

PRESS RELEASE

Not for use before
00:01 Thursday 1 April 2010

Latest pay award data show signs of thaw

The proportion of pay freezes in the private sector may be falling, under the influence of higher inflation and a recovery in output in key sectors, according to pay analysts IDS. At the same time, new public sector awards for 2010 are significantly lower than those in the private sector.

The latest data on pay awards from IDSPay.co.uk, for the three months to the end of February, show that the median settlement for the whole economy is 1.8 per cent, down slightly on the figure of 1.9 per cent for the three months to the end of January. At the same time, the proportion of freezes is also down slightly, from 37 per cent to 34 per cent.

The distribution remains 'bi-modal' – with twin peaks, at 0 and 2-2.99 per cent – rather than the more usual 'normal' pattern of a single peak. However awards in the 2 to 2.99 per cent range now make up the greatest proportion of pay settlements, at 35 per cent of the total.



Source: IDSPay.co.uk

The latest figures are based on 94 pay settlements, covering 279,513 employees in total. Most of the awards in the latest three-month rolling period are at private sector organisations, with just one award in the public sector.

Manufacturing v services

The median settlement in manufacturing, at 2 per cent, is double that for private services, at 1 per cent. A greater proportion of pay freezes have been awarded in the service sector, and there are considerably fewer higher-end increases than in manufacturing. While nearly a fifth of pay settlements in manufacturing are at or above 3 per cent, no pay settlements have been recorded at this level in private services. The incidence of increases under long-term agreements in manufacturing – many with a link

to inflation – has partly contributed to the picture here. A fifth of manufacturing awards have been made under long-term deals, compared to less than one-in-ten in services.

Public sector awards lower

So far we have recorded 19 pay settlements in the public sector this year, with all but one effective from April 2010. The level of these awards is much lower than last year and, if we exclude the increases under long-term agreements (eg for NHS staff), the median pay settlement level is just 0.4 per cent.

Ken Mulkearn, Editor of IDS Pay Report, whose staff collect and analyse the data for IDSPay.co.uk, said: ‘The distribution of settlements in the private sector remains bi-modal rather than normal, with twin peaks at 0 and in the 2-2.99 range. However the proportion of freezes looks like it may be falling, though there are clear differences between manufacturing and services. The likely influences here are a recovery in manufacturing output, with short-time working winding down, and higher inflation.’

He added: ‘Looking further ahead, private sector awards look set to outpace those in the public sector, though much depends on the pace of economic recovery. We can already see the impact of the Government’s pay squeeze on public sector settlements.’

Summary of key settlement data from IDSPay.co.uk	
For the three months to the end of February 2010, based on 94 settlements covering 279,513 employees in total	
Median (whole economy)	1.8%
Average	1.5%
Inter-quartile range (whole economy)	0 to 2.5%
Median – manufacturing and production	2%
Median – private services	1%

For further press information, please contact:

- Ken Mulkearn (Editor, IDS Pay Report) on 020 7422 4937
- or
- Lois Wiggins (Senior Researcher, IDS Pay Report) on 020 7422 4945

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 above) or call 0845 600 9355.