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Peter Boreham of the Hay Group says directors' bonuses need a fundamental rethink

Our first round-up of managerial pay reviews in 2009

Graduate pay and recruitment

CIPD surveys reward management

Job market focus on retail managers

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- analyses pay by named trust

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The monthly *IDS Executive Compensation Review* provides subscribers with ongoing, up-to-date information on all aspects of pay practice for managers and professionals. The service gives guidance on market trends for specific job functions, new ideas in reward strategy and the latest benchmarking data. Should you have any queries about items which have appeared in the Review, please contact a member of the research team and we will be happy to help.

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Information on articles published in the review can be accessed by visiting the 'pay data' page of the IDS website ([www.incomesdata.co.uk](http://www.incomesdata.co.uk)) and selecting 'indexes' on the information pages

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# IDS Executive Compensation Review

March 2009

<b>In brief</b>		
	Salary cuts at investment bank; RBS bonus settlement; pay freeze management 'badge of honour'; Aviva calls for halt to board pay rises; facilities managers	2
<b>Monitor</b>		
	<b>Management pay awards hit by recession</b>	4
	Results of our first quarterly round-up of managerial and professional pay reviews in 2009	
	<b>Graduate prospects not all doom and gloom</b>	7
	A look at what the latest surveys say about graduate recruitment trends and pay prospects	
	<b>Latest trends in reward management</b>	9
	A review of what the Chartered Institute of Personnel and Development's (CIPD) eighth annual reward management survey has to say about pay practice and strategy	
<b>In practice</b>		
	<b>DMGT abandons long-term incentive awards</b>	12
	A case study describing how the Daily Mail and General Trust (DMGT) has shifted the emphasis of boardroom remuneration from long- to short-term incentives	
<b>Survey round-up</b>		
	Non-executive fees: MM&K	15
	Distribution and transport: Croner Reward	16
	Housing association pay: Inbucon	17
<b>Job market</b>		
	<b>Retail managers</b>	18
	This month's job market focuses on retail managers, finding some areas are still expanding	
<b>Speaker's corner</b>		
	<b>Executive directors' bonuses in a downturn</b>	21
	Peter Boreham of the Hay Group suggests boardroom bonuses need a fundamental rethink	
	<b>Stats &amp; facts</b>	24

Typical salaries for management consultants working in and around London ranged from £28,000 at analyst level to £85,000 for managing consultants, while rates for directors were around £195,000. The figures, given in a January market review by recruitment consultancy Beament Leslie Thomas (BLT), also found hiring had slumped and staff turnover fell to single figures. Despite the slump, there remain job opportunities in the energy and public sectors

This year, bonuses will be down 70 per cent on 2007 peak levels, estimates the Centre for Economic and Business Research (CEBR). Pay in financial services is too high, says CEBR, because of a lack of competition and systems that reward excessive risk. The CEBR believes a more competitive market will curb excess bonuses and forecasts awards will fall to 48 per cent of peak levels by 2012

Both permanent and temporary job vacancies declined steeply during January 2009, finds the latest labour market report from KPMG and REC. Demand for permanent professionals and executives moved down to minus 28.6 on the REC index, significantly below the static market position indicated by 50

### Voluntary salary reduction at investment bank

London-based senior staff at investment bank CLSA Asia-Pacific have voluntarily, along with their colleagues worldwide, opted to cut their salaries by up to a quarter from 1 January 2009. The plan invited senior executives earning over £120,000 to take a salary cut of either 15 per cent, 20 per cent or 25 per cent for a 12 month period which will be restored along with a special bonus if certain targets are met. A survey by the bank found that 80 per cent voted to accept one of the three options with the majority choosing the biggest reduction. CLSA Asia-Pacific is the equity brokerage arm and subsidiary of Credit Agricole employing around 500 employees mainly in Hong Kong with 30 executives in London. While it does not pay investment banking level rates, top staff can receive annual basic salaries of up to £190,000.

Under the proposals, salary repayments and bonuses are linked to meeting a cost to income ratio target which must be 50 per cent or below every month. If the target is fulfilled, those opting for the 15 per cent reduction receive the sacrificed salary plus a 7 per cent bonus per month; those giving up 20 per cent receive foregone salary plus a 17 per cent bonus; and those taking the 25 per cent cut have their salary restored along with a 25 per cent bonus. The payments will be made quarterly. Those who declined to take part would not be penalised, but will not receive the annual company bonus. A similar programme was introduced in 2003 when a downturn in the Hong Kong economy affected company profits. The bank explains the sacrifice arrangement helps keep teams intact, maintain client services and allows any savings to be invested to expand market share.

### RBS announces 2008 bonus settlement

With the Treasury Select Committee calling for an end to 'casino' bonuses the Royal Bank of Scotland (RBS) announced last month that only legally binding guaranteed bonuses will be paid for 2008. While RBS is unwilling to provide details about how many and which employees would be eligible for a cash bonus, the aggregate figure to be paid out would equal £175 million, said to represent a 90 per cent reduction in 'total cash spend overall'. Again, while no detail about who will be affected is given, RBS also said that 'no bonuses or pay increases will be made to staff associated with major losses suffered in 2008'. Further, there will be a pay freeze for directors and executives in the group worldwide and Global Banking & Markets.

In addition, employees regarded as essential to the bank's recovery will be

eligible for deferred bonuses for 2008. These will be paid in three instalments of 'sub-ordinated debt', a form of bond, rather than cash and first awards are due to be paid in June 2010. The deferred awards, however, will be subject to a claw-back arrangement at the discretion of the remuneration committee. Individual awards may be forfeited if future losses arise in relation to an employee's 2008 activities. The bank's objective is that awards will be based on 'sustained long-term performance, not on short-term revenue generation.' The announcement is mainly directed at executive and investment staff, but separately non-management employees will continue to be eligible for a bonus, although they will also receive below inflation pay rises.

### Pay freeze will be management 'badge of honour'

'A pay freeze is going to be the new badge of honour for managers over the coming year', claimed Mark Childs of Total

Reward Solutions last month. Addressing the second 'focus' day of the annual reward conference run by the Chartered

Institute of Personnel and Development (CIPD), consultant Mark Childs outlined the challenges facing reward specialists during recessionary times. The belief that pay freezes will be a marked feature of management pay awards over next year was echoed by Nicki Demby of Towers Perrin. Revealing preliminary research into the salary increases top executives can expect during the coming pay round, the consultant said around 40 per cent will be freezes. On the other hand, a small number of companies that continue to prosper have decided to pay high salary increases in recognition of a higher FTSE ranking.

### Aviva calls for 'moratorium' on board pay rises

Aviva Investors has called for a 'moratorium on pay rises' for directors and a more 'conservative and prudent' approach when setting pay and awarding bonuses. The call for a boardroom pay freeze was included in a letter circulated by Aviva Investors aimed at summarising its views on key executive remuneration themes that are going to concern UK institutional investors in 2009. Pointing out that a common reason given by companies for above inflation pay rises is that they reflect increased company size, Aviva adds that now firms are shrinking the 'logical corollary...should be obvious'. In the current economic climate,

### Salary key motivator for facilities managers

Salary is the most important factor in facilities managers' (FM) careers, followed by challenging and interesting work and career prospects, finds the latest survey of the profession published by *FM World*. Conducted in association with recruitment specialist PSD Group, data for the survey was collected in October 2008 with the results published in January 2009. Over the past five years, says the report, the number of respondents citing salary as a key motivator has grown steadily, from 63 per cent in 2004 to 74 per cent in 2008. The survey found FM professionals working

The remainder of salary awards are likely to fall between zero and 4 per cent.

Continuing the executive pay theme, Nicki Demby added that over the next year bonus plans will need to involve more discretion and that thresholds will need to be widened. Other topics covered by the two days of the conference included rewarding in uncertain times, rewarding talent and success, driving performance through reward and competitive but compliant reward. Details of the programme can be found on the CIPD's website [www.cipd.co.uk](http://www.cipd.co.uk).

it further warns, there is 'greater sensitivity over executive pay'.

Altogether, the letter lists 15 areas of concern, including salaries, bonuses, incentive awards, pay for performance and risk adjusted pay. One of the recommendations made is the introduction of 'clawback' clauses in directors' contracts that could force them to pay back bonuses earned for poor performance. In particular, financial services are singled out with the suggestion that arrangements be made for risk adjusted pay in banks. Beyond pay, exceptional pension benefits are also called into question.

for service providers tended to receive higher salaries than those in-house, with only 25 per cent of supplier-side FMs earning under £35,000 compared to some 40 per cent on the client-side. The survey also shows that in London, directors or heads of FM were on salaries between £61,000 and £75,000, while their Scottish-based counterparts received between £36,000 and £45,000.

**Reference:** The 2008 *FM World Salary Survey* in association with the PSD Group. For more information visit [www.fm-world.co.uk](http://www.fm-world.co.uk)

Engineering sector pay settlements decelerated to an average 1.8 per cent during the three months to January 2009, the lowest figure for 10 years. Award findings were released by the employers' body, the EEF, in February, which also said pay freezes and deferrals had reached a record high. Some 42.7 per cent of all settlements were freezes, double the previous quarter's number, while deferrals reached 21.7 per cent

Employers will make significant changes to pension schemes as a result of the recession, according to a National Association of Pensions Funds (NAPF) update of last year's main survey. The NAPF believes both existing and new employees will be affected by the closure of many workplace pension schemes. Also included are recommendations to enhance the long-term future of pension provision

Over a quarter of a million employee share option schemes are worthless, says a recent study by legal practice Norton Rose. Looking at the impact of the stock market downturn on save-as-you-earn (SAYE) share option schemes, the research found that 78 per cent of FTSE 100 company plans were now worthless. Further, just under a million options granted between 2005 and 2007 are said to be 'underwater'

# Management pay awards hit by recession

*‘There are signs that wages are proving more flexible than in earlier downturns, and reforms in recent decades may mean that labour market dislocation is shorter-lasting than in past recessions.’*  
Bank of England, Inflation Report

**January signals the start of a new annual pay round but employers are currently having to make salary review decisions against a background of gathering economic recession. This is reflected in our first quarterly round-up of managerial and professional pay reviews in 2009 based on 196 public and private sector reviews.**

This time last year we stated that management pay awards were taking place against a background of economic uncertainty and persistent high inflation. This year, the picture is reversed. There is now nothing uncertain about the state of the economy and inflation. As the Governor of the Bank of England said in February, ‘the UK economy is in a deep recession’ and official figures now show that the headline inflation rate is slowing rapidly. All this has had an impact on our management pay award findings this quarter, although the picture is more complex than any headline figures suggest. While undoubtedly the most notable feature of our latest round-up is a dramatic resurgence in pay pauses and freezes, which have depressed our overall increase findings, there are still employers that continue to award relatively high salary rises. Moreover, some employers have been innovative in meeting the challenge of recession, with a variety of measures taken signifying that this is far from business as usual.

A summary of our pay award findings for managers and professionals in the private sector can be found in table 1, which is based on some 192 reviews conducted during the three months to January 2009. As the table shows, salary increases for private sector managers and professionals averaged just 2.4 per cent over the quarter, which represents a sharp fall of 0.6 percentage points on the figure recorded for October 2008 and 1.6 percentage points lower than in January 2008 (see page 24).

## Pay freezes return...

Table 1 also indicates how widespread pay freezes were in the latest quarter with zero figures registered at every job level and across all types of review. Most strikingly, this quarter there was a significant jump in the proportion of private sector reviews that were either pay freezes or pauses – coming to around a third in total. In our surveys, a pay freeze is defined as no increase for a whole 12 month period, while pay pauses are reviews that are delayed for a few months but may be followed by an award later in the year. Just how significant freezes and pauses during the period have been can be seen in the margin table which shows the distribution of private sector awards. To put the number of freezes this quarter into a broader historical context, during the last recession in 1991 we found that fewer, around one-in-six, of all reviews did not lead to an increase in salaries.

But while it is evident that many employers are taking a cautious approach in response to the economic downturn, at the same time some have adopted innovative responses to the challenging climate. One manufacturing company, for example, only froze salary rises for senior employees earning over £30,000, while a media organisation introduced a partial deferral worth 1 per cent of the overall increase budget which will be released if annual targets are achieved. Two other firms reported more drastic measures, simply halving their annual

**Distribution of private sector management pay awards November 2008 to January 2009**

Range of awards (%)	Proportion of awards (%)
Zero	33.0
0-0.9	0.0
2-2.9	5.3
3-3.9	25.0
4-4.9	17.6
5-5.9	14.4
6-6.9	2.7
6+	2.1

Source: ECR

*'...with nearly a fifth of all private sector reviews averaging 5 per cent or more, it seems that not all employers see the need to put a straitjacket on pay budgets.'*

pay budgets, and one major finance firm reported a pay freeze for all those employees earning over £100,000.

### **...but high increases remain**

On the other hand, with nearly a fifth of all private sector reviews averaging 5 per cent or more, it seems that not all employers see the need to put a straitjacket on pay budgets. As can be seen from table 1, pay awards stretched to as high as 7 per cent for some groups. In particular, firms in energy sectors were still able to fund relatively high salary rises, emphasising that if the economy is looked at as a whole, not all sectors are experiencing a downturn. This suggests a more subtle picture of the impact of the recession needs to be adopted.

An alternative perspective on our latest findings, also given in table 1, is a breakdown of awards by type of review. The table shows that median increases for across-the-board reviews were lowest of all at 2.8 per cent, some 0.5 percentage points below the highest figure of 3.3 per cent for combined across-the-board and merit reviews. Expressed as a proportion of the total – merit-based awards, running at a median of 3 per cent, were the most common. Altogether, some 42.7 per cent of awards this quarter were merit only, a further 33.1 per cent were across-the-board only and the remaining 24.2 per cent were combined awards.

**Table 1: Management salary reviews in the private sector between November 2008 and January 2009 (Source: ECR)**

	<b>Board</b>	<b>Senior management</b>	<b>Middle/junior management</b>	<b>Professional &amp; technical</b>	<b>All</b>
No. of reviews	35	53	54	50	192
No. of employees	300	2,217	26,983	52,729	82,229
<b>Merit only</b>					
Average (%)	2.2	2.6	3.0	3.2	2.8
Median (%)	2.5	3.0	3.3	3.5	3.0
LQ – UQ (%)	0.0–3.8	0.0–4.0	2.4–4.0	2.6–4.0	2.0–4.0
Range (%)	0.0–6.0	0.0–5.5	0.0–5.5	0.0–4.9	0.0–6.0
<b>Combined general plus merit</b>					
Average (%)	2.9	3.0	3.3	3.2	3.1
Median (%)	3.0	3.1	3.5	3.4	3.3
LQ – UQ (%)	0.0–5.5	0.0–4.9	3.0–4.5	2.3–4.1	0.0–4.5
Range (%)	0.0–7.0	0.0–6.5	0.0–6.5	0.0–6.5	0.0–7.0
<b>Across-the-board</b>					
Average (%)	2.7	2.3	2.2	2.5	2.4
Median (%)	3.0	2.8	2.5	3.0	2.8
LQ – UQ (%)	0.6–4.3	0.0–3.1	0.0–3.3	1.0–3.5	0.0–3.5
Range (%)	0.0–5.0	0.0–5.0	0.0–5.0	0.0–5.0	0.0–5.0
<b>All reviews</b>					
Average (%)	2.2	2.2	2.5	2.5	2.4
Median (%)	2.5	2.5	2.9	3.0	2.7
LQ – UQ (%)	0.0–4.0	0.0–3.9	0.0–4.0	0.0–3.9	0.0–4.0
Range (%)	0.0–7.0	0.0–6.5	0.0–6.5	0.0–6.5	0.0–7.0
<b>Salary indicators</b>					
Average minimum (£pa)	137,797	63,140	31,007	21,319	
Average midpoint (£pa)	222,875	98,580	50,911	37,622	
Average maximum (£pa)	293,099	134,020	70,815	52,828	

**Table 2: Management salary awards by sector between November 2008 and January 2009 (Source: ECR)**

	Manufacturing	Service	Finance	Public	All
No. of reviews	72	101	19	4	196
No. of employees	20,057	56,293	5,879	363	82,592
<b>Board</b>					
Average (%)	2.3	2.4	0.0	5.0	2.3
Median (%)	1.0	3.0	0.0	5.0	2.5
LQ – UQ (%)	0.0–5.1	0.0–4.0	0.0–0.0	5.0–5.0	0.0–4.2
Range (%)	0.0–7.0	0.0–5.0	0.0–0.0	5.0–5.0	0.0–7.0
Average midpoint salary (£pa)	282,142	160,088	244,000	122,080	215,675
<b>Senior management</b>					
Average (%)	2.4	2.1	2.3	5.0	2.3
Median (%)	2.3	2.5	3.3	5.0	2.5
LQ – UQ (%)	0.0–4.7	0.0–3.0	0.0–4.0	5.0–5.0	0.0–4.0
Range (%)	0.0–6.5	0.0–5.0	0.0–4.0	5.0–5.0	0.0–6.5
Average midpoint salary (£pa)	118,487	82,790	115,750	53,590	96,438
<b>Middle/junior management</b>					
Average (%)	2.3	2.4	3.5	5.0	2.5
Median (%)	2.2	2.7	3.8	5.0	3.0
LQ – UQ (%)	0.0–4.4	0.5–3.4	2.9–4.0	5.0–5.0	0.0–4.0
Range (%)	0.0–6.5	0.0–5.0	2.5–4.2	5.0–5.0	0.0–6.5
Average midpoint salary (£pa)	71,289	37,793	55,833	26,133	49,834
<b>Professional &amp; technical</b>					
Average (%)	2.2	2.6	3.4	5.0	2.6
Median (%)	2.2	3.0	3.4	5.0	3.0
LQ – UQ (%)	0.0–4.1	2.0–3.5	3.0–4.0	5.0–5.0	0.0–4.0
Range (%)	0.0–6.5	0.0–5.0	2.8–4.0	5.0–5.0	0.0–6.5
Average midpoint salary (£pa)	41,950	33,512	42,667	31,858	37,334
<b>All reviews</b>					
Average (%)	2.3	2.4	2.8	5.0	2.4
Median (%)	2.0	2.7	3.3	5.0	2.9
LQ – UQ (%)	0.0–4.4	0.0–3.5	2.5–4.0	5.0–5.0	0.0–4.0
Range (%)	0.0–7.0	0.0–5.0	0.0–4.2	5.0–5.0	0.0–7.0

Further insight into the pattern of awards in the latest period is shown in table 2, which analyses our results by broad sector. The table shows that, although the highest overall median increase was in the public sector at 5 per cent, the figure was based on just four reviews. In the light of current circumstances, perhaps more surprising was the second highest median increase of 3.3 per cent found in the finance sector. In comparison, the lowest median award of 2 per cent was in manufacturing. A closer look at table 2 shows that the finance sector results were boosted by relatively high awards for middle and junior managers who had a median rise of 3.8 per cent.

#### **Bonus payments by management group between November 2008 to January 2009**

Job level (No.)	Average %	Median %
Board (10)	21.9	23.5
Senior management (11)	8.8	10.0
Middle/junior management (10)	5.1	5.5
Professional/technical (7)	3.7	5.0

Source: ECR

### **Bonus payments down**

Despite the economic slowdown, a minority of firms said that they paid bonuses during the period, although the amounts received appear lower than a year ago. A summary of our bonus findings is given in the margin table which shows that payments ranged from an average of 21.9 per cent of salary at board level to 3.7 per cent for professional and technical staff. Compared to 12 months earlier, the equivalent amounts ranged between 40.1 per cent at board level and 9.2 per cent for professional and technical staff.

# Graduate prospects not all doom and gloom

## Graduate recruitment trends 2008 and 2009

	AGR	HF	ECR
2008 (actual)	↑ +0.6%	↓ -6.7%	↓ -1.5%
2009 (forecast)	↓ -5.4%	↓ -0.3%	↑ +7.9%

Sources:

AGR = Association of Graduate Recruiters

HF = High Fliers

ECR = Executive Compensation Review

Despite the economic downturn, university leavers continue to be seen by employers as a vital supply of future talent. For this reason, every year we take a look at what the latest surveys say about graduate recruitment trends and pay prospects.

These are uncertain times and this is reflected in the recruitment trends picked up by the latest graduate market surveys, each providing a slightly different picture of what actually happened in 2008 and what is likely to happen in 2009. Whatever the precise figures, however, what is evident is that future job prospects are decidedly mixed and if employers stick to their current plans it may not be all doom and gloom for university leavers. While some employers are cutting back on recruitment, others remain bullish, seeking substantial increases in their intakes. Despite variations, this is the broad message that emerges from three key surveys looking at graduate trends – our own *Pay and progression for graduates 2009*, High Fliers' *The Graduate Market in 2009*, and the Association of Graduate Recruiters' (AGR) *Graduate Recruitment Survey 2009: Winter Review*.

A summary of the changes in actual and forecast recruitment levels found by the three surveys is given in the margin box. As the box shows, two out of the three surveys suggest that actual graduate intakes fell in 2008, while the third indicates a small rise. Likewise, two of the three surveys found that the cutbacks are likely to continue into 2009, but the third implied an upturn. Much of the difference in the figures is due to the weighting of the samples covered as all three surveys show that although there are cutbacks in some areas growth is still expected in others. High Fliers, for example, found that investment banking, law, and accounting and professional services, all traditionally big graduate employers, are making cuts in 2009 vacancies, but that public sector employers are planning substantial increases. This is mirrored in our own survey as it was some big planned public sector increases that largely fuelled our positive growth figure. A similar pattern is indicated by the AGR as can be seen in the graph on page 25. All three surveys, however, come with a red flag warning as employers' intentions do not always match their actions.

## 2009 starting salaries and increases on 2008 figures by sector

Sector	2009 starting salaries £pa	Percentage change on 2008 figures %
Investment banking	38,000	0.0
Law	37,400	3.9
Consulting	31,000	0.0
Oil & energy	30,000	1.7
Armed forces	29,000	5.5
Consumer goods	27,500	0.0
Banking & finance	27,500	7.8
Chemical & pharmaceutical	26,500	0.0
Media	26,300	1.2
Accounting and professional services	26,000	4.0
IT & telecommunications	26,000	4.0
Engineering & industrial	24,000	4.3
Public sector	23,500	5.4
Retail	22,500	0.0

Source: High Fliers

Table 1: Expected 2009 starting salaries by sector (Source: ECR)

Sector	Finance	Law & accountancy	Manufacturing	Service	All private	Public/not-for-profit	All
No. of starting salaries	9	7	12	29	57	7	64
	£pa	£pa	£pa	£pa	£pa	£pa	£pa
Minimum	24,000	23,100	22,000	18,500	18,500	21,260	18,500
Lower quartile	25,000	24,500	23,700	22,500	23,363	24,000	23,432
Median	25,000	36,000	25,000	23,598	24,500	25,000	24,500
Upper quartile	28,000	38,000	26,375	24,500	26,000	26,000	26,000
Maximum	38,000	39,000	29,000	29,500	39,000	26,765	39,000
Average	27,222	32,121	25,126	23,614	25,547	24,673	25,451

**2009 salary increases by sector**

Sector (no.)	Median %	Average %
Finance (9)	0.0	0.4
Law & accountancy (5)	2.1	2.0
Manufacturing (8)	2.6	4.2
Service (23)	0.0	2.0
All private (45)	0.0	2.0
Public/not-for-profit (3)	2.0	2.3
All (48)	0.5	2.1

Source: ECR

**Subdued salary growth in 2009**

But while there are still job opportunities for this year's university leavers, they should not be expecting to receive starting salaries much higher than their 2008 counterparts. Our analysis, for instance, found that just over half of private sector employees are planning to freeze 2009 starting salaries at last year's levels. When looking at planned increases by sector, the picture is more mixed, as can be seen in the margin table. Although the median rise in finance and service is zero, in manufacturing and law and accountancy the corresponding rises equalled 2.6 per cent and 2.1 per cent respectively. Increases are also expected to be positive in the public and not-for-profit sectors where 2009 starting salaries have gone up by 2 per cent at the median.

High Fliers also found that within certain sectors, such as in investment banking and retail, there are no planned increases in 2009 starting salaries (see margin table). But again the analysis presented a varied picture, with banking and finance, the public sector and engineering and industrial all exhibiting positive increases on the previous year's starting salaries. Overall, High Fliers found that across all sectors the median starting salary in 2009 will be £27,000, some 5.9 per cent higher than the corresponding 2008 figure. This finding, however, is accompanied by a caution that many of these salaries were set by organisations in the Summer of 2008 when annual inflation was high. But 'given the current economic climate, a few employers may elect to downgrade their graduate packages later this year or freeze their starting salaries at 2008 levels'.

A comprehensive guide to what employers are planning to pay in 2009 can be found in table 1. The highest median recruitment rate is found in law and accountancy at £36,000, some 35 per cent above the lowest median starting salary of £23,598 in the service sector. In the other three sectors, the median figures were all broadly at the same level of around £25,000. High Fliers found

**2008 median starting salaries by region**

Region	Salary £pa
London	28,000
South East	24,500
South West	24,000
East Anglia	23,250
North West	23,000
The Midlands	22,500
Scotland	22,000
Yorkshire	21,700
North East	21,000
Wales	21,000

Source: AGR

**Table 2: Median starting salaries by career area or business function in 2008 (Source: AGR)**

	Lower quartile £pa	Median £pa	Upper quartile £pa
Legal work	35,000	37,000	38,000
Investment banking	36,000	37,000	37,000
Consulting	27,000	27,000	31,000
Actuarial work	26,600	27,000	28,000
IT	25,000	26,500	35,000
Accountancy	22,000	25,000	27,250
Sales	22,500	25,000	27,000
Manufacturing engineering	22,500	25,000	27,000
Financial management	21,000	25,000	25,500
Science	21,000	24,444	32,000
Purchasing	24,000	24,000	25,000
Electrical/electronic engineering	23,500	24,000	25,000
Mechanical engineering	23,000	23,500	25,000
Research & development	23,000	23,500	25,000
Logistics	23,500	23,500	23,500
Civil engineering	23,000	23,500	23,500
Marketing	20,000	22,000	24,500
Retail management	20,000	22,000	23,000
Human resources	12,000	21,000	25,000
General management	16,000	20,500	25,000

## References:

*ECR Research file 80, Pay and progression for graduates 2009.* Based on 100 private and public/not-for-profit organisations surveyed between November and December 2008. For more information contact customer Services on (0845) 600 9355, or visit [www.incomesdata.co.uk](http://www.incomesdata.co.uk). Price: free to ECR subscribers, £255 to non-subscribers.

The Association of Graduate Recruiters (AGR) *Graduate Recruitment Survey 2009 Winter Review.* Based on 245 AGR employers surveyed in November and December 2008, recruiting a total of 21,144 graduates in 2008. For more information contact Association of Graduate Recruiters, The Innovation Centre, Warwick Technology Park, Gallows Hill, Warwick CV34 6UW. Tel: (01926) 623236. Price: Free to AGR members, £200 to non-members

*The Graduate Market in 2009.* Based on a study of graduate vacancies and starting salaries in 100 of the UK's best-known employers during December 2008. For more information contact High Fliers Research Limited, King's Gate, 1 Bravingtons Walk, London N1 9AE. Tel: (020) 7428 9000. Free to download from website: [www.highliers.co.uk](http://www.highliers.co.uk)

that the estimated average starting salary of £38,000 in investment banking is slightly ahead of what law firms are paying in 2009, while the lowest rate is in retail at £22,500. The AGR notes that the median starting salary this year remains at the 2008 level of £25,000.

## Graduate rates in 2008

Both our own and the AGR survey provide extensive coverage of 2008 salaries. The AGR found that the highest rewarded business function was legal work and investment banking, both paying a median rate of £37,000, as can be seen in table 2. At the opposite end of the scale were human resources and general management paying £21,000 and £20,500 respectively. The survey additionally notes there were marked rises in 2008 IT and accountancy median salaries. Our own survey, based on actual rates provided by employers, indicates that the median 2008 starting salary was £25,000. Across the majority of sectors the median salary varied between £24,000 and £25,000, with law and accountancy paying substantially more at £29,400.

Regional differences in salary are analysed by both the AGR and our own survey. Findings from the AGR show London sitting at the top of the regional pay league. With a starting salary of £28,000, as can be seen in the margin table, the Capital was ahead of the rest of the country. The next highest figure of £24,500 was in the South-East, while their graduate counterparts in the North East and Wales were both at the bottom of the table at £21,000.

## Impact of recession

With many policy decisions dominated by concerns about the recession, this year all three surveys asked employers about the impact it has had on their graduate recruitment plans. All the surveys reported a mixed response to whether recruitment budgets had been cut. High Fliers said that while 44 per cent of organisations' budgets were similar to last year, 26 per cent stated they had decreased. Our survey also found a mixed picture, but one organisation told us that their budgets would be cut alongside a cut in recruitment numbers. The AGR, which looked at marketing spend per vacancy, said that its figures were 'indicative of the fact that the war for talent continues in lean times'.

# Latest trends in reward management

**For the eighth year running the Chartered Institute of Personnel and Development (CIPD) has conducted an annual reward management survey. In the light of the current economic turmoil, the survey gives a valuable insight on reward practice and trends.**

What is the point of having a reward strategy if the business strategy it is supposed to support has had to be filed in the dustbin and the focus is now simply on surviving the next 12 months? This question is posed in the latest CIPD reward management survey in the light of its finding that the proportion of employers with a reward strategy fell last year by a fifth to just over a quarter of all organisations. Not so long ago it seemed having a reward strategy was key to future success, but as the survey says, 'compared with last year, we

**Table 1: Employers stated important reward strategy goals by sector at October 2008 (Source: CIPD)**

	All %	Manufacturing & production %	Private sector services %	Voluntary sector %	Public services %
Support business goals	88.0	89.0	90.0	86.0	83.0
Reward high-performers	74.0	89.0	80.0	43.0	54.0
Recruit and retain high-performers	71.0	78.0	77.0	65.0	50.0
Link pay to the market	60.0	64.0	66.0	57.0	42.0
Support career development and career progression	60.0	56.0	48.0	43.0	54.0
Manage pay costs	53.0	44.0	66.0	71.0	58.0
Achieve/maintain market competitiveness	42.0	39.0	41.0	50.0	46.0
Ensure internal equity	42.0	31.0	38.0	71.0	54.0
Encourage productivity	39.0	39.0	44.0	29.0	29.0
Support skills/competency development	38.0	36.0	31.0	57.0	46.0

appear to have gone back in time’. Released at the CIPD’s annual reward conference in February 2009, the October 2008 survey covers a range of topics, including strategic reward; base, variable and local pay; metrics, measurement and evaluation.

According to the CIPD, over the coming months many reward practitioners will be changing how they manage their existing base pay arrangements and examining their bonus scheme practice because of the economic downturn. The most common change being planned by employers is reviewing salary progression, followed by a change in the existing pay mix. In addition, the most important aims of reward policy will be to concentrate on supporting business plans and to reward, recruit and retain high performers. Overall, 30 per cent of organisations said that they would change the way employees progress through their pay ranges and a similar proportion, 29 per cent, said they would change pay rates, ranges, and mid-points.

### Focus on high performers

When asked about reward policy, the survey found that 89 per cent of manufacturing and production firms and 80 per cent of the private sector employers favoured a strategy that rewarded high performers. A further 78 per cent and 77 per cent respectively reported that they would recruit and retain high performers. By contrast, 71 per cent of voluntary sector organisations prioritised managing pay costs and another 71 per cent said that ensuring internal pay equity was of equal importance. Budgetary controls were also reported to be important by 58 per cent of those in the public services, but 54

*‘According to the CIPD, over the coming months many reward practitioners will be changing how they manage their existing base pay arrangements...’*

**Table 2: Pay structures by job level 2008 (Source: CIPD)**

	Senior management %	Middle/first-line management %	Technical/professional %	Clerical/manual %
Individual pay rates/ranges/spot salaries	50	34	30	28
Broadband pay structures	22	27	25	22
Job family/career grade-structures	10	15	18	17
Pay spines	13	20	21	22
Narrow-graded pay structures	10	11	14	18
Other	5	4	4	4

**Percentage of cash-based bonus or incentive plan by sector October 2008**

	Cash-based bonus or incentive plan %
Manufacturing and production	85
Private sector services	89
Voluntary sector	30
Public services	33
All employers	70

Source: CIPD

**Table 3: Pay progression criteria used with combination approach by occupation 2008 (Source: CIPD)**

	Senior management %	Middle/first-line management %	Technical/professional %	Clerical/manual %
Individual performance	92	89	88	83
Market rates	70	68	68	65
Competency	49	52	54	50
Organisational performance	55	46	44	41
Skills	37	38	40	38
Team profit/performance	21	22	21	22
Length of service	19	21	21	11

per cent were also concerned with rewarding high-performers. A summary of the main reward strategy aims are given in table 1.

An indication of current reward practice can be found table 2, which shows different types of salary structure arrangements for four job levels: senior management; middle/first-line management; technical/professional; and clerical/manual. Across all groups, individual rates, ranges or spot salaries were the most commonly adopted approach. A higher proportion of senior managers, 50 per cent, were covered by such individual arrangements, however, compared to just 28 per cent of clerical and manual staff. Broad-band structures were favoured in equal proportions across all occupational levels. A similar breakdown by industry found that individual pay rates, ranges and spot salaries were most widespread in manufacturing and production, while pay spines were mostly used in the public sector. Some 63 per cent of public sector organisations had pay spines in contrast to 3 per cent of manufacturing and 4 per cent of private sector service firms.

Whatever the salary structure, employers also often have in place arrangements that give employees pay progression prospects. Most commonly, employers adopt a combination approach to pay progression, with some 66 per cent of all organisations taking this route. Table 3 highlights the mix of methods used by occupation and shows that individual performance is universally accepted with almost all senior managers, 92 per cent, covered by such arrangements. Linking pay to market rates was the next most popular option across all occupations. Less important methods were length of service and team profit and performance.

## Bonuses and incentives

As the margin table shows, 70 per cent of respondents had a cash-based bonus or incentive scheme, predominantly manufacturing and production and private sector service companies. Individual-based bonus arrangements were more common than those linked to corporate results, with some 64 per cent of private sector service firms and 55 per cent of manufacturing and production companies having such schemes in place. The corresponding proportions in the voluntary and public service sectors were 67 per cent and 61 per cent respectively. A large number of employers also said they will be either reviewing or amending their bonus schemes in 2009. Of these, 21 per cent of voluntary and 24 per cent in the public sectors are looking to introduce a new bonus scheme, while 61 per cent of manufacturing and production and 69 per cent of private service companies will be examining existing arrangements.

**Reference:**

*Reward management: survey report 2009*, free to download from [www.cipd.co.uk](http://www.cipd.co.uk)

## DMGT abandons long-term incentive awards

*'A key feature of the review is that all incentive pay for 2008/09 will be focussed on the annual bonus and no long-term incentive awards will be made.'*

**Coming up with relevant executive incentive plans at a time of exceptional economic uncertainty is posing remuneration committees with a dilemma. One particularly noticeable trend has been to shift the balance towards short-term horizons and the latest example is media group Daily Mail and General Trust (DMGT) which is not making any long-term incentive awards for the current performance year.**

'A successful remuneration policy needs to be sufficiently flexible to take account of commercial demands, changing market practice and shareholder expectations'. This is the background, as explained in DMGT's latest annual report covering the financial period to 28 September 2008, to a review of executive incentive arrangements for the coming year. A key feature of the review is that all incentive pay for 2008/09 will be focussed on the annual bonus and no long-term incentive awards will be made. Outlining the thinking behind the decision, the remuneration committee report states that it was made: 'In view of the exceptional trading conditions faced by the group and the lack of visibility into future trading.' Approval for the change was given by shareholders at the company's annual general meeting (AGM) held in mid-February 2009.

DMGT runs operations that comprise UK national newspapers, local media and radio, together with interests in international business and financial information services. Employing just under 18,000 staff in total, around 70 per cent of the group's revenue is generated in the UK. Unlike most FTSE listed groups, the chairman is also the largest shareholder, ensuring the long-term alignment of directors' interests with shareholders, according to the company. But while the chairman is the largest shareholder, the policy of the remuneration committee is to adopt pay policies for the chairman that are 'similar to those used for other executive directors'.

### Remuneration policy

When setting executive pay, the remuneration committee says it takes into account pay and conditions in the wider company, especially in relation to annual salary increases. For this reason, it was decided to raise all executive salaries by a relatively modest 3 per cent from 1 October 2008, an award in line with 'strict overall limits...being set on increases within the newspaper divisions'. Evidence of pay levels in other companies, especially in the media sector, was also considered.

*'When setting executive pay, the remuneration committee says it takes into account pay and conditions in the wider company, especially in relation to annual salary increases.'*

Pay packages for executive directors at DMGT have, until the current performance year, consisted of salary, annual cash bonus, long-term equity incentives and pension. A summary of the remuneration received by DMGT's executive directors for the performance year to September 2008 is provided in the table below. This shows that the editor of the Daily Mail earned the highest salary £1,100,000. However, when cash allowances and annual bonuses were added into the equation, the highest-paid director was the chief executive with total earnings of £1,872,000. No directors benefited from either cashed-in share options or long-term incentive plan (LTIP) payments during the latest year. Over a 'suitable period', executive directors also have a target of building

**Remuneration levels of chairman and executive directors at DMGT year ending 28 September 2008**

Position	Salary and fees £pa	Annual bonus/profit share £pa	Cash allowances £pa	Benefits £pa	Total 2008 £pa	Total 2007 £pa
Chairman	668,000	–	34,000	3,000	705,000	825,000
Chief executive	1,095,000	560,000	216,000*	1,000	1,872,000	1,911,000
Finance director	622,000	201,000	229,000*	1,000	1,053,000	1,044,000
Executive director (group property & subsidiary chairman)	300,000	50,000	–	1,000	351,000	271,000
Editor, Daily Mail	1,100,000	–	467,000*	54,000	1,621,000	1,494,000
Subsidiary chief executive	610,000	247,000	2,000	20,000	879,000	864,000

\*Includes allowance paid in lieu of continued membership of DMGT pension fund

up a shareholding of 1.5 times their salary, an aim that the LTIP is also intended to help achieve.

### Bonus maximum doubles for three executives...

Central to the changes in directors' remuneration for 2008/09 is a significant increase in the maximum potential annual payment available under the DMGT executive bonus scheme. Introduced in 2003 and revised in February 2006, maximum awards have moved up from 100 per cent to 200 per cent of salary for the chairman, chief executive and finance director. Participation in the scheme is restricted to these three directors with separate arrangements in place for other executives who are paid bonuses at the discretion of the remuneration committee.

In the case of the chairman, chief executive and finance director, any bonus earned during 2008/09 equalling up to 100 per cent of salary will be paid in both cash and shares under existing scheme rules. Any payment in excess of this will be delivered solely in cash. Scheme participants are required to specify what proportion should be paid in shares, but a minimum of 50 per cent has to be taken in shares and these need to be retained for three years.

According to the remuneration report, the performance measures and targets used for the bonus scheme 'reflect the key goals of the company and have been tailored to the requirements of the business'. For shareholders, however, no further information is provided in the report about what the targets for the year will be and the only guide is the measures set out for the previous performance year. In 2007/08, 100 per cent of the chairman's bonus was based on growth in earnings per share (EPS), while for the chief executive 60 per cent was based on EPS and the remainder on individual targets. For the finance director, EPS and individual targets were weighted fifty-fifty.

### ...while others also see potential payments rise

*'Scheme participants are required to specify what proportion should be paid in shares, but a minimum of 50 per cent has to be taken in shares and these need to be retained for three years.'*

As part of the changes, bonus levels for other executive directors have also been increased, although not by as much as for the three main board members. For a director who runs a DMGT subsidiary company as its chief executive, the bonus maximum is now worth 160 per cent of salary instead of the previous 60 per cent. Another director who advises DMGT on property matters and is chairman of another subsidiary, will be eligible for a bonus worth up to 100 per cent of salary. To place this in context, for the year to September 2008, this individual received a bonus of £50,000, equivalent to one sixth of basic pay.

*'In keeping with practice in previous years, the editor of the Daily Mail newspaper received no bonus in 2007/08.'*

Performance measures for these two directors have focussed on the businesses they are responsible for. In keeping with practice in previous years, the editor of the Daily Mail newspaper received no bonus in 2007/08.

### **No new awards but LTIPs remain in place**

It is only as a reaction to present business conditions that the LTIP has been suspended rather than abandoned and it is likely that awards under the scheme will be resumed in future if DMGT corporate performance stages a recovery. This position is indicated in the remuneration report which states that 'the LTIP will only provide rewards for participants if the company achieves exceptional returns for shareholders'. The LTIP was established in 2001 and reviewed in 2007 with proposals to simplify the plan approved only as recently as the AGM in February 2008.

Under the revised 2008 LTIP, an initial set of share awards were granted in March 2008, although none have been made for the current performance year. In March 2008, awards were made to four executive directors, but because these cannot vest fully until 2014 'transition awards' equal to 30 per cent of salary were also granted in 2008. Scheme participants are eligible to receive grants under two headings: a 'core' award and a 'matching' award. At the maximum, the core award can be worth up to 62.5 per cent of salary and, depending on performance, this may be matched by the payment of further shares worth up to a maximum of two times the number vesting under the core component.

Varying proportions of the core award vest depending on the percentage growth in EPS measured over a three year performance cycle. A participant in the plan can then receive matching shares equivalent to 50 per cent of the vested core award after three, four, five and six years, subject to continuing to hold the shares in the core award. Effectively, this means that provided the executive continued to be employed by DMGT for six years after the initial grant, they could receive shares worth up to 187.5 per cent of salary.

### **LTIPs and share options fail to vest**

Prior to the 2008 LTIP revision, performance conditions had been based on the company's total shareholder return (TSR) over a five-year period, relative to a comparator group of companies. The comparator group consists of other major media groups including News Corporation, Thomson Reuters, United Business Media and Washington Post. If DMGT was ranked first, 200 per cent of a grant will vest, although participants may elect to extend the performance period to seven years, when a top placed ranking results in a 300 per cent award. A below median ranking would fail to trigger any award which was the position achieved in both 2002 and 2003. In these circumstances, participants were able to extend the performance period by a further two years.

*'It is only as a reaction to present business conditions that the LTIP has been suspended rather than abandoned...'*

Separately, while the remuneration report confirms that apart from in exceptional circumstances, there is no intention to grant further share options, executive directors continue to benefit from grants made between 2002 and 2006. Currently, however, the exercise price of the outstanding options is well above the current DMGT share price, which in early February was hovering around 259 pence.

## Survey details

### Title:

The 2009 Chairman and Non-Executive Director Survey

### Producer:

MM&K in association with Hanson Green

### Data at:

October 2008

### Source and coverage:

Independent chairman and non-executive directors holding 972 separate appointments. Analysis of time commitments, fees, appointment procedures, performance appraisals and effectiveness of board meetings

### Definitions:

Total fees include daily attendance rates plus payments for attending committees

### Enquiries:

MM&K Limited, 1 Bengal Court, Birchin Lane, London EC3V 9DD. Tel: (020) 7283 7200.

Website: [www.mm-k.com](http://www.mm-k.com)

### Price:

£200

## Non-executive fees: MM&K

Non-executive directors (NEDs) and chairmen of FTSE 100 companies received double figure fee increases last year, finds the latest boardroom survey by remuneration consultant MM&K and non-executive search specialist Hanson Green. The survey, based on data collected in October 2008, says that the average FTSE 100 chairman fee went up by 10 per cent year-on-year, while the corresponding rise in NED rates was even higher at 15 per cent. In comparison, the equivalent movements for the chairmen and NEDs in smaller companies were much lower at 5 per cent.

More broadly, the survey monitored NED fees across five main groups of quoted company. The analysis shows that the median NED fee in FTSE 100 companies was £75,000, while in the mid-250 it was £41,000. For fledgling, AIM and SmallCaps the equivalent figures were £23,500, £25,181 and £27,500.

### Fees by turnover

The table below gives a fuller picture of MM&K's non-executive findings by company type and size. This shows that the fees paid increased with size of company. Median daily rates for quoted company chairmen varied from £1,103 in the smallest firms to £3,176 in the largest. In private companies, daily fees ranged from

£872 in the smallest firms to £1,715 in those with turnovers between £101 and £300 million. Daily fee rates for NEDs were also substantially lower in private than in quoted companies, although in some cases NEDs received awards of shares or share options to compensate for lower basic fees.

Additionally, the table shows the number of days chairmen and NEDs spend on board duties. Time commitments tended to be greater in the larger companies, with the median number of days spent per year by chairmen on company duties ranging from 27 to 63. In contrast, the time devoted by NEDs varied between 17 and 25 days. An analysis of the time NEDs devote to particular board activities is also provided, with some 35 per cent spent on preparing and attending board meetings.

### NED appointments

The survey also looked at appointment procedures, finding that between 80 per cent and 90 per cent of large companies use search specialists. In comparison, potential candidates in smaller companies were largely found through personal contacts. The survey also indicated which skills were most important in candidates, with 78 per cent citing executive experience and 70 per cent specific professional and commercial knowledge.

**Median fees and time commitments of non-executive directors by company size at October 2008 (Source: MM&K)**

Company turnover (£m)		Less than 10 £pa	11-30 £pa	31-100 £pa	101-300 £pa	301-1,000 £a	1,001+ £pa
<b>Annual fees</b>							
Chairmen	Quoted	38,000	40,000	55,000	76,000	118,000	200,000
	Private	20,000	36,000	50,000	60,000	90,000	
NED main board fees	Quoted	20,000	30,000	30,000	36,000	45,000	65,000
	Private	12,000	18,000	25,000	30,000	39,000	
<b>Daily rates</b>							
Chairman	Quoted	1,103	1,156	1,650	1,964	2,100	3,176
	Private	872	972	1,361	1,715	*	
Non-executive director	Quoted	1,200	1,099	1,406	1,259	1,875	2,008
	Private	707	762	1,021	1,154	1,607	
<b>Number of days per year</b>							
Chairman		27	33	35	44	49	63
Independent director		17	24	22	27	25	25

\*Small sample size

**Survey details**

**Title:**

Distribution and Transport Rewards

**Producer:**

Croner Reward and the Chartered Institute of Logistics and Transport (CILT)

**Data at:**

September 2008

**Source and coverage:**

Data on 3,028 jobs from companies employing 1,039,845 staff in the UK. Analysis is by job, company, turnover, number of employees, region, number of HGVs, warehouse size and organisation type

**Definitions:**

Basic salary does not include set cost-of-living allowances such as London weighting. Total pay includes all forms of cash payment excluding expense refunds

**Enquiries:**

Croner Reward, Reward House, Diamond Way, Stone Business Park, Stone, Staffordshire ST15 0SD. Tel: (01785) 813566. E-mail: enquiries@cronerreward.co.uk. Website: www.cronerreward.co.uk

**Price:**

£175 participants; £500 to non-members; £430 to CILT members

# Distribution and transport: Croner Reward

Croner Reward’s transport and distribution survey found that managerial pay awards in the sector averaged 3.3 per cent last year. The survey, based on data collected in September 2008, also shows that the median total cash for directors in the industry came to £108,313, while equivalent figures for senior managers and senior middle managers were £63,609 and £51,561 respectively. The survey additionally analyses pay levels by type of organisation, finding that the highest median basic salary at senior middle manager level, at £60,349, was paid by ancillary service providers. The lowest-paid senior middle managers were employed in supplier firms where the median salary was £48,065.

Further pay details for a selection of distribution and transport managerial posts are given in the table below, which shows that at the top-end of the seniority ladder distribution directors had a median basic salary of £86,200. This was some £26,200 ahead of the next highest paying posts of operations managers and depot/distribution managers, jobs that

commanded a median rate of £60,000. Lower down the responsibility ladder, the median basic salary for department heads was £33,267.

## Fleet and warehouse size

A specific feature of Croner’s survey is a breakdown of pay levels by warehouse size, measured in square feet. Altogether, three sizes of warehouse are analysed – up to 50,000 square feet, between 50,000 and 250,000 and over 250,000. Pay levels tended to increase with the size of the warehouse, with the median salaries of senior middle managers ranging from £45,746 in the smallest to £66,117 in the largest, a differential of £20,371. Separately, a similar pattern was evident in an analysis of pay levels by the number of heavy goods vehicles (HGVs) managed. At senior management level, for instance, median salaries varied from a median £44,112 in fleets up to 30 HGVs to £49,693 for those managing over 100 vehicles. For junior middle managers, the corresponding figures were £30,442 and £41,400.

**Pay levels of selected distribution and transport posts at September 2008 (Source: Croner Reward)**

Job title		Lower quartile £pa	Median £pa	Upper quartile £pa
Distribution director	BS		86,200	
	TP		96,120	
Operations manager	BS	48,079	60,000	72,408
	TP	49,875	61,595	73,825
Depot/distribution centre manager	BS	47,620	60,000	67,725
	TS	48,548	61,589	77,087
Logistics manager	BS	45,304	58,235	64,927
	TP	45,304	63,322	73,800
Distribution manager	BS	50,000	57,595	65,290
	TP	50,857	60,000	66,000
Logistics manager (rank 2)	BS	39,280	48,483	59,271
	TP	39,280	51,816	60,790
Transport/traffic manager	BS	38,347	46,863	49,947
	TP	38,809	47,210	54,165
Distribution manager (rank 2)	BS	40,000	46,000	52,154
	TP	43,120	47,500	55,063
Department head	BS	30,721	33,267	40,134
	TP	31,500	34,559	40,283

BS = basic salary TP = total pay

## Housing association pay: Inbucon

Salary increases for housing association staff averaged 3.3 per cent during the year to October 2008, according to the latest survey of the sector from Inbucon. In total, the survey looks at 11 job rankings ranging from chief executives at the most senior level to wardens at the most junior. Salaries by rank were evaluated by turnover, by full-time equivalent employee, by location and by units in management.

A summary of Inbucon's pay findings can be found in the table below, which shows that the median salary for chief executives came to £96,281, ranging from £76,853 at the lower quartile to £115,721 at the upper quartile. At the opposite end of the table are wardens with a median salary of £16,457 and an inter-quartile range stretching from £14,751 to £17,778. Other notable figures in the table are median salaries of £70,000 for directors and £48,451 for heads of function.

### Pay by turnover

In the survey, salary levels are analysed by several measures of association size, including financial turnover, employee numbers and number of units managed. Altogether, six employee number categories were examined ranging from under 20 staff to over 500. The survey found a close correlation between number of employees and salaries, with median rates for chief executives varying between

£64,270 in the smallest associations to £96,281 in the largest.

Measured according to units under management, however, the pattern was less clear cut, although this was most likely due to the distribution of returns. In the smallest associations, those with less than 500 units, for example, the median chief executive salary was £93,510, higher than the equivalent figures in the next two largest association measures. Similarly, the median salary for chief executives of the largest associations, those with over 10,000 units, at £96,281, was lower than found in smaller associations.

### Bonus and benefits

As a supplement to salaries, Inbucon found that bonus payments were not common and in total only 26 per cent of housing associations had a scheme in place. By rank, 26.8 per cent of chief executives and 29.3 per cent of directors were eligible for bonus payments, falling to 3.7 per cent for home managers. Car provision was the most popular benefit, with 57 per cent of housing associations having a scheme. Of these, 14 per cent provided company cars only, 20 per cent allowed a choice of cash or car and 66 per cent provided a cash allowance. Over half of chief executives, 52.4 per cent, received a car with a median list price of £25,017. The median car allowance for chief executives was worth £9,578.

Salary levels of housing association jobs at October 2008 (Source: Inbucon)

Job title	Lower quartile £pa	Median £pa	Upper quartile £pa	Average £pa
Chief executives	76,853	96,281	115,721	102,334
Directors	56,338	70,000	83,658	73,548
Heads of function	41,976	48,462	55,000	49,691
Departmental managers	34,978	40,122	45,279	40,516
Middle managers	30,923	34,885	38,005	34,726
Supervisory managers	26,080	28,777	32,458	29,196
Officers	21,494	24,275	27,160	24,458
Co-ordinators	17,761	20,042	22,592	20,256
Home managers	15,391	19,118	24,353	20,563
Assistants	15,929	17,284	18,900	17,435
Wardens	14,751	16,457	17,778	16,550

### Survey details

#### Title:

Housing Association Salaries and Benefits Survey 2008/09

#### Producer:

Inbucon

#### Data at:

1 October 2008

#### Source and coverage:

Data from 107 housing associations covering 7,352 posts. Pay information is given for 11 ranks of post holder, ranging from chief executive to warden analysed by turnover, number of employees, location, units in management and functional specialism

#### Definitions:

Basic salary includes location allowances and guaranteed bonuses, but excludes variable bonuses

#### Enquiries:

Inbucon, 34 Paradise Road, Richmond-Upon-Thames, Surrey TW9 1SE. Tel: (020) 8334 5727. E-mail: do.frith@inbucon.co.uk

#### Price:

£245 to participants; £450 non-participants

## Retail managers

### Key findings:

- Area/regional manager median earnings at £40,000
- Store managers in DIY/building sector earn a median of £31,909
- North West and London are the highest paying regions for store managers

**With consumer confidence and spending at record lows and redundancies on the high street, all eyes are on the retail sector. So this month, we take a look at the current health of the job market for retail managers, drawing on the views of recruitment consultants, employers' bodies and our own analysis of salary levels.**

Job losses following the collapse of large retailers like Woolworths and MFI and the disappearance of several smaller firms from the high street are painting a sobering picture of employment prospects in the retail sector. But despite the high profile bankruptcies, recruitment consultants working in the field say that the picture is not wholly bleak. Recruitment specialists Hays, for example, highlight that there are both winners and losers, and while some employers are reviewing their strategies and decreasing recruitment levels, others are continuing to recruit actively. Looking at individual sectors, another recruiter Michael Page commented that the value-end of the market is doing particularly well and demand for retail managers is buoyant. Telecommunications, leisure and budget-fashion are also actively recruiting, while the luxury goods and fashion industry is said to be holding up well.

On the other hand, Michael Page adds that a wave of redundancies has flooded the job market with single site managers from a non-food, general merchandising background. More generally, recruitment agency ROC found that in the run up to Christmas many retailers put permanent recruitment on hold as they were anxious to see how the festive trading period would fare. ROC also says there has been a sharp decrease in vacancies for area managers in fashion as they are being asked to cover larger regions and additional sites. In contrast, Hays comments that demand for store managers and area managers have increased as employers look to 'maximize sales and ensure they have the best on board to get through the downturn'. Supermarkets in particular are recruiting experienced store and area managers to push customer loyalty, says Michael Page.

### Recruitment salaries

Given the mixed employment climate, it might be expected that recruitment salaries would be hit hard, but ROC says that pay levels are holding up despite

*'Recruitment specialists...highlight there are both winners and losers...some are decreasing recruitment, others continue to recruit actively.'*

**Table 1: Advertised salaries for selected managerial roles in retail appearing January/February 2009 (Source ECR)**

Position	No.	Minimum £pa	Lower quartile £pa	Median £pa	Average £pa	Upper quartile £pa	Maximum £pa
Area/regional manager	74	24,500	32,500	40,000	41,676	46,500	80,000
General manager	29	21,000	27,500	32,500	36,776	40,000	75,000
Store/branch manager	143	12,020	20,000	23,000	24,425	28,000	45,000
Department/section manager	18	14,500	17,625	20,000	21,783	23,450	35,000
Concession manager	45	13,000	16,200	18,550	19,607	22,000	29,000
Assistant/deputy manager	93	12,500	16,000	18,500	18,988	20,750	45,000
Trainee manager	13	15,000	15,600	16,800	18,419	22,000	26,000

\*Where a salary range was given, a midpoint has been used

### Advertised salaries by region for store/branch manager roles in retail appearing January/February 2009

Region (No.)	Median £pa	Average £pa
London (33)	24,000	25,601
South East (24)	22,250	23,771
East of England (14)	20,250	21,595
Midlands (19)	22,000	22,685
Wales & South West (18)	23,500	23,619
North West (8)	27,250	30,313
Yorkshire & North East (12)	23,750	25,333
Scotland (13)	23,000	24,885
Nationwide (2)	24,500	24,500

Source: ECR

the surplus of candidates on the job market. Retail recruitment specialists at Michael Page further confirm this view, saying that companies are keen to hold on to good managers to steer their stores through the downturn, in turn, forcing competitors to offer good salaries to entice new recruits. To gain an indication of current recruitment salaries for retail managers we collected data from around 400 job advertisements appearing on the internet in January and February 2009. Our aggregate results, given in table 1, show that at the top end of the pay range are area managers with a median advertised salary of £40,000, while further down are assistant or deputy managers with a corresponding figure of £18,500. Other job titles covered include general managers with a median advertised salary of £32,500 and concession managers with a median of £18,550.

Additionally, we conducted a further breakdown of the advertised rates for store managers by region and industry, as can be seen in the margin tables. Regional variations were evident, with the highest median advertised salary in the North West at £27,250 compared with £20,250 in the East of England. By industry, the highest median advertised salary for store managers was in DIY and building at £31,909, while homeware and furniture also paid highly at £27,000, although our samples for these sectors are small. In contrast, salaries in food and supermarkets and fashion lagged behind other sectors with median advertised rates of £22,250 and £22,500 respectively. Perhaps unsurprisingly, the lowest paying employers were charities where the median advertised salary was £14,510.

### Advertised salaries in detail

A more detailed picture of retail managers' pay can be found in table 2, which provides examples of advertised salaries for a selected group of individual employers. The table shows rates of pay vary significantly within each managerial group. Advertised salaries for area managers, for example, varied from as high as £60,000 to £100,000 at a London based cinema chain to as low as £24,000 to 27,000 at charity RSPB in the East Midlands. Among established high street fashion retailers there was also significant variation in store managers' salaries, for instance, a salary of £32,000 was offered at Burtons in London compared with a salary band of £15,000 to £25,000 at River Island in Glasgow.

Table 2 also gives an indication of the widespread use of bonuses and benefits to supplement management salaries. Our analysis shows that over a third of advertised jobs included a bonus and some 41.2 per cent included benefits, suggesting they are a staple feature of retail pay packages. Bonus arrangements varied from an annual 6 per cent award for a deputy manager at B&Q to 60 per cent for a deputy manager at Costa Coffee. Other arrangements included a performance-related bonus for a trainee manager at Hobbs and up to 35 per cent of salary for a store manager at Somerfield. In addition, company car benefits were provided for area management posts and of the advertisements collected some 41.9 per cent of companies supplied a fully expensed vehicle or allowance. Another common benefit, says ROC recruitment, is a travel subsidy. These are highlighted by clothing retailer Gap, which is providing a travel allowance to attract candidates at a time when managers are reluctant to move into new roles.

### Advertised store manager salaries by outlet type at January/February 2009

Outlet type (No.)	Median £pa	Average £pa
Beauty/cosmetics (10)	23,750	24,380
Charity (2)	14,510	14,510
Department store/multiple retailer (10)	22,500	24,375
DIY/building (4)	31,909	31,579
Electrical/telecoms (15)	24,000	23,983
Fashion/clothing (54)	22,500	26,762
Financial services (5)	30,500	32,000
FMCG (6)	23,250	25,083
Food/supermarket (16)	22,250	23,189
Homeware/furniture (6)	27,000	27,667
Jewellery (1)	23,000	23,000
Leisure/entertainment (14)	23,500	22,429

Source: ECR

**Table 2: Selected advertisements for managerial positions in the retail sector appearing in January/February 2009 (Source: ECR)**

Job title/company	Salary £pa	Location	Job title/company	Salary £pa	Location
<b>Area/regional manager</b>			<b>Store manager</b>		
Cinema chain	60,000 - 100,000 + car + benefits	London	Clas Ohlson	40,000 - 50,000 + benefits	Manchester
High street fashion retailer	60,000 – 70,000	South East	Matalan	up to 38,000	Nationwide
DIY retailer	50,000 - 60,000 + bonus + car + benefits	South Wales	Burtens	c.32,000	London
Electrical retailer	50,000 - 55,000 + 20% bonus	South East	Arts & crafts retailer	32,000	Edinburgh
Pharmaceutical company	40,000 – 50,000 + car		Oakchurch Farm Shop	30,001 - 35,000	West Midlands
Jeweler & watch retailer	c.40,000 + car + commission	Manchester	Vodafone	28,000 – 30,000	Exeter
Costa Coffee	38,000 – 40,000	Wiltshire/ Gloucester	Barclays	28,000	London
Lidl UK	33,000 – 52,000	Nationwide	Pets at Home	up to 27,000	Bournemouth
Martin McColl	30,000	South Wales	Iceland	26,000 - 32,000	Coventry
Kitchen design company	26,000 - 28,000 + commission + car	Leicestershire	Argos	25,000 + benefits	Ayrshire
Travelx	25,000 – 30,000	Solihull	Valvona & Crona	24,000 - 26,000	London
RSPB	24,000 – 27,000	East Midlands	Drome/Foot Asylum	21,000 - 23,000	London
<b>Assistant/deputy manager</b>			Faith Shoes	20,400 + commission	Bristol
TRG Concessions	26,000 - 28,000 + bonus c.5,000	London	Jack Wills	20,000 - 25,000 + bonus + benefits	London
Telecoms retailer	20,000 – 22,000	Hertfordshire	Giftware retailer	19,000	Suffolk
Denim retailer	20,000	Manchester	Carphone Warehouse	18,000 – 24,000	Nationwide
Boost Juice Bar	18,000 – 20,000	London	Subway	18,000 – 22,000 + bonus + benefits	Liverpool
Toy shop	17,000 – 18,000	Crawley	The Original Factory Shop	17,000 - 20,000 + benefits	Essex
Topps Tiles	16,000	Poole	Superdrug	17,000 – 19,000	Portsmouth
O2	15,000 – 19,000 + bonus + benefits	Middlesbrough	Anne Harvey	17,000 – 18,000	Portsmouth
Crest of London Ltd	15,000 - 17,000	London	River Island	15,000 – 25,000	Glasgow
Faith Shoes	15,300 + commission	Bristol	Thorntons	c.15,525 + benefits	Bishop Stortford
Alexon Brands	14,000 + benefits	Cambridge	The British Heart Foundation	12,020 + bonus + benefits	Northampton
Sport & fitness retailer	13,000 - 15,000 + bonus	Glasgow	<b>General manager</b>		
<b>Department manager</b>			Fashion store	70,000 - 80,000 + benefits	South East
Selfridges & Co	from 30,000 + 20% bonus	London	B&Q	59,000 - 74,000 + 6% annual bonus + benefits	Surrey
Luxury menswear	28,000 - 35,000 + bonus + benefits	London	Sleek Make Up	35,000 + bonus + benefits	London
Wyevale Garden Centres	up to 18,000 + 25% bonus	Middlesex	Travel retailer	23,000 - 31,000	Sheffield
Cosmetics retailer	16,000 - 19,000 + benefits	Warrington	Furniture retailer	20,000 - 30,000 + car + benefits	South East
<b>Concession manager</b>			Restaurant group	20,000 - 22,000 + benefits	Biggleswade
Debenhams	25,000 - 27,000 + bonus + benefits	London	<b>Graduate retail management trainee</b>		
Harvey Nicholls	25,000	London	Somerfield Stores	26,000	Nationwide
House of Fraser	18,000 - 20,000	Midlands	Convenience food retailers	22,000 + bonus + benefit	Nationwide
Stationary retailer	17,000 - 18,000 + bonus + benefits	Cheltenham	Iceland	22,000	Middlesex
Kaliko	15,000 + benefits	West Sussex	Sports fashion retailer	16,000 – 21,000	Bristol
Eastex/Dash	13,000 + benefits	Elgin, Scotland	Hobbs	15,600 + benefits	Sheffield

Advertisements appeared on retail recruitment websites

# Executive directors' bonuses in a downturn



**Peter Boreham, Head of Executive Remuneration at Hay Group UK**

Since the 'credit crunch' took hold all the focus has been on City bonuses, but Bellway shareholders' recent vote of no confidence in the awards paid to directors should send a warning shot across the bows of all remuneration committees. In these hard times, boards need to take care that incentive payments match the changed climate. Reviewing current trends, Peter Boreham of Hay Group suggests a fundamental rethink is needed.

Faced with annual bonus plan challenges outside the experience of most businesses, many remuneration committees are scratching their heads over what to do with this year's executive directors' incentives. The last significant downturn was in the early 1990s and at that time annual bonuses were a much smaller part of the remuneration package. As our own Hay Group figures show, 20 years ago a typical annual bonus payment for a FTSE 350 director would have been less than 20 per cent of salary. In the absence of lessons from history, remuneration committees need to get back to basics and determine the underlying purpose and philosophy of the executive annual bonus.

The 'NICE' decade (non-inflationary constant expansion) saw a steady growth in annual bonus payments to directors in major companies as shown in the graph on page 22. Remuneration committees were able to justify these ever increasing payments on the basis of big rises in corporate earnings and this explanation seemed to fit with the "pay for performance" principle espoused by nearly all large companies. And with shareholders, employees and governments all benefiting from the feelgood factor, criticism of rising payment levels was muted and easy to ignore.

## Hidden problems with bonus design

However, the benign economic circumstances enjoyed in recent years have masked significant problems with annual bonus design. In particular, it became much easier for directors to earn significant rewards even if performance was less than outstanding, as the following points illustrate:

- by 2008, the median reward for on-target performance in the FTSE 100 as a percentage of salary was higher than the median reward for 'stretch' performance in 2002 (see IDS *Directors' Pay Report 2008*);
- a minimum level of payment appears to be almost guaranteed – for example, in 2007 only 10 FTSE 350 chief executives eligible for an annual bonus and employed for a full year received a zero payment;
- some investors have expressed concerns that targets were not stretching enough when market and economic circumstances were favourable.

## A new challenge

In the challenging business circumstances of 2009, many remuneration committees are struggling to answer fundamental questions about annual bonuses. Most significantly, not all boards have agreed what 'good performance' means this year. For example:

- should the focus remain on earnings or be switched to actions that will preserve the business and position it for recovery?

*'In the absence of lessons from history, remuneration committees need to get back to basics and determine the underlying purpose and philosophy of the executive annual bonus.'*

*'If the main focus is to align management reward to shareholder interests, then this implies that annual bonuses should be focused on financial performance.'*

- should annual bonuses be paid for performing better than expected in a difficult market even if financial performance has declined? And if so, should the maximum payment be reduced?
- if companies are to continue to use earnings targets how should they be set given the current uncertainty?

There are also broader issues to consider including: the ethical and motivational implications of explicitly or implicitly rewarding directors for achieving headcount reduction; the affordability of paying for objectives other than earnings; and the implications of making annual bonus payments to directors when dividends have been cut.

### How should Remuneration Committees react?

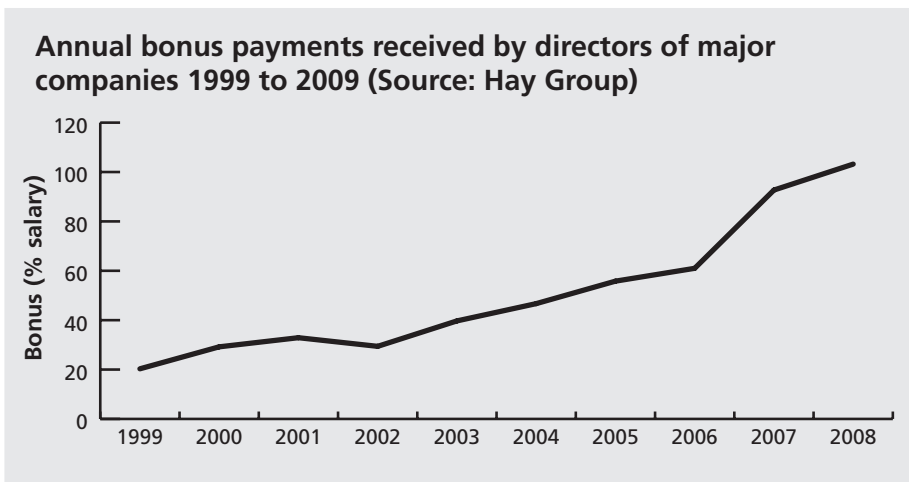
In our view there are three basic rationales for annual bonuses, and the balance between them can be determined by picking a point within the 'ACE Triangle' shown in the box below. Although most plans will balance elements across all three items, in reality one will tend to dominate and this will have clear implications for how the annual bonus plan operates in 2009 and beyond.

If the main focus is to *align management reward to shareholder interests*, then this implies that annual bonuses should be focused on financial performance. It may well mean that payment levels will be strongly influenced by external economic and market circumstances, therefore payments will almost certainly decline for 2009. An alternative would be to eliminate the annual bonus for top executives in 2009 and instead provide a larger-than-normal long-term incentive award based on stretching share price growth targets.

If the principal focus is on delivering a *competitive and attractive total package*, then annual bonus payments are likely to be relatively stable from year to year, with a low probability of a small or zero payment. In a UK listed company environment, many shareholders would be uncomfortable with such a philosophy. This approach, however, might be justifiable in the context of a non-standard total remuneration mixture. For example a reasonably 'soft' annual bonus may be appropriate if the fixed package is modest.

If the main focus is incentivising *effective execution of the strategy*, this implies a degree of decoupling of the annual bonus from short-term earnings. For 2009, most companies are focusing on short-term survival and doing what they can

*'If the principal focus is on delivering a competitive and attractive total package, then annual bonus payments are likely to be relatively stable from year to year, with a low probability of a small or zero payment.'*



*'If the main focus is incentivising effective execution of the strategy, this implies a degree of decoupling of the annual bonus from short-term earnings.'*

to prepare for the upturn. Their priorities are therefore cash generation, cost reduction, and maintenance of key people, assets and customers that will generate future success. Of course, if this approach is followed to its logical conclusion then even in 'normal' circumstances there should be no guarantee of the plan paying out purely as a result of strong earnings performance. Arguably, this is appropriate as short-term earnings are often driven as much by external circumstances and strategic decisions taken in the past as by in-year management performance.

Incidentally, our experience of assessing the plans of new or potential clients suggests that there is often quite poor alignment between businesses' stated strategic aims and their incentive structures! A market data analysis also shows only limited differentiation in plan design between, for example, companies in very different places on the maturity curve.

### **So what are companies actually doing?**

We at Hay Group have been having discussions with the remuneration committees of our clients on these issues and we are aware that other companies too are re-examining the fundamentals of their directors' bonus plans in the current economic reality. Their actions suggest they are taking on board the three principles outlined in the ACE triangle.

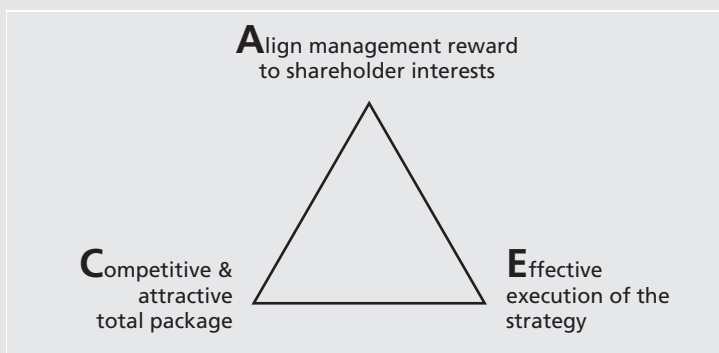
First, a significant number of companies in struggling sectors have refocused annual bonuses on strategy for the year rather than annual earnings (approach 'E' in the diagram). It remains to be seen whether this is due to a new, stronger link between annual bonuses and strategy or whether these changes are primarily tactical.

Second, companies are still treating the annual bonus as 'pay' and are doing what they can to preserve payment levels as high as possible without provoking a shareholder revolt (approach 'C'). In some cases, this has taken the form of placing greater weight on more predictable metrics such as cost reduction. It remains to be seen whether shareholders will see through such tactics.

Finally, a growing minority of firms are taking a hard-line approach that offers little prospect of executives earning large bonus payments for 2009 (approach 'A').

At Hay Group we are working to make sure that the decisions taken in 2009 will not just be short-term fixes, but will put annual bonuses on a sounder footing for the next decade and beyond.

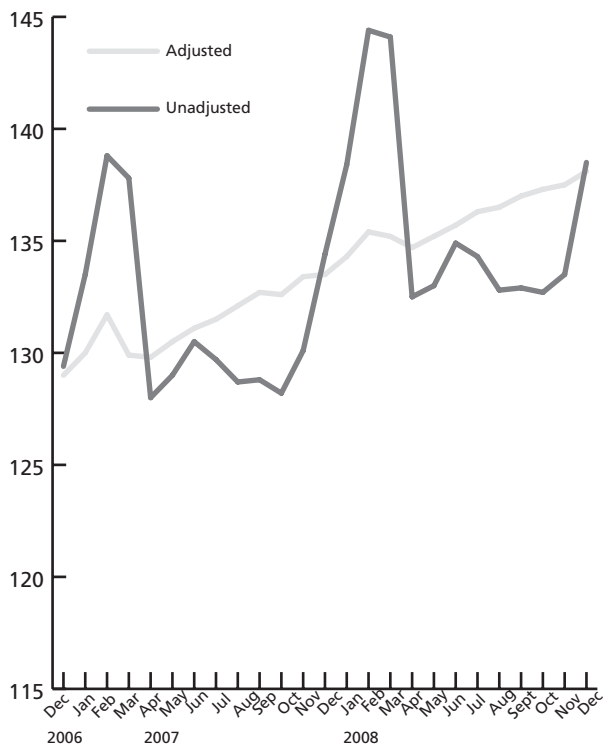
#### **ACE triangle: framework for boardroom incentive scheme design (Source: Hay Group)**



*'...our experience of assessing the plans of new or potential clients suggests that there is often quite poor alignment between businesses' stated strategic aims and their incentive structures!'*

# Stats & facts

Change in Average Earnings Index over two years



Retail Prices Index (Source: Office for National Statistics)

	2007 index	2007 %	2008 index	2008 %	2009 index	2009 %
January	201.6	4.2	209.8	4.1	210.1	0.1
February	203.1	4.6	211.4	4.1		
March	204.4	4.8	212.1	3.8		
April	205.4	4.5	214.0	4.2		
May	206.2	4.3	215.1	4.3		
June	207.3	4.4	216.8	4.6		
July	206.1	3.8	216.5	5.0		
August	207.3	4.1	217.2	4.8		
September	208.0	3.9	218.4	5.0		
October	208.9	4.2	217.7	4.2		
November	209.7	4.3	216.0	3.0		
December	210.9	4.0	212.9	0.9		

Average private sector management pay awards (Source: IDS Executive Compensation Review)

Three months to:	Board %	Senior managers %	Middle/junior managers %	Professional/technical %	All reviews %
October 2007	3.7	3.4	3.4	3.7	3.5
January 2008	4.5	3.9	3.8	3.9	4.0
April 2008	4.0	3.6	3.6	3.5	3.6
July 2008	4.0	3.8	3.7	3.7	3.8
October 2008	2.9	3.1	3.0	2.9	3.0
January 2009	2.2	2.2	2.5	2.5	2.4

Average Earnings Index: whole economy (Source: Office for National Statistics)

Unadjusted				Seasonally adjusted		
Rebased: 2000=100		Index	Per cent change over previous 12 months	Index	Per cent change over previous 12 months (includes bonuses)	Per cent change over previous 12 months (excludes bonuses)
				Index	Monthly rate*	Monthly rate*
2006	December	129.4	3.9	129.0	3.9	3.6
2007	January	133.3	4.8	130.0	4.6	3.5
	February	138.8	5.4	131.7	5.2	3.6
	March	137.8	3.5	129.9	3.6	3.7
	April	128.0	3.1	129.8	3.4	3.4
	May	129.0	3.6	130.5	3.6	3.5
	June	130.5	3.2	131.1	3.2	3.5
	July	129.7	3.6	131.5	3.8	3.7
	August	128.7	4.2	132.3r	4.2	3.8
	September	128.8	4.2	132.9r	4.2	3.5
	October	128.2	3.4	132.9	3.7	3.5
	November	130.2	4.5	133.5	4.2	3.7
	December	134.4	3.8	133.7	3.7	3.7
2008	January	138.4	3.8	134.3	3.8	3.6
	February	144.4	4.1	135.1	3.7	4.0
	March	144.1	4.5	135.2	4.5	3.8
	April	132.5	3.5	134.9	3.8	3.9
	May	133.0	3.1	135.3	3.4	3.6
	June	134.9	3.4	135.8	3.4	3.6
	July	134.3	3.6	136.2	3.6	3.8
	August	132.8	3.2	136.6	3.2	3.5
	September	132.9	3.1	137.0	3.1	3.6
	October	132.7	3.5	137.3r	3.6r	3.7
	November	133.5r	2.6r	137.5r	2.8r	3.6r
	December	138.5p	3.1p	138.1p	3.2p	3.5p

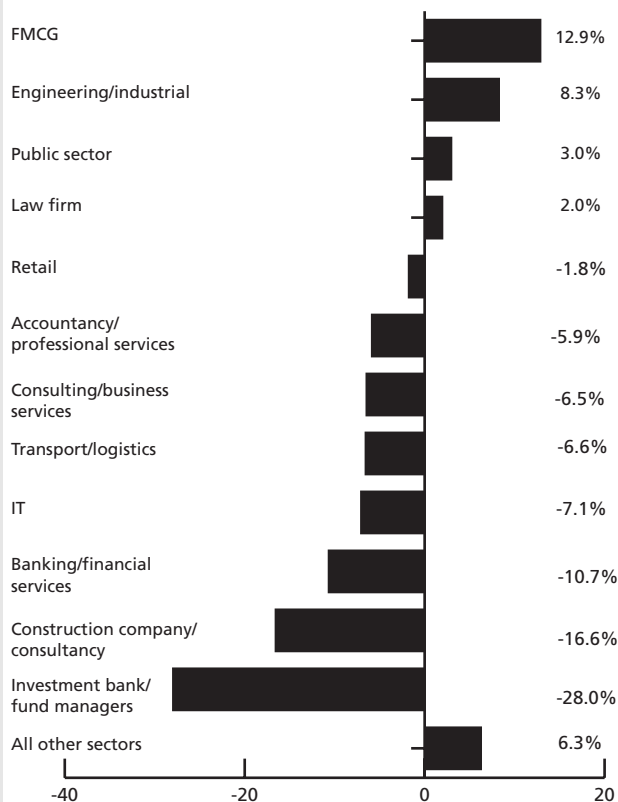
\*The headline rate is no longer published    r = revised    p = provisional

### Average salaries for selected insurance industry staff by job level and experience at September 2008

Job level	Number of years' experience in insurance			
	4-6 £pa	7-10 £pa	11-15 £pa	16+ £pa
Qualified actuary	70,000	88,500	97,000	118,000
Financial controller		71,500	74,250	79,000
Accountant - financial/manager	55,000	58,250	64,500	67,250
Accounts director	48,000	50,000	60,000	75,000
Supervisor/assistant risk manager	42,000	47,000	50,000	51,500
Claims manager	34,000	43,000	45,000	
Senior underwriter	33,500	37,000	37,500	
Senior analyst/statistician	32,750	38,000	43,000	48,000
Senior account handler	31,750	34,000	34,750	

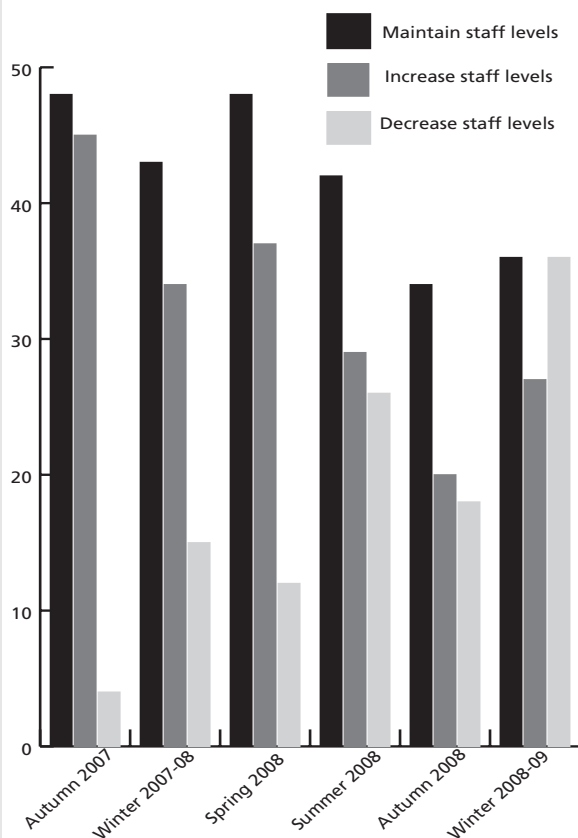
Source: Insurance Personnel Selection

### Expected percentage change in graduate vacancies by sector 2008 to 2009



Source: Association of Graduate Recruiters (AGR)

### What will be the effect of recruitment and redundancies at February 2009?



Source: CIPD & KPMG

### Demand for permanent staff by sector at January 2009\*

Sector	This year		Last year	
	Rank	January 2009	Rank	January 2008
Nursing/medical/care	1	52.7	2	61.3
IT & computing	2	32.0	6	55.3
Executive/professional	3	28.6	3	58.8
Accounting/financial	4	26.8	7	54.4
Hotel & catering	5	26.8	4	58.4
Engineering & construction	6	26.3	1	62.5
Secretarial & clerical	7	24.1	5	55.9
Blue collar	8	23.6	8	50.1

\*Data are presented in diffusion indices where 50 indicates no change on the previous month. Readings above 50 signal stronger demand than a month ago. Readings below 50 signal weaker demand than a month ago.

Source: KMPG & REC



# IDS pay services

## Research Reports on Pay from IDS

### **Directors' Pay Report 2008**

Authoritative analysis of boardroom remuneration and incentive practice in FTSE 100 and FTSE mid-250 companies. Provides basic salary, annual bonus and long-term incentive plan details for over 1,000 chief executives, finance directors and other executive directors.

*Price: £415*

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### **NHS Boardroom Pay Report 2009**

A comprehensive analysis of remuneration levels for key positions including chief executive, finance director and other board directors in hospital and primary care trusts. Based on published accounts, the report covers England, Wales, Northern Ireland and Scotland. Details are broken down into basic salary, benefits, annual bonus and total remuneration. The report also analyses fees for non-executive directors.

*Price: £315*

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### **In-house lawyers' pay report 2008**

This new report brings together detailed information on the pay and benefits of a wide range of in-house lawyers across both the public and private sectors. Based on a specially conducted survey of the market, the report is a comprehensive single reference source of hard to come by benchmarking data for 934 lawyers employed by 83 organisations. Included in the survey are salary and bonus figures for five professionally qualified levels ranging from head of legal to qualified solicitor, with breakdowns by sector, location, size of department and post-qualification experience.

*Price: £275*

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### **Directors' Pay in AIM and SmallCap Companies 2008**

Based on the remuneration details published in the latest available AIM, SmallCap and Fledgling company accounts, this report provides salary, bonus and long-term incentive plan details of over 900 lead executive, finance and 'other' directors in more than 400 AIM, SmallCap and Fledgling-listed firms. Pay analysis is provided by turnover, sector, market capitalisation and number of employees.

*Price: £275*

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