Pay awards match inflation in first quarter of 2014

The median pay award during the first quarter of 2014 stands at 2.5 per cent, according to new figures from IDSPay.co.uk.

Falling inflation in March means that the median settlement is now in line with the Retail Prices Index (RPI), the most commonly-used measure of the cost of living for pay-setting purposes. The last time the median pay award was ahead of inflation was in the three months to November 2009, when the median settlement recorded by IDS was 1.5 per cent and RPI was just 0.3 per cent.

Some 60 per cent of pay settlements in the three months to March were awarded at between 2 and 2.99 per cent, according to IDSPay.co.uk. Higher-level pay awards at or above 3 per cent make up almost a third of settlements, while the number of pay freezes and lower awards below 2 per cent remains small (accounting for just over 10 per cent of all reviews).

Pay awards across both the private services and manufacturing sectors are both at 2.5 per cent, although the bulk of private services pay settlements are recorded in April, after the current reference period. Within the manufacturing sector, higher awards have been set
in aerospace and defence, food and drink manufacturing, and chemicals. In each of these sub-sectors the median pay settlement level is 3 per cent.

Ken Mulkearn, Head of Pay & Research at IDS, said: ‘As we move into the prime period for annual pay reviews, settlement levels are mostly stable. The main factor in the comparison with the cost of living is the fall in inflation, rather than any rapid acceleration in pay growth. However, stronger economic growth may add to upward pressures, and the fact that the National Minimum Wage is set to rise by 3% will likely have an influence. In any case, it looks like pay could soon be ahead of inflation for the first time in many years.’

The latest IDS analysis is based on 107 settlements in the three months to the end of March 2014, covering 224,887 employees.

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<th>Pay settlement data – three months to the end of March 2014</th>
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**Source:** IDSPay.co.uk

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Notes for Editors

**IDSPay.co.uk** is an online source of all the remuneration data collected by IDS, on pay settlements, pay levels and executive compensation. Visit [http://www.IDSPay.co.uk](http://www.IDSPay.co.uk) to see a demonstration or to sign up for a free trial.

**IDS Pay Report**, published monthly, is the UK’s leading source of research and analysis on pay and benefits across the economy. For details see our website ([ids.thomsonreuters.com](http://ids.thomsonreuters.com)) or call 0845 600 9355.

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