

PRESS RELEASE

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Gap between public and private sector pay awards widens

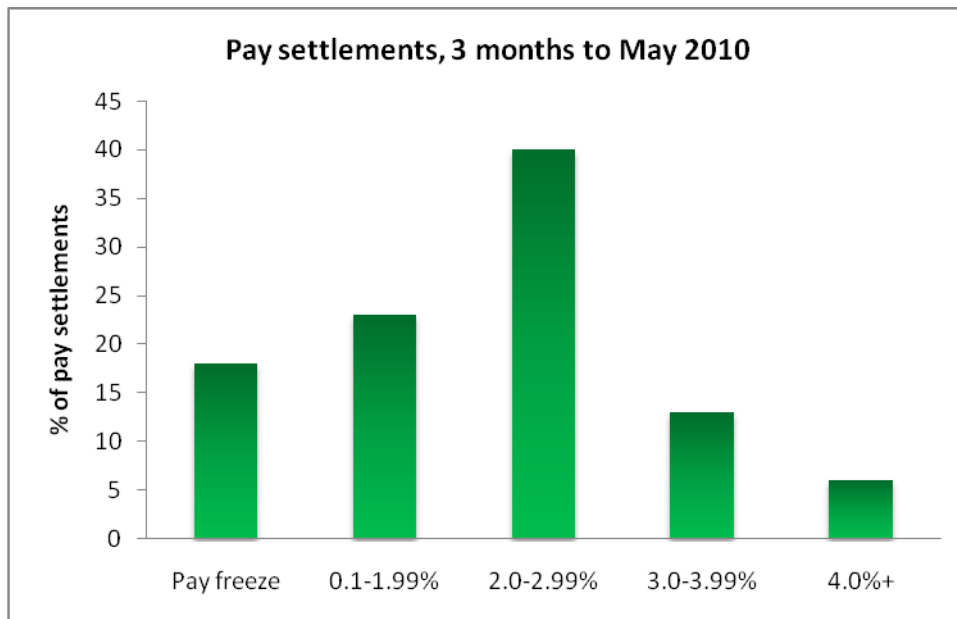
The median pay settlement level across the whole economy for the three months to the end of May 2010 remains at 2 per cent, unchanged from the three months to April. The proportion of pay freezes has also remained stable, with freezes accounting for just less than a fifth of awards, according to the latest data on pay settlements from IDSPay.co.uk. This stability in the overall level of awards, however, masks some significant differences in settlement levels in the public and private sectors.

Pay settlements in the private sector continue to be centred on 2 per cent, which is the median level of awards in both manufacturing and private services. The median in the public sector, however, has fallen to 0.8 per cent, down from 1 per cent in the three months to April 2010. This is the result of an increase in the number of pay freezes and lower awards applied in the public sector over this period, ahead of the Government's announcement of a two-year pay freeze from 2011.

In the private sector, pay freezes now account for just one-in-ten pay settlements, while in the public sector two-fifths of the pay reviews that took place in the three months to May resulted in pay freezes. Pay freezes are now the most common outcome of pay reviews in the public sector, with over 1.3 million public sector workers having their pay frozen in this three-month period. In the private sector, pay freezes recorded in this period were for the most part confined to care providers and electronics firms.

Three-fifths of pay settlements now at 2% or higher

Across the economy as a whole, the number of higher-level pay settlements has increased. The most common level of settlement is between 2.0 and 2.99 per cent, with two-fifths (40 per cent) of awards falling into this range. A further fifth of awards are at 3 per cent and above, with many of these higher awards at chemicals, transport and utilities companies. The latest figures are based on 127 pay settlements, covering 2,150,386 employees in total.



Source: IDSPay.co.uk

Ken Mulkearn, Editor of IDS Pay Report, whose staff collect and analyse the pay settlement data for IDSPay.co.uk, said: ‘Our latest findings on pay settlements are of a piece with the recent Budget, the focus of which was public sector spending cuts and a two-year pay freeze, starting from next year for most staff. But our figures show that the freeze has already begun and there is every prospect that some groups, such as local authority staff in England and Wales, will face a three-year freeze.’

He continued: ‘This is in contrast to the private sector, where the proportion of freezes has stabilised and the number of higher-level awards has increased. Here, settlements are centred on 2 per cent, over double the public sector median.’

Summary of key settlement data from IDSPay.co.uk	
For the three months to the end of May 2010, based on 127 settlements covering 2,150,386 employees in total	
Median (whole economy)	2.0%
Average	1.8%
Inter-quartile range (whole economy)	1.0 to 2.5%
Median – public sector	0.8%
Median – manufacturing and production	2%
Median – private services	2%

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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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