

PRESS RELEASE

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Private sector pay settlements show slight upward trend

The latest analysis of pay settlements from IDSPay.co.uk shows continued stability in private sector pay awards, and additional signs that the proportion of higher-end deals is increasing.

The median pay settlement level across the whole economy for the three months to the end of July 2010 remains at 2 per cent, unchanged from the three months to June. With inflation still around 5 per cent, fewer employers are freezing pay and more are awarding increases of 3 per cent and above. The latest analysis offers what is essentially a view of trends in the private sector, with only one deal recorded in the public sector. With the busy month of April falling out of the picture, it is also a relatively quiet period for pay setting, with only 48 pay settlements recorded, covering 370,033 employees in total.

More higher-end awards

The latest analysis shows that more employers are awarding higher-end pay increases, and that pay freezes are now less common. More than 30 per cent of pay deals recorded between May and July are worth 3 per cent or above, and 70 per cent are at or above the median of 2 per cent. The proportion of pay freezes has continued to fall, and now stands at just under 15 per cent of deals.

Due to the change in the distribution of awards, both the lower and upper quartiles have changed significantly from the previous period. The lower quartile, below which a quarter of deals sit, has increased from zero to 1.5 per cent. The upper quartile, above which a quarter of deals sit, has increased from 2.6 per cent to 3 per cent.

Manufacturing vs services

The deals recorded in the three months to the end of July are fairly evenly split between manufacturing and private services. The median pay settlement in manufacturing is 2 per cent and in the services sector it is 2.2 per cent. The proportion of freezes is higher in manufacturing than in services (17 per cent compared with 8 per cent), while the proportion of higher-end deals is in manufacturing's favour (35 per cent compared with 29 per cent).

Ken Mulkearn, Editor of IDS Pay Report, whose staff collect and analyse the pay settlement data for IDSPay.co.uk, said: 'As we might expect in the aftermath of a serious recession, basic pay increases remain modest. But the recovery in the business outlook and higher inflation are combining to place a certain amount of upward pressure on

private sector awards. These are the main factors behind the growth in the proportion of higher-end settlements, and the continued drop in the proportion of freezes.’

Summary of key settlement data from IDSPay.co.uk	
For the three months to the end of July 2010, based on 48 settlements covering 370,033 employees in total	
Median (whole economy)	2%
Average (whole economy)	2.1%
Inter-quartile range (whole economy)	1.5 to 3%
Median – manufacturing and production	2%
Median – private services	2.2%

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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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