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# Pay in Wales

## Hyder/Cardiff Business School Pay Survey

The Hyder/Cardiff Business School pay survey reaches its tenth anniversary this year. The survey, first commissioned in 1990, had been used initially by Welsh Water and then by Hyder in its Partnership deal with the various trade unions recognised by the company. In particular, the findings of the pay survey have been used as a basis for pay settlements in the decade since 1990. The general expectation given by the company to the workforce is that they would attempt to pay their employees within the top quartile in relation to pay levels within Wales. In addition, the annual percentage settlement has been based upon the general movement of wages within Wales over the last ten years.

### The Original Survey

Initially the survey only covered those employees in Welsh Water, and thus data was gathered only from those areas in Wales in which most of the employment of Welsh Water occurred; in the seven travel to work areas of Cardiff, Merthyr, Swansea, Haverfordwest, Brecon, Shotton and Bangor. When Welsh Water acquired SWALEC the survey was expanded beyond the original seven travel to work areas to include the vast majority of the large employers located within the Principality. Indeed, during the Nineties the restrictions of specific travel to work areas became increasingly irrelevant as, in particular, labour markets could be said to operate along the M4 corridor in South Wales and along A55 corridor in North Wales. Nevertheless, the survey did include the vast majority of the companies who had originally agreed to participate, and thus whilst there have been a number of changes to the list of participating companies, the fact that there is a degree of continuity back to 1990 gives a greater significance to the data set than would otherwise be the case.

The main changes that have occurred during the time of the survey relate to mergers and closures of companies, though more specifically to re-organisations in the health service and in local authorities. In addition, the survey has attempted to include growing companies within the Principality and thus to be reflective of the major players within the broader labour markets within Wales. The survey has in general included more than 70 organisations located within the Principality, only once dipping below 70, as a result of the temporary suspension of participation by a number of

companies undergoing re-organisation. Each year statistical tests are undertaken to ensure that the participating organisations reflect both the distribution of employment between public and private sectors within the Principality and between international, rest of the United Kingdom and Welsh owned companies.

### Changes to Jobs

The initial survey included 32 separate job categories, divided amongst the sections of professional/managerial, clerical, supervisory/technical, craft and manual. Over time, some of these have changed not only within Welsh Water/Hyder, but also within the broader labour markets, and the survey has periodically amended its lists of jobs to accommodate these changes. For example, as multi-skilling became more predominant in the 1990s, then specific job titles relating to particular crafts were omitted in favour of dual skilled electrician and, for example, vehicle and plant fitter. Equally, within the clerical area the growth of call centres has led to the inclusion of a call centre agent as a new job. As some jobs within Welsh Water/Hyder may be considered to be specific to a water/electricity utility,

participating companies are provided with extensive details on the nature of the job descriptions, and their location within an organisational chart. Further, organisations are encouraged to participate in the survey even if the job in their company has greater or lesser responsibilities than that within Hyder. This difference is included within the analysis, allowing for a coverage of all reported jobs, together with more specific information relating to those jobs which have more direct matches with the occupations within Hyder.

A new change for the 1999 survey was the introduction of job benchmarks as Hyder had undertaken an internal job evaluation exercise in order to provide a hierarchy of occupations. This development is to be welcomed for participating organisations who, having done a similar exercise, can then more easily relate their particular jobs to those within Hyder, even if the job descriptions are slightly different. Perhaps the key point is that the personnel employed in these various jobs are drawn from the same labour market, and thus would attract similar types of terms and conditions of employment.

**Table 5: Average Total Pay Increases 1993 to 1999**

TTWA	% Increase						
	1993	1994	1995	1996	1997	1998	1999
Merthyr	1.37	2.14	2.60	2.74	2.62	3.04	3.11
Brecon	1.76	2.17	2.69	3.15	2.87	3.16	3.06
Cardiff	2.31	2.43	2.47	3.01	3.07	3.24	3.19
Swansea	1.97	2.67	2.55	3.17	2.80	3.34	2.87
Shotton	2.18	3.26	3.53	4.56	4.33	3.58	2.84
Bangor	1.41	2.50	2.66	2.89	2.94	3.10	3.09
H'West	1.45	2.43	2.43	3.03	2.51	3.11	3.00
<b>Average</b>	<b>1.96</b>	<b>2.55</b>	<b>2.70</b>	<b>2.96</b>	<b>3.02</b>	<b>3.25</b>	<b>3.02</b>

**Table 6: Sub regional analysis, 1998 and 1999**

	1998 (n=77)		1999 (n=75)	
	Basic	Total	Basic	Total
N Wales	3.42	3.59	3.01	3.01
W Wales	3.46	3.78	2.95	2.92
S Wales	3.29	3.28	3.29	3.33

## The Analysis

Each year companies are asked for pay data relating to 27 different jobs in the five categories mentioned above, and are asked to provide that data for basic pay and total pay, together with the percentage pay increases for the year ending 31 August. Total pay is defined as the addition to basic pay, but excluding shift pay and overtime. The data is then analysed and produced in the annual report. The data is still analysed by each of the original seven travel to work areas, although now a further analysis is being added covering North Wales, West Wales and South Wales. Table 5 shows the average percentage total pay increases for the travel to work areas since 1993, whilst Table 6 aggregates the results for 1998 and 1999 into the three Welsh sub-regions. (The interested reader may also like to refer to the section on Earnings in the Labour Market article on page 12 in the previous edition of the *Review*. While the areas under consideration are not directly comparable, figures 1 and 2 do provide an indication of absolute measures to which the following data can be applied).

The early years in the survey registered increases approaching ten percent,

however the figures in Table 5 demonstrate a considerable degree of stability in pay increases during the mid to late 1990s, at around the 2-3%.

Nevertheless, there are differences within each of the travel to work areas. Table 7 provides a further analysis showing the differential pay levels for each of the areas. This shows that Shotton has registered the highest increases since 1989, with Cardiff not far behind. The predominance of manufacturing industry within the Shotton travel to work area helps explain this high level, where pay increases in manufacturing have generally been higher than those in the service areas.

The analysis also allows for an examination of the percentage pay increases for each of the job categories year on year, for both those jobs with all responsibilities, and more specifically those for the same responsibilities. Data is also provided for each of the groupings of jobs and the 1999 figures are given in Table 8.

The survey also provides data on overtime, holiday entitlement and pension contributions, the figures for which tend not to change greatly year

on year. For example, the median holiday entitlement is 25 days, though the average for each of the job groupings tends to be slightly higher, peaking at 26.4 days for the professional/managerial group, although there is a high of 33 days for some companies. The general contribution made to pensions by employees is 6%. Although there are observations both below 3% and above 6%, the vast majority is within that range. One area of interest is that 15% of jobs covered within the survey have a zero contribution to their pension, a figure which has remained relatively constant during the ten years of the survey.

## Conclusion

On the initiation of Welsh Water there is now a data set of pay relating to the last ten years providing a significant degree of continuity in the analysis of pay and its changes over that time. It is hoped that this will continue as Hyder passes into new ownership and that the partnership agreements themselves are maintained in order to provide stability within pay negotiations.

Further information about this survey is available from Dr. David Simpson at Cardiff Business school.

**Table 7: Comparisons of Average Pay of TTWAs in Wales (1989=100)**

TTWA	Merthyr	Brecon	Cardiff	Swansea	Shotton	Bangor	H'West
1990	109.8	109.2	108.9	109.1	108.0	108.7	108.9
1991	115.3	117.6	117.2	117.1	114.0	116.6	117.7
1992	120.7	121.8	122.5	121.9	120.5	121.5	121.5
1993	122.3	124.0	125.4	124.3	123.1	123.2	123.6
1994	125.3	126.6	128.4	127.7	127.1	126.5	126.6
1995	128.6	130.0	131.6	131.0	131.6	129.9	129.7
1996	132.1	134.1	135.6	135.2	137.6	133.7	133.6
1997	135.6	137.9	139.8	139.0	143.6	137.6	137.0
1998	139.7	142.2	144.3	143.6	148.7	141.9	141.3
1999	144.2	147.2	149.1	147.4	152.9	146.4	146.1

**Table 8: Pay Increases by Job Grouping 1999**

Pay	Prof/Mang	Clerical	Super/Tech	Craft	Manual
Basic	3.15	3.11	3.03	3.13	3.00
Total	3.16	3.11	3.03	3.14	3.02