the private sector and placing them into the public sector count. The effect of this on the earnings growth in each sector is measurable in a supplementary set of AWE figures, the 'decomposition tables'.

In the three months preceding the reclassification of Lloyds and RBS staff, from April to June 2009, the average 'employment contribution' effect on both public and private sector average earnings was -0.6 per cent. In other words, the workforces in both the public and private sectors each contained a slightly larger proportion of staff in lower-paying jobs than had been the case a year before. This effect was measured at exactly the same level in both the public and private sector workforce.

In the three months *after* the reclassification of Lloyds and RBS, the average 'employment contribution' effect in the private sector dropped sharply to -1.9 per cent, while the figure for the public sector increased to a positive 1.1 per cent. In this way a gap of around 3 percentage points in earnings growth between the public and private sectors appeared over the course of a few months, but far from it being caused by higher pay rises for public sector workers, it was caused at least partly by the reclassification of private sector financial workers into the public sector.

Stripping out this 'employment contribution' leaves the 'wages contribution' to average earnings growth – the pay element of AWE. In the latest analysis, the three months to November 2009, public sector pay was 2.3 per cent higher than it had been the previous year on the 'wages contribution'.

In the private sector, the 'wages contribution' was 1.9 per cent higher than it had been the previous year. This gives a public-private sector wage gap of 0.4 per cent, far smaller than the 3.9 per cent earnings gap on the headline AWE figure.

It would even be possible to argue that, far from the earnings gap illustrating an overpaid public sector, the increase to public sector earnings has been thanks to their ranks being swelled by an influx of highly-paid private sector workers.

Not all of the impacts from the employment effect are attributable to the reclassification of employees at nationalised banks. Other changes in the workforce, such as a shrinking finance sector and a growth in lower-paying sectors or part-time work would produce a similar effect. Nevertheless, the misleading coverage of the earnings gap between the public and private sectors demonstrates the value of looking beyond the headline figures.

What is the future of public sector pay determination?

In the run-up to the general election, both major parties have widely trailed their policies on public sector pay, with the focus on strict limits or freezes. However, relatively little consideration has been given to the effect of the policies on the mechanisms for determining public sector pay, and many questions remain over the detail of the policies as well. We examine the issues involved.

Pay determination in the public sector has become highly politicised as both pundits and politicians vie with one another to call for tougher and tougher pay limits for the next two or three years. In the rush to freeze or cap pay rises, politicians have shown little regard for longer-term issues of public sector pay determination, the review body process and the role of comparability with private sector pay developments. It seems almost inevitable that such short-termism will produce catch-up pay pressures over the next few years. It appears that tackling the public sector deficit takes precedence over any longer-term reward strategy.

In reality, the squeeze on public sector pay increases began long before the recession started, with a longer-term Treasury tightening of pay rises from 2005 onwards, after five years of catch-up. In successive years the Treasury has told the Pay Review Bodies and reward managers in the civil service to have regard to increasingly tight norms, descending from 2 per cent in 2007 to 1.5 per cent in 2008 to 1 per cent in 2009.

These tighter limits have been accompanied by the ending of the OME pay survey of private sector pay settlements, which was previously used to inform pay movements in the public sector, coupled with the ending of indexation formulas for the police and fire service, which provided a link to private sector pay movements. Increasingly the Treasury has seen the review body system as an extension of Government policy rather than an independent form of evidence-based pay setting. And while paying lip service to the idea of local pay determination, centralised control has become ever firmer.

Incomes policy

The recession has brought a sharp turn in Government policy on public sector pay, with a move from firm exhortation to command, and with it the introduction of what is effectively an incomes policy for the public sector. Both Labour and the Conservatives are talking about pay limits or freezes for 2010 through to 2012/13.

For certain groups not in long-term pay deals, the biggest of which are the 1.3 million employees in local government in England and Wales, Labour's policy will mean limiting new pay rises to 1 per cent in each of four years from 2009 to 2012.

For 2010 there will be three strands to policy outcomes, as follows:

- Increases of 2.3 to 2.5 per cent for those in the third stages of three-year deals (NHS, teachers, police) – covering approximately 2.4 million employees
- Increases of between 0 and 1 per cent for all other groups – covering approximately 3.4 million employees
- Pay freezes for the senior staff across the whole public sector – covering approximately 50,000 employees.

Then, for 2011 and 2012, Labour would 'seek to ensure that all public sector pay settlements be capped at 1 per cent', with the only exception being the armed forces. The Conservative alternative to this is a pay freeze for the year April 2011 to March 2012 with exemptions for the armed forces and those earning less than £18,000 a year. This appears to be a clever move, aimed at securing a measure of industrial peace by what might be termed a 'fairness agenda'.

However it is by no means clear what rises might be available to those earning under £18,000, or how they might be determined. There are significant numbers of public servants earning below £18,000 a year, including around 20 per cent of civil servants. Just below half of the 1.3 million staff covered by the local government NJC for England and Wales are estimated to be on less than £18,000, including school support staff. Many NHS staff are on or below this amount as well.

In summary then, severe restrictions on public sector pay rises will be in place for the four-year period from 2009 to 2012, with pay rises capped at 1 per cent or frozen, depending on earnings. Some employee groups will be limited to 1 per cent for four years, while senior staff might have pay frozen for two years.

What does 'frozen' mean?

A key issue that needs to be clarified is whether policy is about basic pay rises or whether freezes and limits apply to progression payments as well. Would promotion be frozen or would salary rises on promotion still take effect? If employers want to fast track certain groups of employees, would this mean appropriate salary rises could be paid?

The policy already seems to be affecting local government, with the employers' side of the NJC announcing their intention to make a zero award on basic pay for 2010. At this stage, the 'freeze' does not appear to include progression increases, which according to the Local Government Employers (LGE) amount to around 1¼ per cent of councils' paybills.

In the case of review body groups such as teachers or nurses, progression through scales to reflect increased effectiveness and experience is treated separately from annual pay rises and will probably be ring-fenced, while basic annual rises may be capped at 1 per cent or frozen, depending on which policy is in force.

However, it needs to be borne in mind that many school teachers are now on scale maximums and therefore no longer eligible for progression increases.

In the case of the civil service, the Treasury has recently issued guidance for pay in 2010 which limits basic increases to 1 per cent and simultaneously limits overall rises to staff in post to 2 per cent, therefore restricting the element for progression to 1 per cent. Alternatively this can be seen as allowing 2 per cent for progression with no new money for pay rises, as has been the case for many civil servants in recent years. This has meant some staff who are on scale maximums receiving no increase at all – even before current policies came into play.

Lessons from the previous recession

Towards the end of the 1990-93 recession, the Conservative government announced a pay limit of 1.5 per cent to apply to all public sector groups for the year from April 1993 to March 1994. RPI inflation had dropped to 1.2 per cent in 1993 and virtually all groups agreed rises of 1.5 per cent. As part of the detail of this policy the Government stated that progression increments under existing terms and conditions were not included in the limit.

Guidance issued at the time said that increments which are 'automatically payable under existing contracts are not included in the 1.5 per cent ceiling but are in the base paybill to which the 1.5 per cent is applied. Similarly, payments under existing performance or other incentive schemes should continue within the existing total paybill.'

The Government then followed this up with the instruction that all public sector pay rises for the foreseeable future had to be funded from within existing paybill budgets, leading to widespread job cuts and as time passed, severe staffing issues in many parts of the public sector.

The public sector pay cycle

For the last fifty years there has been a cycle of squeeze followed by catch-up in the relationship between public and private sector pay. The incomes policies of the 1970s meant that the public sector fell behind the private sector. This was remedied in 1979/80 by the Clegg comparability awards – the scale of which, around the 20 per cent level, reflected the degree to which public sector pay fell behind in relative terms.

Thereafter public sector pay fell behind again, but there was some catch-up via market supplements in the boom years in the late 1980s. Subsequently pay in the public sector fell back in the 1990s and the Labour Government instigated a catch-up period in 2000. This

was initially in the form of recruitment and retention payments, but some new money came through from modernisation programmes such as Agenda for Change in the NHS. The current squeeze on the public sector began in 2005 and now looks set to go on to at least 2013.

The longer-term implications

The tightening of public sector pay policy towards a cap of 1 per cent or a pay freeze has longer-term implications which need to be considered. In particular, the independence of the Pay Review Bodies has been thoroughly challenged. The Treasury has sought to instruct the Pay Review Bodies to accept Government policy having added affordability and meeting the inflation target to their remits. This has undermined the original remit to set salary levels sufficient to motivate, recruit and retain.

Formal comparability with developments in the private sector is no longer seen as acceptable. Comparability with other public sector groups has been encouraged, but this has been problematical as some civil service pay settlements have defied accurate summation. Pay indexation formulas for the police and fire service have been ended without an agreed approach to a new pay determination system in each case.

The Booth inquiry concluded that a pay review body might be appropriate for the police, but the Police Federation turned this down on the basis of HM Treasury control of the process and the negative feelings of some unions to their Review Body status. It has also been mooted that other groups such as school support staff or even social workers might gain PRB status (or something like it) as well.

On a number of occasions over the past decade or more, Governments have stated their belief in devolved decision making and increased local level pay bargaining. The experiment with Trust level pay bargaining in the 1990s was clearly a failure and lessons were learned about moving away from national frameworks. However there is a clear conflict with a policy of encouraging more local approaches and an increasingly centralised control of pay that comes with caps and pay freezes.

In certain areas of the public sector pay reform is either due now or will take place shortly. A case has been made for experienced social workers to be paid higher salaries to keep them in front line jobs and a Royal College of Social Work has been proposed, but new initiatives may be cut short by the proposed incomes policies of the two main political parties. Elsewhere, a large number of school teachers in England and Wales are now on scale maximums and some reform of the scale structure might be appropriate. Approaching 400,000 school support staff are now to have their terms and conditions set by a new School Support Staff Negotiating Board under the auspices of the Office of Manpower Economics, although it is not clear yet what

the implications are of withdrawing this large group from the NJC for local government.

The peculiarities of the civil service pay system, which combines basic pay rises and progression payments into a single figure based on the 'increase for staff in post', will be further challenged by current and forthcoming policy. Many staff have not received a rise in basic pay for some time as any new money has gone into progression. In addition there are large numbers of staff on scale maximums and they have been experiencing pay freezes for some time anyway.

Equal pay issues have been at the centre of a great deal of reform in recent years. Having been an important midwife of change – across local government, the NHS, the civil service and in higher education, it is now seen in a more negative light. The costs of litigation have been enormous and disputes over equalising downwards have been widespread. Single status has been very difficult to achieve and some have yet to complete the task. Meanwhile pay reform does continue with shorter scales and new progression arrangements often to the fore.

Long-term pay agreements were rare in the public sector before 2000. Then the Government encouraged their spread in the context of financial planning in a period of catch-up. This was exemplified by the three-year deal for teachers in Scotland that gave a total increase of 23 per cent from 2000. The current crop of long-term deals are coming to an end in 2010, with new pay deals due in 2011. When they were set the 2.5 per cent level was perceived to be rather low. Now, in the context of recession and austerity, they look high. There has been a clear signal that long-term pay arrangements are no longer the way forward in the current period of uncertainty.

The reform of top pay in the public sector has become a major issue. The Government has now brought forward rules for disclosure of named individuals earning more than £150,000 a year in local government. This is undoubtedly a central issue for whichever party wins the coming general election.

Pension reform is back at centre stage for the public sector. Here the issue is again a political football with wide exaggeration of the value of the average public sector pension. One newspaper recently claimed this is £17,000 a year rather than the £5,000 figure which is estimated by the Treasury. The focus shifts between career average pensions, the reform of pensions for the highest paid public servants and what should happen to part-time, low-paid workers with little or no pension provision.

Market supplements have been introduced in previous periods when pay was tightly controlled but recruitment and retention issues came to the fore. Long before the pressure for catch-up awards becomes overwhelming, individual employers introduce market supplements for certain groups to retain their skills or to fill vacancies. They can also be introduced under incomes policy restraint, without becoming public knowledge.

Collective bargaining or Review Bodies?

The number of public sector employees whose pay is set by pay review bodies has increased in recent years, particularly since all NHS employees are now part of the system. This change occurred in 2007 in recognition that all staff below doctors and dentists had become part of a single pay system – Agenda for Change. The numbers covered by traditional collective bargaining have shrunk proportionally, but they are still a majority. And both the police and the firefighters, who had pay indexation based on private sector pay movements, now have collective bargaining again.

There is no clear policy from the current Government or the opposition about which way they would like to go on pay determination systems. The Review Body system has expanded in an ad hoc way, partly in response to industrial action in years gone by (for nurses and teachers) and in response to changing pay systems (the NHSPRB). There might be some logic to offering review body status for certain professional groups such as the police, the fire service and the social workers, but in the current political and economic climate of pay caps and freezes any overtures in this direction might be rejected. The newly created SSSNB for the school support staff is neither collective bargaining nor Pay Review Body but this may change shape as it begins its work.

Review Bodies' independent role

Even though professional bodies, unions and employees have voiced criticism of the review body awards in recent years, the system is still seen to have merits. Invariably there is some subtlety in the recommendations which frequently give key groups in the remit significant pay adjustments in response to market developments. The review body process allows for independent thinking that can act as a corrective to Government demands. The NHS review body has challenged Government thinking that progression pay should be combined with any basic award. The school teachers review body has challenged Government thinking on local pay determination for teachers, asking what might happen to schools if a market in teachers evolved.

Economic growth and the pay cycle

A return to economic growth over 2010 to 2012, with earnings growth in the private sector returning to 3.5 or 4.5 per cent, will force the hand of whoever is in Government in 2012. At some stage recruitment and retention issues will emerge and there will be 'special cases' which require action. Indeed, the recent report recommending higher salaries for senior social workers has already created a 'special case' which demands action despite the pay limits. In any event reward strategy is about more than basic pay rises. It is concerned with career development and pay progression, morale, equal pay and pay structures, market salaries and recruitment and retention – all of which need consideration in a period of forced austerity.

Pay structures

This section provides details of changes to pay and conditions under the terms of the latest pay settlements in a selection of companies, public sector organisations and industries. We detail current pay structures, with latest rates of pay for all grades, and progression systems wherever they apply. Shift premiums and other relevant allowances or bonus payments are also highlighted. The summary heading for each agreement provides details on the percentage level of the latest pay rise, company or industry location, the categories of employee covered, numbers employed, and trade union involvement.

Thermal Insulation Contracting NJC

Industry	Construction
Location	UK
Employees	Labourers, asbestos removers, thermal insulation engineers
Nos of employees	6,000
Employers	Thermal Insulation Contractors' Association (TICA)
Unions	GMB, Unite (TGWU)
Basic pay increase	6% (3rd year of 3-year deal)
Effective date	1 January 2010

Summary Basic hourly rates have increased by 6 per cent from 1 January 2010 in the third year of a three-year deal. Holiday pay, sick pay, overtime and apprentice rates also rose in line with the general increase, as did lodging and London daily allowances. Annual holiday entitlement increased from 23 days' paid with an additional two days unpaid, to 25 days' paid leave.

Last year, in the second year of the deal, basic hourly rates were increased by 6 per cent from 1 January 2009.

Pay structure at 1 January 2010

	Basic rate £ph
Labourer	10.22
Asbestos remover	11.12
Thermal insulation engineer	12.02

Actual minimum rates These basic hourly rates are the actual minimum rates which most companies pay, although there are additional productivity bonuses paid on top.

Overtime Overtime rates for premium hours have increased by 6 per cent to: labourer, £9.20; asbestos remover, £10.01; and thermal insulation engineer, £10.82 an hour.

Lodging and tool allowances The lodgings allowance rose from £33 to £35 a day and the tool allowance increased from £3.61 to £3.83 a week, both in line with the general increase.

Travel allowances Travel allowances have increased from 1 January 2010 and now range from £2.94 a day for distances between 5 and 10 miles to £21.52 a day for a labourer and £22.41 for a thermal insulation engineer travelling distances between 30 and 35 miles. For distances over 10 miles the total allowance is made up of a taxable and a tax-free element. The taxable element rose in line with the general increase while the tax-free element rose in line with the travel element of the RPI for October 2009. The London daily allowance rose in line with the general increase to £1.52 a day.

Apprentices Apprentice rates were increased by 6 per cent to the following hourly levels: first year, £5.17; second year, £7.57; and third year, £10.22 an hour. Since January 2008, apprentices receive the same rate of pay irrespective of age.

Hours and holidays The basic working week is 38 hours. Paid holiday entitlement increased from 23 days' paid leave and an additional two days unpaid to 25 days' paid leave, effective from 1 January 2010. The daily rates of holiday pay increased by 6 per cent to the following rates:

Holiday pay at 1 January 2010

	£ a day
Labourer	97.20
Asbestos remover	105.77
Thermal insulation engineer	114.35

Sick pay Sick pay is payable from the eighth day of incapacity from work up to a maximum period of 52 weeks for any one claim. Weekly sick pay has increased in line with the general increase to £90 a week for weeks one to 26 and £80 a week for weeks 27 to 52.

Pink Book agreement The National Agreement for Thermal Insulation Contracting, referred to as the Pink Book, covers all the terms, conditions and working rules for the industry. It closely follows the NAECI 'Blue Book' agreement, which covers the terms and conditions of Engineering Construction projects. Thermal insulation workers often work on NAECI contracts and chop and change between the two agreements.

Previous IDS references *Pay Report 1039, p.5; 1018, p.26; 1017, p.4.*

Lafarge Cement

Industry	Cement manufacture
Location	UK
Employees	Process, craft and staff grades
Nos of employees	1,033
Unions	Unite, GMB, British Cement Staff Association
Basic pay increase	Pay freeze
Effective date	1 January 2010

Summary Basic rates and allowances have been frozen for 12 months, effective from 1 January 2010. Last year, basic rates were increased by 4.32 per cent in the third year of a three-year deal, effective from 1 January 2009.

Pay structure at 1 January 2010

Job examples	Minimum £pa	Actual/ midpoint £pa	Maximum £pa
Administration assistant	17,790	22,412	26,894
Multi-skilled process operator	17,790	24,871*	26,894
Multi-skilled senior process operator	22,053	27,376–29,565*	33,080
Multi-skilled craftworker	22,053	29,565*	33,080
First line supervisor	27,125	33,364	40,688
Engineer	33,364	41,705	50,045
Senior department manager	41,037	51,297	61,556
*Average actual salary			

Progression Pay progression for process and craft grades is through a business performance-based gainshare scheme. Skills and qualifications determine the salary progression of new-starters, but only until they reach the recognised competence level for their job role. Once this is achieved all further progression through the structure is based solely on business performance.

Shift allowances Shift allowances vary according to work pattern. For example, those working on a seven-day/24-hour continuous rota receive an annual allowance of £6,889. Employees working a two-shift, Monday to Friday pattern are paid an allowance of £1,991 a year.

Hours and holidays Employees work 37 hours a week. Holiday entitlement starts at 25 days a year and rises with service to 26 days after six years, 27 days after 12 years, 29 days after 19 years and 30 days after 24 years' service.

Previous IDS references *Pay Report 1042, p.4; 1019, p.24; 994, pp.4 & 26.*

Department for Business, Innovation & Skills

Industry	Central government
Location	UK
Employees	Administrative, support, specialist and managerial staff
Nos of employees	2,735 approx
Unions	PCS, Prospect, FDA
Basic pay increase	2.38% on paybill
Effective date	1 August 2009

Summary In the most recent pay award at the Department for Business, Innovation and Skills paybill growth was 2.38 per cent, effective from 1 August 2009. This review covers former Department for Business, Enterprise and Regulatory Reform staff only, while the pay for former Department for Innovation, Universities and Skills staff will be reviewed separately.

Pay scales were frozen at 2008 levels, but some scales were shortened and staff received a progression increase equal to either one or two steps in the pay range, depending on individual performance assessment. In addition to the basic pay structure, there is a system of pay enhancements for certain roles to reflect the market value of specialist skills over the administrative equivalents.

In 2008, paybill growth at the Department for Business, Enterprise and Regulatory Reform was 3.7 per cent.

Pay structure at 1 August 2009								
Band	Range	Old civil service grades	National			London		
			Min £pa	Target £pa	Max £pa	Min £pa	Target £pa	Max £pa
A	2	Administrative assistant	13,605	14,613	15,117	17,105	18,113	18,617
A	4	Administrative officer	16,325	17,785	18,369	19,825	21,285	21,869
B	6	Executive officer	18,763	22,503	23,523	22,263	26,003	27,023
B	8	Higher executive officer	23,570	28,124	29,366	27,070	31,624	32,866
C	9	Senior executive officer	28,741	35,321	37,201	32,241	38,821	40,701
C	10	Grade 7	40,686	49,534	52,062	44,186	53,034	55,562
C	11	Grade 6	50,043	60,753	63,813	53,543	64,253	67,313
	FS	Fast stream (including economists, statisticians)	22,300	27,300	28,300	25,800	30,800	31,800

Basic award As part of the 2009 pay award, pay scales were frozen at 2008 levels. The scales for AA, SEO, grade 7 and grade 6 were shortened by removing the bottom step. New scales for the AO, EO and HEO grades were also created, removing the two levels that previously existed within each of these grades.

Pay structure Step-based performance-related progression through the pay scales has been retained. In the AA grade, there are six steps from the minimum to the maximum. In the AO grade, there are seven steps, in the EO and HEO grades there are 14 steps and in the fast stream grade there are 12 steps. In the highest grades (SEO, grade 7 and grade 6) there are 18 steps to the maximum.

Progression Progression through the pay scales whilst below the target rate is one step for 'improvement needed' and two steps for 'successful' and 'highly successful' performers. Staff at or above the target rate with a 'successful' rating received one step of their progression award on a consolidated basis and another on a non-consolidated basis. Those with a 'highly successful' rating receive two steps consolidated and those with an 'improvement needed' rating receive one step on a non-consolidated basis.

Performance awards The table shows the value of consolidated performance awards payable for 'highly successful' performance.

Performance awards at 1 August 2009	
Range	Award £pa
AA	650
AO	754
EO	858
HEO	1,040
SEO	1,196
Grade 7	1,612
Grade 6	1,950
FS	1,040

Specialist pay enhancements

In addition to the basic pay structure, there is a system of pay enhancements for certain roles to reflect the market value of specialist skills over the administrative equivalents. All of these enhancements were increased by 0.5 per cent from 1 August 2009.

Specialist pay enhancements at 1 August 2009		
Specialist area	Enhancement £pa	
	National	London
Accountant	784 to 4,626	1,255 to 8,882
Aerospace	–	3,543
Economist	2,921 to 10,555	2,921 to 10,555
Electrical engineer inspector	–	12,748
Electronics	–	6,863 to 8,083
Electronics engineer (electronics)	–	3,680 to 13,715
Electronic engineering	–	6,345 to 8,083
Electronic scientific	–	6,345
Engineering, professional, technical and construction	–	6,863
Government Social Research (GSR)	4,984 to 6,153	2,452 to 7,445
HR business partner	–	4,122
Information	3,953 to 6,153	5,041
Internal audit	–	2,541 to 8,899
Investigation officer	2,007	2,007
IT intelligent customer function	6,344 to 10,925	6,344 to 10,925
Lawyers	2,338	2,338
Librarianship	6,344	6,344
Mapping and charting	3,893 to 4,986	4,065 to 5,149
MENTOR advanced user	542	1,082
Operational research	–	4,065 to 8,270
Procurement	1,721 to 4,583	1,721 to 4,583
Professional and technical	3,953 to 7,886	4,065 to 7,687
Scientific	3,953 to 6,153	4,065 to 5,149
Statistician	2,452 to 10,555	2,452 to 10,555
Technical assessor (senior)	–	3,807
Telecoms	–	6,345 to 13,715
Typing/secretarial	712 to 1,748	712 to 1,748

London differential

The London differential – the difference between London ranges and those outside London – remains at £3,500 for all pay ranges. The size of steps and performance awards is the same for both London and national pay ranges.

Hours and holidays

Basic hours of work are 37 a week (36 in London). Basic holiday entitlement is 30 days annual leave on entry.

Previous IDS references

Pay Report 1011, p.18; 'Pay in the public services 2009', p.62.

Morrisons

Industry	Retail
Location	UK
Employees	Retail staff and managers
Nos of employees	100,000
Union	USDAW
Basic pay increase	2%
Effective date	5 October 2009

Summary This year's agreement increased basic rates for retail staff by 2 per cent from 5 October 2009. Changes will also apply to service-related holidays and sick pay entitlement, effective from 5 April 2010.

Last year, in a two-stage agreement, all weekly rates for full-time retail staff increased by £10 a week (pro-rata for part-time workers) from 1 October 2008. In the second stage of the agreement, effective from 1 February 2009, sales assistants and checkout operators moved onto a single established rate.

Pay structure at 5 October 2009 – retail staff								
Grade	Area 4 (formerly provincial)		Area 3 (formerly southern)		Area 2 (formerly London)		Area 1	
	Starter £ph	Established £ph	Starter £ph	Established £ph	Starter £ph	Established £ph	Starter £ph	Established £ph
Junior rates								
Cleaner	4.52	5.20	4.66	5.20	5.18	5.40	5.18	5.40
Sales assistant (16/17)	4.52	5.20	4.66	5.20	5.18	5.40	5.18	5.40
Check-out operator (17)	4.52	5.41	4.66	5.41	5.18	5.53	5.18	5.53
Adult rates (18+)								
Cleaner	6.00	6.12	6.00	6.27	6.20	6.45	6.20	7.02
Sales assistant	6.00	6.12	6.00	6.27	6.20	6.45	6.20	7.02
Check-out operator	6.00	6.12	6.00	6.27	6.20	6.45	6.20	7.02
Night assistant*	8.00	8.16	8.00	8.36	8.26	8.61	8.26	9.36
Fork-lift truck driver	6.00	6.27	6.00	6.42	6.36	6.60	6.36	7.17
Fork-lift truck driver (nights)*	8.00	8.36	8.00	8.56	8.48	8.81	8.48	9.56
Baker/butcher (skill level 3)	6.60	6.72	6.60	7.05	7.02	7.21	7.02	7.62
Skilled baker/butcher (skill level 2)	6.85	7.12	7.34	7.90	7.82	8.06	7.82	8.06
Craft baker/butcher (skill level 1)	7.30	7.49	7.58	8.04	8.46	8.73	8.46	8.73
Shift supervisor	6.50	6.63	6.50	6.80	6.80	7.10	6.80	7.53
Enhanced FT supervisor	7.00	7.28	7.29	7.85	7.77	8.12	7.77	8.33
Meat supervisor	7.50	7.88	7.86	8.50	8.40	9.02	8.40	9.04
HR clerk/admin	6.00	6.12	6.00	6.27	6.20	6.45	6.20	7.02
Customer service desk	6.00	6.12	6.00	6.27	6.20	6.45	6.20	7.02
*Night rates include a 33 per cent premium								

Hours and holidays The standard working week is 39 hours. The current holiday entitlement is 20 days plus eight statutory days, increasing by five days after six years' service. Service-related holiday was modified under the agreement and from 5 April 2010 the qualifying period will be reduced from six to five years' service.

- Company sick pay** The current company sick pay entitlement of 85 per cent of salary will be increased to 90 per cent from 5 April 2010.
- Staff discount** From November 2007, an enhanced discount scheme was introduced for employees, plus one nominated household member. The scheme provides a discount of 10 per cent off eligible items including food, to a maximum value of £650 a year, to a spending limit of £6,500 a year.
- Skilled and craft rates** The agreement provides for a minimum gap of 60 pence an hour between butchers and bakers rates and the adult established sales assistant rate. Skilled and craft butchers and bakers were also awarded an additional increase of 20 pence an hour from 5 October 2009.
- Previous IDS references** *Pay Report 1036, p.4; 1009, p.4; 992, p.24; 982, p.3.*

Leigh's Paints

Industry	Paint and coating manufacture
Location	Bolton
Employees	Manual, white-collar and managerial staff
Nos of employees	265
Unions	None
Basic pay increase	Pay freeze
Effective date	1 January 2010

- Summary** Pay was frozen for all employees under this year's review, effective from 1 January 2010. Last year basic salaries were increased by 4 per cent across the board, effective from 1 January 2009.

Pay structure at 1 January 2010 – production workers

Length of service	£pw
Temporary employee	265.31
Permanent employee	285.37
Six months' service	308.96
Twelve months' service	332.55

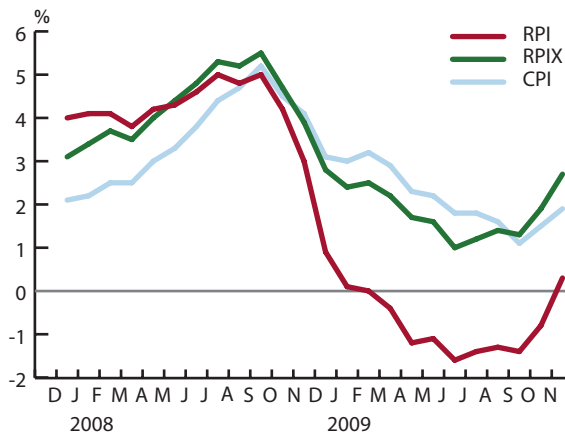
- Shift pay** Employees working a double-day shift pattern receive a premium worth 15 per cent of their weekly earnings.
- Overtime** Overtime hours worked on weekdays, and during the first four hours on a Saturday, are paid at the rate of T+½. All other hours worked at weekends are paid at 2T.
- Medical insurance benefits** As part of last year's review the company improved medical insurance benefits for all employees. Employees are covered under the Bolton & District Hospital Saturday Scheme, membership of which was increased to level 2 providing an improved level of cover for a wider range of circumstances.
- Bonus** Employees are eligible to receive a bonus based on profit-share, with the bonus paid out on an equal share basis. There was no bonus paid out this year. Last year's bonus payment for eligible employees was £1,673, paid in January 2009.
- Hours and holidays** The basic working week is 37.5 hours. Basic annual holiday entitlement is 25 days with additional service-related holiday rising by one extra day after each five years of service, up to a maximum of 30 days' holiday a year after 30 years' service.
- Previous IDS references** *Pay Report 1042, p.5; 1018, pp.4 & 21.*

Inflation

Inflation measures (December 2009)

Retail Prices Index (RPI):	2.4 per cent
RPIX excluding mortgage interest payments:	3.8 per cent
Consumer Prices Index (CPI):	2.9 per cent
Next release dates:	16 February, 23 March

Inflation rates: RPI, RPIX and CPI



Source: ONS

In the year to December 2009, the all-items Retail Prices Index (RPI) rose by 2.4 per cent, up from 0.3 per cent in the year to November. This sharp rise, which exceeded all forecasts, can be attributed to the sharp drop in the index 12 months earlier in December 2008, due to the reduction in the VAT rate from 17.5 to 15 per cent, sharp falls in the price of crude oil, and widescale pre-Christmas sales. In the year to December 2009, the RPIX – which excludes mortgage interest payments – rose by 3.8 per cent, up from 2.7 per cent in the year to November 2009.

The largest contribution to the monthly change in the RPI came from housing. Mortgage interest repayments were particularly influential, rising in the year to December 2009 but falling significantly a year prior to this. Motoring expenditure also provided a significant upward pressure to the monthly change due to significant falls a year earlier in the price of petrol, oil and diesel.

The main upward pressure on the annual RPI rate came from motoring expenditure which rose by 15 per cent in the year to December 2009. This was due to price increases in petrol and oil, motor vehicles and car insurance premiums. The prices of goods and services in most categories increased modestly, with

Retail Prices Index

(Jan 1987=100)		All items index	inc %
2008	January	209.8	4.1
	February	211.4	4.1
	March	212.1	3.8
	April	214.0	4.2
	May	215.1	4.3
	June	216.8	4.6
	July	216.5	5.0
	August	217.2	4.8
	September	218.4	5.0
	October	217.7	4.2
	November	216.0	3.0
	December	212.9	0.9
2009	January	210.1	0.1
	February	211.4	0.0
	March	211.3	-0.4
	April	211.5	-1.2
	May	212.8	-1.1
	June	213.4	-1.6
	July	213.4	-1.4
	August	214.4	-1.3
	September	215.3	-1.4
	October	216.0	-0.8
	November	216.6	0.3
	December	218.0	2.4

Source: ONS

the higher rises seen in household goods, leisure services and tobacco. The two exceptions were fuel and light and housing, where prices fell by 6.4 per cent and 4.1 per cent respectively.

The Consumer Prices Index (CPI), which excludes housing costs, rose by 2.9 per cent in the year to December, up from 1.9 per cent in the year to November 2009. This is the largest monthly increase ever recorded in the annual rate. The largest upward contribution to the monthly change in the CPI came from transport, mainly due to an increase in the prices of fuels and lubricants.

Register for our RPI e-mail-alert service

To receive a monthly e-mail from IDS on the day that the inflation rate is published, register at: www.incomesdata.co.uk/statistics/stat.htm

Quarterly all-items inflation forecasts at 7 December 2009

		BC	CB	CITI	DB	HSBC	LTSB	RBS	UBS	Average
		inc %	inc %	inc %	inc %	inc %	inc %	% inc	inc %	inc %
2009	4th quarter	1.4	0.9	1.2	0.5	1.1	0.7	0.9	2.0	1.1
2010	1st quarter	3.7	3.6	3.8	2.7	4.1	2.1	2.9	3.9	3.4
	2nd quarter	4.2	3.9	4.7	3.3	4.9	3.0	3.4	3.5	3.9
	3rd quarter	3.8	2.5	4.2	2.5	4.8	2.6	3.1	2.7	3.3
	4th quarter	3.4	1.6	3.8	2.7	4.7	2.8	2.8	2.2	3.0

Forecasters: **BC** Barclays Capital; **CB** Commerzbank; **CITI** Citigroup; **DB** Deutsche Bank; **HSBC** HSBC Financial Markets; **LTSB** Lloyds TSB Corporate Markets; **RBS** Royal Bank of Scotland; **UBS** UBS.

Average earnings

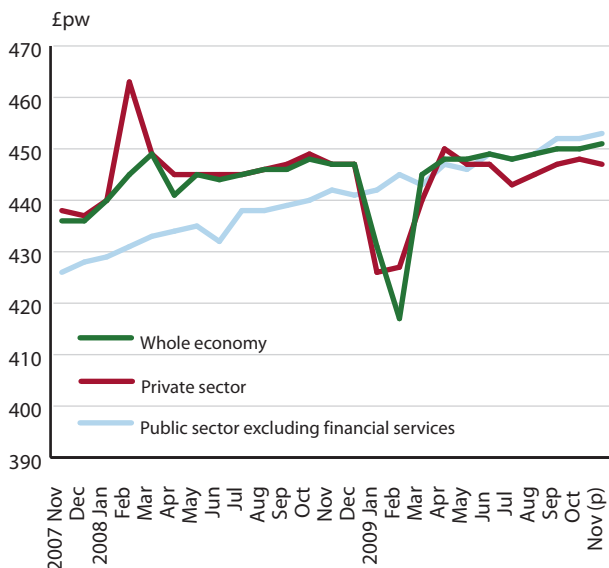
Average weekly earnings growth, November 2009

Whole economy:	0.7%	Finance and business services:	-0.2%
Private sector:	-0.1%	Manufacturing:	1.6%
Public sector excluding financial services:	2.8%	Distribution, hotels and restaurants:	1.8%

Next release date: 17 February, 17 March

Note: all figures are seasonally adjusted, and include bonuses but exclude arrears of pay. Percentage growth figures show a three-month average earnings figure compared to the same period the previous year.

Average weekly earnings



The Office for National Statistics has introduced a new earnings measure, Average Weekly Earnings (AWE), to replace the former measure, the AEI. For a summary of some of the features of the new series, and analysis of the differences between the figures for the public and private sectors, see page 16.

The new AWE figures show that average earnings for the whole economy in the three months to November 2009 were 0.7 per cent higher than in the same period the previous year. Downward pressures came from the private sector on aggregate, particularly in finance and business services.

The picture for 2009 was heavily influenced by the low bonus season. The headline figures released by the ONS are seasonally adjusted to highlight year-on-year trends, and this shows the effect of lower bonuses in the first quarter of 2009 compared to the previous year. The drop in bonuses, particularly in the influential finance sector, caused a drop in three-month annual average earnings for the whole economy of 1.9 per cent in February and April 2009, and 3 per cent in March. Lower bonuses continue to have an effect on annual earnings growth in the latest figures, for the year to November 2009. This is a

result of some payments for the 2008-09 bonus season having been brought forward to the last quarter of 2008.

Moderate increases in the public sector excluding nationalised finance and the manufacturing sector put upward pressure on earnings growth for the whole economy. The 1.6 per cent annual earnings growth in manufacturing in the three months to November 2009 is a significant figure. For much of the year, earnings growth in the sector was around 1 per cent or lower, under the influence of short-time working, and a loss of shift pay and overtime, as well as a significant proportion of pay freezes. The sector has now seen four successive single-month annual increases at 1.5 per cent or more, suggesting a gradual recovery in manufacturing earnings in the latter stages of 2009. A similar picture is visible in the distribution, hotels and restaurant sector.

As well as earnings growth figures, the new AWE measure also gives a figure for the average level of weekly earnings. On the seasonally-adjusted figure, this shows average weekly earnings of £451 for the whole economy in November 2009. Regular pay, excluding bonuses, was £424 on average, while the average bonus for the whole economy was £26 in November.

Looking at the sectoral breakdown for average weekly earnings highlights other interesting trends. For example, average earnings in the finance and business services sector were well above the whole-economy average at £598 in November 2009, even after a bad year for the City. This was almost double average earnings in the lowest-paying sector in the AWE breakdown - £303 a week in the distribution, hotels and restaurants sector.



For full, up-to-date details of average earnings index figures and growth rates by sector, please visit our website: www.incomesdata.co.uk/pay-employment-data/average-earnings.aspx

Whole economy average earnings			
Month	Weekly earnings (£)	Single month change year-on-year (%)	Three-month average change year-on-year (%)
Nov 08	447	2.4	2.9
Dec 08	447	2.6	2.8
Jan 09	431	-2.0	1.0
Feb 09	417	-6.3	-1.9
Mar 09	445	-0.9	-3.0
Apr 09	448	1.4	-1.9
May 09	448	0.8	0.5
Jun 09	449	1.2	1.2
Jul 09	448	0.6	0.9
Aug 09	449	0.7	0.8
Sep 09	450	0.8	0.7
Oct 09	450	0.4	0.6
Nov 09	451	0.9	0.7

Key statistics

Pay settlements

Reference data	Reference period	Median %	Interquartile range %
IDSPay.co.uk	3 months to end of January 2010	2.0	0 to 2.5

Inflation

Reference data	Reference period	Growth rate %	Index
Retail Prices Index (RPI)	Year to December 2009	2.4	218.0
RPIX	Year to December 2009	3.8	217.2
Consumer Prices Index (CPI)	Year to December 2009	2.9	112.6

Earnings growth

Reference data	Reference period	Growth rate %	£pw
Average weekly earnings, including bonuses *	Year to November 2009	0.7	451
Average weekly earnings, excluding bonuses *	Year to November 2009	1.1	424

* Seasonally adjusted series, annual growth in three-month average

Labour market statistics

Reference data	Reference period	Rate %	Level
Employment	September to November 2009	72.4	28,921,000
Unemployment	September to November 2009	7.8	2,458,000
Claimant count	December 2009	5.0	1,606,500
Economic inactivity	September to November 2009	21.2	8,046,000

Recent feature articles

	IDS Pay Report
Unsocial hours payments	1041
Pay in retail	1040
Inflation forecasts	1040
Pay in chemicals and pharmaceuticals	1039
Regional pay	1039
Age-related pay	1038
Equal pay in the public sector	1037
Pay in engineering	1036
Pay in hotels	1035
Pay in food, drink and tobacco	1035
Pay and bargaining prospects 2010	1034
Pay in call and contact centres	1033
Moving away from performance pay (case study)	1032
Pay in IT	1031
Pay in energy and water supply	1030
Pay in financial services	1029
Local government survey	1029
Pay in the motor industry	1028
Pay in housing and social care	1027
Pay for nursery staff	1026
National Minimum Wage	1025
Pay in the recession	1024
Holiday entitlement	1023

'Understanding Reward' feature articles

	IDS Pay Report
Paying for performance	1038
Pay transparency	1018
Monitoring pay awards: what's a settlement worth?	1017
Job levels	1015
Arbitration	1014
Inflation indicators	1011
Measuring changes in average earnings	1009
Total Reward	1003
Bonuses (Part 2)	1001
Bonuses (Part 1)	999
Staged and deferred pay deals	993
Moving to monthly pay	987
Measuring inflation	974
Towards a modern definition of 'pay drift'	970

'Occupational Focus' feature articles

Nursing staff	1039
Administrative staff	1037
Finance staff	1035
Logistics workers	1033
Communications/PR staff	1032
HR professionals	1021
Process operatives	1007
Drivers	983
Sales assistants	979

Research reports on pay from IDS

To order any of these titles visit www.incomesdata.co.uk or call Customer Services on 0845 600 9355

Pay and Conditions in Retail 2010

This report gives you a detailed picture of pay, benefits and other conditions in a wide range of retail organisations across the UK. It is based on detailed information from 71 leading retail companies employing over 1.4 million employees including sales assistants, supervisors and store managers.

ISBN: 978-1-847-03979-8 • Published December 2009 — £327

Pay and Conditions in Engineering 2009/10

This research report provides benchmark information on rates of pay for occupations in engineering, including craftworkers, team leaders and professional engineers. It also includes detailed analysis by sector, and a comprehensive directory of current pay rates and pay structures.

ISBN: 978-1-847-03975-0 • Published October 2009 — £295

Pay and Conditions in Call and Contact Centres 2009/10

This report contains the detailed findings on pay and conditions in call and contact centres from the thirteenth annual IDS survey of personnel and reward specialists across the sector. It provides you with in-depth information on pay levels and benefits for staff at 140 named call and contact centres, surveyed in summer 2009, to ensure you're working with the most up-to-date information available.

ISBN: 978-1-847-03971-2 • Published September 2009 — £299

Pay and Conditions in Housing and Social Care 2009

This comprehensive research report provides expert guidance on pay in both not-for-profit organisations and private sector companies in this fast-growing sector. The new 2009 edition includes information on pay rates, location payments, and hours and holidays, and in-depth analysis of pay ranges across a variety of job titles.

ISBN: 978-1-847-03966-8 • Published June 2009 — £299

Pay in IT 2009

Following the third IDS survey of pay for IT professionals in May 2009, this report provides benchmark information on IT salaries at a range of named organisations, and features the findings on pay progression, recruitment and retention, bonuses, salary increases, allowances and hours and holiday arrangements.

ISBN: 978-1-847-03969-9 • Published August 2009 — £273

IDS Pay Report is published by Incomes Data Services Ltd, an independent research organisation providing information and analysis on pay, conditions, pensions, employment law and personnel policy and practice in the UK and the rest of Europe.

IDS publications and electronic information services are used by thousands of businesses, large and small, and by government, trade unions, tribunals, consultants and researchers. Since its establishment in 1966, IDS has become the standard source of information for those working in the employment field.

© 2009 **Incomes Data Services Limited**. No part of this publication may be reproduced, stored or transmitted by electronic or other means except with prior written permission of Incomes Data Services Limited or, in the case of photocopying, under the terms of a licence issued by the Copyright Licensing Agency (tel 020 7631 5555). Extra copies of this publication can be purchased – call IDS Customer Services Department on 020 7449 1107.

Incomes Data Services Limited is registered in England & Wales, Company No 913794.
(Registered Office and address for service: 100 Avenue Road, London NW3 3PF.)

Printed by St Austell Printing Co, 41 Truro Road, St Austell, Cornwall PL25 5JE

IDS

Pay Report

1042 • February 2010

For subscription renewals and enquiries call Customer Services on 0845 600 9355 or visit www.incomesdata.co.uk.

Subscription gives you 24 issues a year and full access to www.idspayreport.co.uk which includes a comprehensive databank of agreements and pay structures featured in the journal.

A full index to the journal is available on the Pay Report page of the IDS website.

To access idspayreport.co.uk please request a password from www.incomesdata.co.uk/passwords.

