

PRESS RELEASE

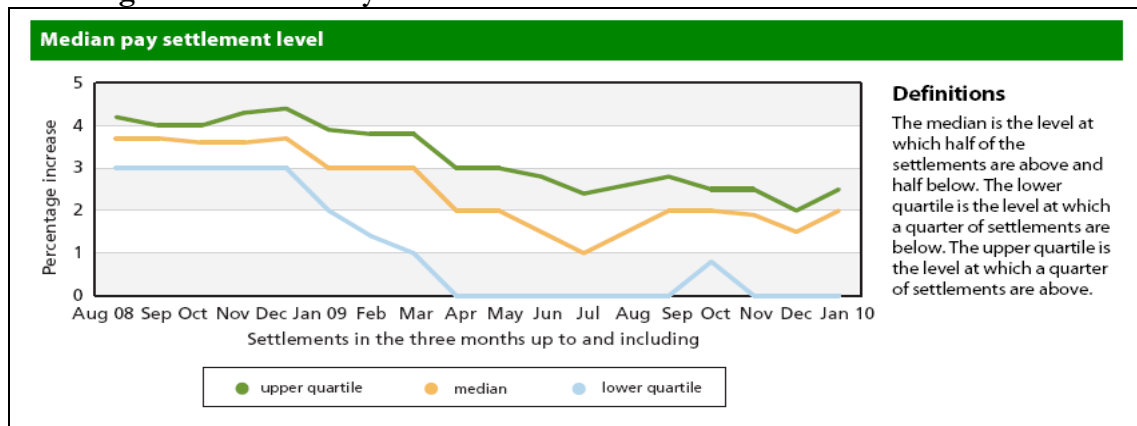
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Early January focus is on rises of 2%

The latest figures from IDSPay.co.uk show that the median pay settlement level is 2%, covering the three months to the end of January 2010. Our first detailed look at the January pay round indicates that in many ways, the picture so far is similar to the overall outturn for last year. While pay freezes are still part of the picture, increases continue to be paid too.

Summary of key settlement data	
For the three months to the end of January 2010, based on 46 settlements covering 187,497 employees in total	
Median (whole economy)	2.0%
Average	1.8%
Interquartile range (whole economy)	0 to 2.5%
Manufacturing & production median	2.0%
Private services sector median	2.0%

Latest figures from IDSPay.co.uk



There have been a number of examples of companies returning to paying increases this year where last year they froze pay. In other instances, slightly higher-than-average

awards have been made under a number of long-term deals. But freezes continue to figure as well, and these currently make up around a third of awards. Most freezes have been implemented in sectors hardest hit by the recession including construction and parts of manufacturing.

Local government workers could also face a freeze on pay in 2010 and this demonstrates the contrast between the outlook on pay in the private sector and that in the public sector. While private sector settlement levels may recover, in line with an improvement in the economic outlook, public sector pay is under intense restraint.

Most new deals in 2010 so far were reached when the economy was still in recession and inflation was low or negative. But this backdrop is now changing. Inflation has now returned, to 2.4% on the all-items RPI measure in December 2009, the measure most commonly used by pay setters in the private sector. The economy is expected to resume growth and employment figures are also showing positive signs with a fall in the claimant count for the first time since February 2008. However, jobs are still a concern with continued company closures and 'downsizing' in some sectors. The fragility of the recovery is underlined by the fact that some firms are deferring their reviews in order to get a clearer feel for the business outlook.

Ken Mulkearn, Editor of IDS Pay Report, said: 'Most of the private sector deals in our latest analysis were reached against a backdrop of recession and low inflation. But the rise in the cost of living and the recovery in manufacturing, as well as the official end of the recession, represent some restoration of modest upward pressures on pay. If these trends strengthen, the impact will be seen more clearly as we move towards the April pay round in the private sector. Meanwhile the public sector is subject to a tighter squeeze than has been seen for years'.

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Notes for Editors

IDSPay.co.uk is a new online source of all the remuneration data collected by IDS, on pay settlements, pay levels and executive compensation. Visit www.IDSPay.co.uk to see a demonstration or to sign up for a free trial.

IDS Pay Report, published fortnightly, is the UK's leading source of research and analysis on pay and benefits across the economy. For details see our website (address below) or call 0845 600 9355.

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