

PRESS RELEASE

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Proportion of pay freezes continues to fall

The proportion of pay freezes has continued to fall in the three months to the end of March 2010, with freezes accounting for 31 per cent of settlements recorded in this period, according to the latest data on pay awards from IDSPay.co.uk. This is down from 34 per cent of settlements in the three months to the end of February. The median pay settlement level has risen slightly to 1.9 per cent, up from 1.8 per cent in the three months to February. The latest figures are based on 112 pay settlements, covering 313,214 employees in total.

This slight increase in the median is mainly prompted by an increase in settlement levels in the private services sector, where the median increase has risen from 1 per cent in the three months to February 2010 to 1.3 per cent in the three months to March, in line with the general modest drift upwards in settlement levels across the economy. The median settlement in the manufacturing sector remains above that of the private services sector, at 2 per cent. This is in contrast with the picture this time a year ago, when freezes were becoming increasingly common at manufacturing firms.

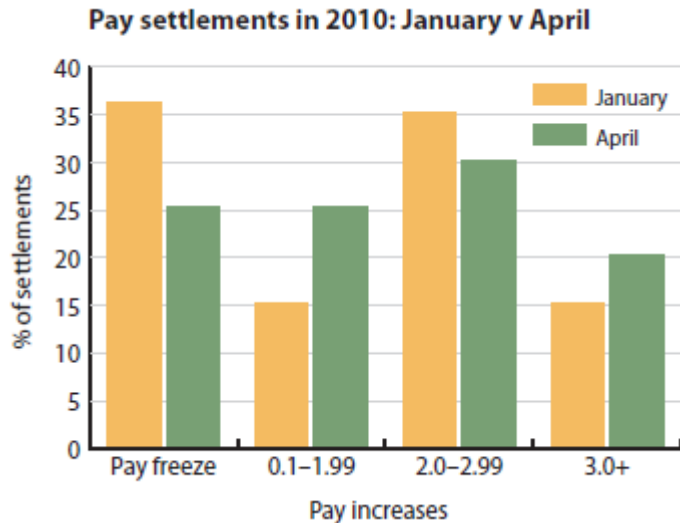
April deals show modest upward trend

Looking at deals with effective dates in April, the proportion of pay freezes is down further, accounting for a quarter of the 60 pay settlements IDS has recorded so far. This compares with 36 per cent of deals effective from January, which is the other main month for pay-setting.

Although the proportion of pay freezes is falling in the whole economy overall, the number of zero awards is rising in the public sector, with over half of the pay freezes effective in April affecting public sector workers. For example, 115,000 consultants, general practitioners and dental practitioners covered by the NHS Doctors and Dentists Review Body had their pay frozen for 12 months from 1 April 2010.

The distribution of pay settlements is much broader for deals effective in April than was the case in January, when deals were clustered around the zero and 2 per cent marks. A quarter of deals effective in April resulted in awards of between 1 and 1.99 per cent, with a fifth of April deals resulting in increases of 3 per cent or more.

Ken Mulkearn, Editor of IDS Pay Report, whose staff collect and analyse the pay settlement data for IDSPay.co.uk, said: 'We are seeing a slow recovery in private sector pay awards. In particular, the proportion of freezes is drifting downwards, in a reversal of trends witnessed at this time last year, when the number of zero awards was rising steadily. However, settlement levels are still lagging behind inflation which means that real-terms wage growth remains weak for most workers. And the picture is even worse in the public sector, where restraint has started to bite hard and, in contrast to the private sector, the proportion of freezes is rising.'



Source: IDSPay.co.uk

Summary of key settlement data from IDSPay.co.uk	
For the three months to the end of March 2010, based on 112 settlements covering 313,214 employees in total	
Median (whole economy)	1.9%
Average	1.6%
Inter-quartile range (whole economy)	0 to 2.5%
Median – manufacturing and production	2%
Median – private services	1.3%

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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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