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Higher private sector bonuses predicted in 2011

- Pressure expected to boost remuneration as performance improves
 - Non-board directors earn £110,000 in 2010

The private sector should see higher bonus payments this year, according to the latest [Managers Benchmark Pay report](#) from Incomes Data Services (IDS).

In a sign of upbeat predictions for corporate performance in the UK this year, IDS say that more than three times as many private sector firms are expecting to pay higher bonuses in 2011 compared to those who believe they will pay lower bonuses than 2010.

Chris Smith, author of the *IDS Managers Benchmark Pay Report*, which carried the survey findings, comments: “Projecting future bonus payments is difficult as they are highly dependent on future business outcomes, but the sentiment across much of the private sector is that performance, as well as incentives, are on the up.”

IDS forecasts that the private sector will increase salary levels across managerial and professional jobs by 2.5% in 2011, which is below the current rate of inflation. Pay for their counterparts across the public and not-for-profit sector is forecast to grow at less than half the pace of the private sector at 1%

Chris Smith adds: “For managers and professionals the coming year may become a tale of two sectors – the public and private. The pay and employment experience of those working in the public sector could diverge sharply from their private sector counterparts when the new coalition Government’s spending cuts start to bite.”

“Median private sector salary increases have not yet reached the growth of 3% that they were at prior to the economic crisis breaking in 2007, but they have recovered from the levels we recorded during the depth of the recession.”

IDS warn that while there may be a desire to keep pay awards low, improved performance will pile pressure on more companies to raise pay increases above 2.5%

Says Chris Smith: “An upturn in company performance can put a lot of pressure on businesses to offer competitive pay packages to retain their top staff, while keeping overall costs at a manageable level. However it appears that the increases in total pay we have seen in the top FTSE companies may not be as prevalent amongst SMEs and other junior companies’.

“If company performance continues to improve, employees will expect to see this reflected in the type of salary increases they receive, otherwise employers run the risk of hitting morale and failing to retain their most talented staff.”

IDS says that companies thinking about awarding generous increases to their most senior managers risk alienating more junior members of staff who have had to accept far more austere salary increases over the last year.

Adds Chris Smith: “Against the backdrop of below RPI salary increases for the majority of employees, it might make good sense for companies to make modest pay awards for even their most senior managers and executives.”

Non-board directors basic salary reaches £110,000

Non-board directors of UK companies received average (median) basic salaries of £110,000 last year according to the latest *Managers Benchmark Pay report* from Incomes Data Services (IDS).

Non-board directors are senior executives and heads of department who have ‘director’ in their job title, but do not sit on the main board of directors at their company.

Across the private sector, the average basic salary of a non-board director was £132,000 in 2010, while in the public sector, the median salary reached £93,555.

Across all managerial job levels, the two highest paying industries were the banking sector and the oil gas and minerals industry, continuing the trend from previous years.

ENDS

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