

Unite bargaining brief



Unite the Union

July 2018

INTRODUCTION

Unite has been giving evidence to the Low Pay Commission on future uprating in the National Living Wage (NLW) and National Minimum Wage (NMW). As always, we highlighted the role that stronger trade unions and collective bargaining can play in delivering economic justice and tackling low pay and the need for public policy to promote this.

But the National Minimum Wage remains an important policy lever. And this year as part of our submission to the LPC we commissioned a report looking at the potential economic impact of an immediate increase to £10 per hour for all workers aged 18 and over.¹

Our report finds that this would result in an average gain in net income per worker of £1,300 per year. That's a significant increase for around 9 million workers, with 5.2m female workers and over three quarters (78 per cent) of young workers aged 18-20 benefitting.

Workers in hospitality and retail, where low pay is rife, would be the main winners of a rise. An increase in minimum wage rates to £10 per hour would see the incomes of three quarters of hospitality workers boosted along with two thirds of retail workers.

What's more, the study also finds that the public finances would improve by around £5.6bn per year due to increased tax receipts, national insurance contributions and reduced expenditure on in-work benefits.

John Earls, Director of Research

SUMMARY

- Median settlements at 3.3% (LRD), 2.5% (XpertHR) 2.5% (IDR)
- Inflation rises: RPI 3.4%, CPIH 2.3%, CPI 2.4% (June 2018)
- RPI forecast to remain above 3% into 2019
- The single month Average Weekly Earnings are at 2.5% on last year for total pay, including bonuses and 2.6% for regular pay
- The average price of childcare rose 7%
- National Minimum Wage rate for over 25s (NLW) is £7.83
- Real Living Wage (LWF) is significantly higher at £8.75 (UK) and £10.20 (London).
- **New** JRF Minimum Income Standard published

¹ <http://unitelive.org/unite-study-shows-how-a-tenner-an-hour-would-make-major-difference/>

PAY SETTLEMENTS

LRD median settlements rise 3.3% for the three months to May 2018

IDR median settlements at 2.5% in the three months to May 2018

XpertHR median settlements rise to 2.5% in the three months to May 2018

Pay data analysis includes data published in Labour Research Department's *Workplace Report* (June), XpertHR 2018 Pay Awards and Incomes Data Research's *Pay Climate* (June) and blog (June).

IDR – Median settlements at 2.5% (3 months to May 2018)

Incomes Data Research (IDR) reported in its latest *Pay Blog* (June 2018) that “the median pay award across the whole economy remains at 2.5%, according to our latest analysis. This is the fifth consecutive month in which the median increase has been at this level. Higher awards, i.e. those at or above 3%, continue to account for almost a third of pay outcomes. The latest median, for the three months to May 2018, is influenced by several pay awards of over 4%, for instance at Argos and Centre Parcs, as well as by lower awards in some areas of the economy. Comparatively few increases are below 2% though we have recorded five pay freezes this time.”

Settlements three months to end of May 2018

	Whole economy	Private sector	Not for profit	Public sector
Lower quartile	2.0%	2.0%	2.0%	2.0%
Median	2.5%	2.5%	2.0%	2.0%
Upper quartile	3.0%	3.0%	2.68%	2.0%

Based on 142 pay settlements covering 6,132,290 employees

Source: IDR *Pay Climate*, July 2018

XpertHR: Median pay awards at 2.5%

XpertHR have recorded median pay awards at 2.5% for six consecutive months. This follows a seven-year stretch where pay awards were worth close to 2%.

“The private sector has fared better than the public sector for pay awards for many years, but the first major public sector pay awards for 2018 are now beginning to settle. In the NHS, Agenda for Change staff in England will see increased starting salaries across all pay bands, including a 13.3% rise on the lowest pay point. HM Treasury reports that the Armed Forces will see a 2.9% increase on base pay; the Prison Service has a headline 2.75% rise; and school teacher pay bands will rise by 3.5%. With pay awards having centred on the 1% pay cap for the past couple of years, these new awards show a clear upwards trend for settlements in the sector.

However, 2% remains the most common pay award taking effect in the three months to the end of June 2018 – across our sample of 272 settlements, 21.7% are at this level. This is followed by 13.6% of deals at 3%.

Employers continue to make higher pay awards than they gave last year – 62.6% of awards in our matched sample are higher than paid to employees at their previous pay review. Just 13% are lower.

Overall the highest pay awards have been made in the manufacturing and production sector, at a median 3%. This compares with a median 2.2% rise in the three months to the end of June 2017. Private-sector services deals continue to centre on 2.5%, up from 2% recorded a year ago”.

Source: XpertHR press release 24 July 2018

LRD – Median settlements rise at 3.3% in April

Labour Research Department reported in June's *Workplace Report* that "settlements put on a spurt in April and May... The three-monthly median (midpoint) for collectively agreed deals from LRD's pay database is 3.3% — the same as the revised figure for April. These two rises break the 2018 run of 3% medians. The median by workers covered is up to an annual rise of 5.9% in May — itself up from April's 4.4% rise."

Labour Research Department's Payline Database

Percentage increases on lowest basic rates (by agreements covered) for the three months up to and including:

For the three months up to and including:	2017							2018					This pay round, Aug-May
	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	
All agreements	2.4	2.4	2.1	2.0	2.2	2.7	3.2	3.0	3.0	3.0	3.3	3.3	3.0
Private sector	2.4	2.5	2.5	2.4	2.8	3.0	3.2	2.9	2.9	3.0	3.2	3.1	3.0
Public sector	1.8	1.0	1.0	1.0	1.1	1.7	3.2	3.9	3.9	3.9	4.4	6.8	2.0
Manual	2.4	2.5	2.5	2.3	2.5	3.0	3.5	3.0	3.0	3.0	3.4	3.5	3.0
Non-manual	2.0	2.3	2.0	1.9	1.9	2.5	3.2	3.0	3.0	3.0	3.2	3.2	2.8
All industries	2.5	2.5	2.5	2.5	2.5	2.6	2.8	2.8	2.7	2.8	3.0	3.0	2.9
All services	2.2	2.3	2.0	2.0	2.0	2.8	3.4	3.2	3.4	3.2	3.5	3.5	3.0

Percentage increases on lowest basic rates (by agreements covered) for the twelve months up to and including:

For the twelve months up to and including:	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
By agreements	2.0	2.0	2.0	2.2	2.2	2.2	2.2	2.3	2.5	2.5	2.5	2.8
By workers covered	2.5	2.4	2.4	2.2	2.3	2.3	2.5	2.5	2.4	2.3	2.4	4.4

Source: LRD *Workplace Report*, June 2018

Recent Unite settlements as reported to the LRD Pay & Conditions database

Agreement	Sector	Start	Description
CIJC Agreement	Construction	25/06/18	<p>Year one 3.2% taking the national minimum Craft Rate to £12.31 per hour.</p> <p>Year two 2.9% taking the national minimum Craft Rate to £12.67 per hour (effective 24th June 2019).</p> <p>The pay rate for first year apprentices in year one of the agreement to increase by 7% to £5.50. In the subsequent year the rate will increase in line with the agreement (2.9%).</p> <p>The agreement also included increases in the lodging allowance, death benefit, Industry Sick Pay (ISP) and the non-taxed fare allowance.</p>
Building & Allied Trades (BATJIC)	Construction	25/06/18	A 3.1% increase to all wage rates, including rates for apprentices and trainees, from 25 June 2018. A 3.1% increase also to all hourly skills rates.
MBDA UK (Bolton) Manual & Support Staff	Manufacture of weapons and ammunition	01/06/18 01/06/19	<p>First year of a two stage two year agreement from 1 June 2018 with a 3.2% increase backdated to 1 May 2018 for timely settlement.</p> <p>In the second year, a 2.9% increase will be applied from 1 June 2019. However, if average RPI for Q1 2019 is equal to or greater than 3.5%, the increase will be uplifted to 3.3%; if the average RPI for Q1 2019 is equal to or less than 2%, the increase will be lowered to 2.2%.</p>
Visteon Engineering Services	Manufacturing	01/06/18	<p>First stage of a two stage 16 month agreement with a 3.5% increase to base pay from 1 June 2018. In addition, the Technical Professional allowance increases to £250 per month.</p> <p>Second stage, from 1 June 2019, a further 0.5% increase will be applied.</p>
CF Fertilisers	Manufacturing	01/05/18	3.6% increase from 1 May 2018
Alstom West Coast Traincare	Transport	01/04/18	<p>An increase of 3.4% plus an additional 0.5% added value payment, underpinned by a minimum £850.</p> <p>An increase of 3.9% also applied to the 42/37 adjustment, Depot Driver Allowance and London Weighting.</p>
Torus	Housing	01/04/18	A 3.1% increase from 1 April 2018.
Scottish Agricultural Wages Board	Agriculture	01/04/18	<p>4.4% increase to the minimum hourly rate of £7.83 for all workers, regardless of age.</p> <p>Minimum hourly rate of £5.00 (20.8% increase) for Agricultural Apprentices.</p> <p>The additional sum paid to workers with appropriate qualifications increases to £1.20ph (a 5.3% increase). The overtime minimum increases to £11.75ph for all workers. There were also increases to the dog allowance and daily rate of accommodation offset.</p>
NI Agricultural Wages Board	Agriculture	01/04/18	AWB in Northern Ireland settled at a 3.5% pay rise across Grades 2-6 and accommodation offset will go up to £37 (£3 per week rise)
Western Power Distribution	Energy	01/04/18 01/04/19	<p>First year of a two stage two year agreement with a 4.2% increase from 1 April 2018.</p> <p>In the second year, an increase based on RPI, plus 0.5%, underpinned by a minimum 3%, from 1 April 2019.</p>

SSE Joint Agreement	Energy	01/04/18	3% increase for all staff from 1 April 2018. Staff in pay zones A and B receive an additional 0.6%, giving a 3.6% increase to the lower paid. The minima and maxima of all salary ranges increased by 3%. 3% increase to allowances and the scrapping of the previous performance-related pay scheme.
Cobalt Housing	Housing	01/04/18	A 3% increase from 1 April 2018.
Fujifilm Speciality Ink Systems	Print Manufacturing	01/04/18	A 3% increase for all members from 1 April 2018.
First West of England (Drivers & Canteen staff)	Transport	01/04/18	A 3.6% increase to hourly rates of pay Monday-Saturday from 1 April 2018. Sunday rate remains unchanged.
Anglian Water Services	Utilities	01/04/18 01/04/19	First year of a two stage two year pay agreement with a 3% increase from 1 April 2018. In the second year, a further 3% from 1 April 2019.
United Utilities	Utilities	01/04/18 01/04/19	First year: 3% increase from 1 April 2018 – including some performance pay where certain staff receive part of their rise as a non-consolidated payment. The 3% increase flows through to all pay related allowances. Second year: 3% applied from 1 April 2019, including flow through.
Monarch Engineering	Manufacturing	01/04/18	A 5% increase to basic pay and all allowances from 1 April 2018.
Knauf Insulation	Manufacturing	01/04/18	3.6% increase from 1 April 2018
Rolls Royce	Automotive	01/01/18	Year One: A pay award of a 3.5% increase to basic salary from 1 January 2018, plus an additional day of personal holiday entitlement per year. Year Two: 3.0% pay award, comprising of a 2.75% increase to basic salary from 1 Jan 2019, plus a one-off payment of 0.25%, payable in Jan 2019.
Hoyer Petrolog (BP Oil Drivers - Greenfleet)	Chemicals	01/01/18	A 3.5% increase to all elements of pay from 1 January 2018. One extra day's holiday to be taken in January 2018.
Castle Cement (Drivers)	Construction	01/01/18 01/01/19	A two stage two year deal agreed. In the first year, from 1 January 2018, a 3.7% increase for all drivers. From 1 January 2019 an increase ranging from between 3.4% to 4.4%
Legal & General	Finance	01/01/18	4% increase from 1 January 2018 for all staff covered by the collective bargaining unit. Management grades not covered received 3%
Kraft Heinz (Wigan)	Food Manufacturing	01/01/18 01/01/19	First year: a 4.15% increase from 1 January 2018. Annual bonus scheme of up to 9% linked to performance for site and individual absence rates. Second year: an increase based on the average RPI for September, October and November 2018, plus 0.25%.
Futamura	Manufacturing	01/01/18	A 3.9% increase from 1 January 2018. Equating to £1000 for each worker.
Forth Ports (Grangemouth) – Dockgate	Services	01/01/18	A 3% increase in pay from 1 January 2018. Responsibility payment also increases by 3%. Shift allowances remains at 18% of basic pay and responsibility payment
British Airways (Heathrow C.S.)	Transport	01/01/18	A 4.1% increase in pay from 1 January 2018.

Source: LRD Pay & Conditions database online, July 2018

INFLATION AND PRICES

RETAIL PRICE INDEX (RPI) 3.4% in the year to June 2018 (3.3% in May 2018)

CONSUMER PRICE INDEX (CPI) 2.4% in year to June 2018 (2.4% in May 2018)

CONSUMER PRICE INDEX- HOUSING (CPIH) 2.3% in year to June 2018 (2.3% in May 2018)

RPI rises while CPIH remains steady

The all-items Retail Prices Index (RPI) rose to 3.4% in the year to June 2018.

The Government's preferred index of inflation, CPIH, was unchanged at 2.3% and CPI stayed level at 2.4%.

Unite argues that negotiators should use the RPI as the basis for negotiations. For a discussion of why see here: <http://touchstoneblog.org.uk/2017/03/controversies-around-inflation-measurement-annual-real-wages-fallen-2100-1200-800/>

Price inflation

	% increase on a year earlier		
	RPI	CPIH	CPI
June 2017	3.5	2.6	2.6
July	3.6	2.6	2.6
August	3.9	2.7	2.7
September	3.9	2.8	3.0
October	4.0	2.8	3.0
November	3.9	2.8	3.1
December	4.1	2.7	3.0
January 2018	4.0	2.7	3.0
February	3.6	2.5	2.7
March	3.3	2.3	2.5
April	3.4	2.2	2.4
May	3.3	2.3	2.4
June	3.4	2.3	2.4

Source: ONS July 2018

Five of the 14 groups that make up the basket of goods used to calculate the RPI increased by more than 3.4% in June.

The fuel and light group posted an increase of 6.4% against 4.0% the previous month. The latest increase included a 31.4% hike in the cost of domestic oil and a 6.8% rise in electricity prices.

The 6.2% increase in the clothing and footwear group included a rises of 7.6% and 7.0% in women's and children's clothing respectively.

Overall, motoring costs were up by 5.7% on the back of dearer petrol and oil with prices 11.6% higher.

The inflation rate for leisure services was up to 4.8% and included a rise of 6.3% in the cost of holidays abroad.

The housing group posted an overall increase of 2.6% but that included a 4.9% increase in council tax and rates.

The overall rise for the food group was 2.0%, but there were substantial increases of 14.3% for butter and 12.6% for lamb.

RPI components rising faster than inflation (3.4%)

	% annual increase
Broad Categories	
Personal expenditure	3.9
Travel and Leisure	4.6
Consumer durables	3.5
Fuel and light	6.4
Tobacco	7.4
Clothing and footwear	6.2
Motoring expenditure	5.7
Leisure services	4.8
Significant rises	
Bread	3.6
Lamb	12.6
Butter	14.3
Cheese	5.4
Soft drinks	5.3
Processed vegetables	3.9
Cigarettes	7.4
Council tax and Rates	4.9
Do-it-yourself materials	5.1
Dwelling insurance and ground rent	9.0
Fuel and light	6.4
Electricity	6.8
Gas	3.6
Oil and other fuels	31.4
Electrical appliances	7.5
Men's outerwear	5.4
Women's outerwear	7.6
Children's outerwear	7.0
Other clothing	3.9
Footwear	5.3
Purchase of motor vehicles	4.0
Petrol and oil	11.6
Bus and coach fares	4.3
Books and newspapers	7.8
Gardening products	5.1
Entertainment and other recreation	4.0
Foreign holidays (Jan 1993 = 100)	6.3

Source: ONS July 2018

Inflation forecasts

Inflation forecasts reported by City economists predict that RPI will remain around 3% throughout 2018 and continue above 3% in 2019. This is largely based on expectations from City forecasters of higher pay rises in the coming year feeding into price rises.

All-items RPI Inflation forecasts – City economists at 16 May 2018

	CE %	DB%	H %	JPM %	LB %	SB %	Average %
April 2018	3.4	3.34	3.41	3.6	3.3	3.33	3.4
May	3.3	3.39	3.22	3.6	3.2	3.37	3.3
June	3.4	3.55	3.30	3.8	3.4	3.47	3.5
July	3.3	3.42	3.25	3.6	3.3	3.24	3.4
August	3.3	3.3	3.21	3.3	3.1	3.02	3.2
September	3.3	3.34	3.21	3.3	3.0	3.15	3.2
October	3.4	3.35	3.26	3.5	3.0	3.07	3.3
November	3.3	3.28	3.24	3.5	2.9	2.99	3.2
December	3.2	3.04	2.90	3.2	2.8	2.75	3.0
January 2019	3.3	3.14	3.00	3.4	2.8	2.88	3.1
February	3.4	3.07	3.21	3.2	2.8	2.81	3.1
March	3.5	3.24	3.36	3.6	2.9	2.93	3.3
April	3.3	3.35	3.21	3.5	2.8	2.96	3.2
May	3.3	3.23	3.21	3.4	2.7	2.73	3.1
June	3.3	3.01	3.18	3.3	2.7	2.68	3.0
Jul	3.4	2.96	3.16	3.2	2.8	2.70	3.0
Aug	3.3	2.96	3.11	3.1	2.8	2.73	3.0
Sep	3.2	3.03	3.06	3.5	2.9	2.69	3.1
Oct	3.0	-	3.05	3.5	2.8	2.75	3.0
Nov	3.0	-	3.00	-	-	2.79	2.9
Dec	3.0	-	3.00	-	-	2.90	3.0

CE Capital Economics; DB Deutsche Bank; H Heteronomics; JPM JP Morgan; LB Lloyds Banking Group SB Scotia Bank

Source: IDR Pay Climate, June 2018

RPI forecasts – Independent forecasters

HM Treasury's monthly comparison of independent forecasts report RPI as follows

	Date Published	Fourth quarter 2018	Fourth quarter 2019
Median	Jul	3.1%	3.0%
Beacon Economic Forecasting	Jul	2.9%	3.0%
CBI	Jul	3.0%	2.5%
CEBR	Jul	3.5%	3.1%
Economic Perspectives	Jul	3.6%	4.2%
Experian Economics	Jul	2.9%	3.0%
Heteronomics	Jul	3.2%	3.3%
EY ITEM Club	Jul	3.4%	3.2%
NIESR	May	4.0%	3.7%
Oxford Economics	Jun	3.4%	2.6%
UBS	Feb	3.1%	3.0%
OBR	Mar	3.4%	2.9%

Source: HM Treasury, Forecasts for the UK Economy, July 2018

Inflation is higher for people on low incomes

Inflation affects everyone in the UK, but changing prices have different effects on the inflation rates faced by people on low and high incomes because of variations in the goods and services they buy. For instance, people living in poverty spend a much higher proportion of their income on food, energy and housing.

The cost of different types of goods and services has changed in different ways, particularly since 2003, with the cost of electricity, gas and fuels rising much faster than overall inflation. This has contributed to the poorest fifth of the population experiencing a higher rate of inflation than the rest of the country in most of the last two decades.

For ONS analysis from 2014 click here:

<https://www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/expenditure/compendium/variationintheinflationexperienceofukhouseholds/2014-12-15/bexecutivesummary>

Childcare – prices rise by 7% in a year

The **Family and Childcare Trust** Childcare Survey² published in March reports that a 7% price hike is hitting parents' pockets this year – bringing the average price for a part time nursery place for a child under two to a whopping £122 per week, or over £6,300 per year.

Following the roll-out of new government support schemes in 2017, most parents are now entitled to some help with childcare costs – but the confusing hotchpotch of seven different types of support means parents are at risk of missing out on the help they need. Many working parents using the new tax free childcare and the 30 hours free childcare offer for three and four year olds will be spending less on childcare this year, but savings could dry up quickly if prices continue to rise at the same rate.

Worryingly, families with lower incomes and younger children are the ones who are most likely to be squeezed by the price surge. The highest prices for childcare are for the youngest children between the end of paid parental leave and the child turning three – and that's when the least financial support is available to parents. Parents with children under three on lower incomes will not be receiving additional support this year through tax free childcare and so are likely to see their childcare costs rise.

Lower income families also risk being worse off working more hours. They can get help with childcare costs through the benefits system, but the average cost of a full time nursery place significantly outstrips the maximum support available by £60 each week.

Prices also vary significantly across the country. In Inner London – the most expensive region in the UK – the price of a part time nursery place for a child under two is £184 per week, or £9,500 per year, compared to an average £102 per week in the North West, or £5,300 per year.

To read the full report click here: <https://www.familyandchildcaretrust.org/childcare-survey-2018>

Average weekly childcare costs 2018

	Nursery				Childminder				After School Care weekly	
	25 hours		50 hours		25 hours		50 hours		Child-minder	After-school Club
Child age	< 2 yrs	2 yrs +	< 2 yrs	2 yrs +	< 2 yrs	2 yrs +	< 2 yrs	2 yrs +	5 yrs - 11 yrs	
Britain	£122.46	£119.47	£232.84	£229.33	£107.41	£109.44	£217.30	£216.10	£62.25	£56.38
England	£124.73	£120.66	£236.19	£231.75	£110.61	£109.95	£218.22	£217.06	£62.95	£56.82
Scotland	£109.68	£108.60	£205.18	£200.66	£114.33	£112.75	£228.00	£224.85	£61.92	£56.74
Wales	£116.18	£116.02	£218.73	£220.77	£100.22	£100.38	£202.61	£203.10	£54.47	£50.64
Inner London	£183.56	£174.47	£342.78	£323.40	£155.14	£154.11	£307.77	£305.58	£88.04	£71.75
Northern Ireland is excluded from the analysis because childcare funding is different difficult to make comparisons										

Source: Family and Childcare Trust, 2018 Childcare Survey, updated annually, published March 2018

²<https://www.familyandchildcaretrust.org/childcare-survey-2018>

Housing

Average rents continue to rise with ONS showing a 1.0% rise nationwide and a rise of 2.8% in the East Midlands.

Private Housing Rental Prices

Experimental Index of Private Housing Rental Prices (ONS) - 12 month price change May 2018. Not seasonally adjusted	
Country/region	Percentage change on a year earlier
Great Britain	1.0%
GB excluding London	1.6%
North East	0.2%
North West	1.1%
Yorkshire and The Humber	1.5%
East Midlands	2.8%
West Midlands	1.7%
East of England	1.9%
London	-0.2%
South East	1.5%
South West	2.1%
England	1.0%
England excluding London	1.7%
Wales	1.1%
Scotland	0.6%

Source: ONS Index of Private Housing Rental Prices (IPHRP), published July 2018.

Private company statistics on the private rental market

These tend to focus on new rental contracts whereas the IPHRP is a survey of all rents.

Countrywide (April 2018)

- Average new rents in March were £951 pcm (Great Britain) and £1,675 pcm (Greater London)

Homelet (June 2018)

- Average UK rental value for new rents in May was £924 pcm (Greater London £1,596 pcm)

House price and percentage change by country and government region

Country/region	Price	Monthly change	Annual change
England	£243,583	0.3%	2.9%
Northern Ireland (Quarter 1 - 2018)	£130,026	0.3%	4.2%
Scotland	£149,004	0.1%	4.9%
Wales	£148,894	-3.0%	1.0%
East Midlands	£190,216	1.7%	6.3%
East of England	£288,808	0.2%	2.4%
London	£478,853	0.1%	-0.4%
North East	£128,680	-0.5%	1.3%
North West	£157,531	0.1%	2.9%
South East	£322,096	0.0%	2.2%
South West	£251,877	0.1%	3.9%
West Midlands Region	£192,322	0.2%	5.0%
Yorkshire and The Humber	£158,966	1.0%	2.9%

Source: ONS UK House Price Index May 2018, Published July 2018

AVERAGE WEEKLY EARNINGS

Total Pay AWE: rises to 2.5% in May 2018 (2.6% April 2018)

(Including bonuses, % change year on year, single month, seasonally adjusted)

Regular Pay AWE: rises to 2.6% in May 2018 (2.6% April 2018)

(Excluding bonuses, % change year on year, single month, seasonally adjusted)

The erosion of average weekly earnings continues when compared to Retail Price Index inflation.

In May 2018, average weekly earnings growth, including bonuses, were provisionally estimated to have risen by 2.5%, down from 2.6% in April. As retail price inflation rose by 3.3% in May, and 3.4% in April there was a real-terms cut in earnings of 0.8 percentage points in each of these months.

The ONS also produces regular pay figures which strip out bonuses. In May, earnings growth for the whole economy was steady at 2.6%.

Average weekly earnings broken down by sector (seasonally adjusted)

April 2018	Total Pay (including Bonuses) %		Regular Pay %	
	Single month	3 month	Single month	3 month
Whole economy	2.5	2.5	2.6	2.7
Private sector	2.6	2.6	2.8	2.9
Public sector	1.7	2.1	1.9	2.2
Public Sector excluding financial services	1.8	2.3	1.9	2.3
Services	2.3	2.3	2.5	2.7
Finance and business services	1.0	1.4	2.1	2.5
Manufacturing	2.7	3.0	2.3	2.5
Construction	5.0	5.6	5.5	5.6
Wholesale, retailing, hotels & restaurants	4.5	3.1	3.0	2.5

Source: ONS UK Labour Market Statistical Bulletin, July 2018

Full-time average weekly earnings by occupation

The table below is from LRD *Fact Service*. It is based on the median average earnings figures published in the Annual Survey of Hours and Earnings (ASHE) for April 2017. The original median figures have been updated by the 2.8% increase in average weekly earnings, including bonuses, for the whole economy between April 2017 and May 2018 to give a rough estimate of earnings now in the various occupational groups.

	£ a week
All employees	565.80
All male	608.10
All female	507.40
Managers	847.20
Professionals	753.60
Associate professionals	622.60
Admin & secretarial	443.70
Skilled/craft	524.10
Services	371.50
Sales	380.80
Operatives	485.70
Other manual jobs	379.90

Source: LRD *Fact Service*, Volume 80 Issue 29, 19 July 2018

LOW AND HIGH PAY

National Minimum Wage rates:

These are the Government's National Living Wage (NLW) and National Minimum Wage (NMW) from 1st April 2018:

Year	25 + (NLW)	21 to 24	18 to 20	Under 18	Apprentice
April 2018	£7.83	£7.38	£5.90	£4.20	£3.70

Living Wage Foundation rates:

The current Living Wage Foundation rates for the Living Wage (announced 6th November 2017) are:

- **UK rate: £8.75 per hour across the UK (an increase of 3.6%)**
- **London rate: £10.20 per hour (an increase of 4.6%)**

Details on the Living Wage Foundation website: <https://www.livingwage.org.uk/what-real-living-wage>

Explaining the difference between UK wage floor rates:

	National Minimum Wage (NMW)	National Living Wage (Statutory NMW 25+)	Real Living Wages (Living Wage Foundation)
Is it the law?	Statutory	Statutory	Voluntary
What age group is covered?	There are separate rates for under 18, 18-20, 21-24 year olds and apprentices	25 and older	18 and older
How is it set?	Negotiated settlement based on recommendations from businesses and trade unions	A % of median income, currently at 55% it aims to reach 60% by 2020	Calculation made on the cost of living, based on a basket of household goods and services
When they apply?	April	April	November

Joseph Rowntree Foundation Minimum Income Standard (MIS)

The National Living Wage still leaves workers short of the JRF Minimum Income Standard (MIS) which is an annual study of incomes based on what the public think they need for a decent minimum living standard.

	Single, working age	Couple with two children, primary and pre-school age, supported by tax credits	Couple with two children, pre-school and primary age, supported by Universal Credit	Lone parent with one child preschool age, supported by tax credits	Lone parent with one child preschool age, supported by Universal Credit
MIS weekly budget including rent, childcare and Council Tax	£304.71	£772.61	£772.61	£523.77	£523.77
MIS budget after rent, Council Tax and childcare	£197.08	£453.89	£453.89	£299.31	£299.31
Annual earnings requirement to reach MIS per adult	£18,390	£19,996	£17,307	£28,474	£26,205
Hourly earnings requirement to reach MIS per adult	£9.40	£10.23	£8.85	£14.56	£13.40

This year's update shows that benefit levels and incomes available to lower-earning working households have not kept up with rising costs, and these barriers are preventing people from reaching a decent standard of living. In 2018, benefits provide only a third of what working-age adults without children need, down from 42% in 2008. By ending the benefits freeze and increasing the Universal Credit Work Allowance, the Government could remove some of the restrictions that hold people back.

JRF has also launched an online MIS calculator tool to help people understand the research better:

<https://www.minimumincome.org.uk/>

Full details: <https://www.jrf.org.uk/report/minimum-income-standard-uk-2018>. This was updated in July 2018.

PAY GAPS

Gender pay gap

Gender pay gap reporting: The statutory requirement to publish gender pay gaps for all employers with more than 250 employees has shown an average pay gap of 9.8% based on the median hourly pay.

Click here to find out your employers information and view all the published data: <https://gender-pay-gap.service.gov.uk/Viewing/search-results>

Government statistics show that overall the gender pay gap for full-time and part-time employees stands at 18.4%. This pay gap means that women effectively work for free for the first 67 days of the year, until they begin to get paid.

The TUC has produced analysis from government statistics (ASHE) that provides a break down by industry:

<https://www.tuc.org.uk/news/gender-pay-gap-means-women-work-free-more-two-months-year-says-tuc>

Generation pay gap

The TUC has launched a new report on the 'generational pay gap' (June 18) – the gap between the average earnings of 21-30 year-olds and 31-64 year-olds working an average 40-hour week - has increased in real terms from £3,140 in 1998 to £5,884 in 2017. The pay gap between under-30s and over-30s is now 21.9% (£2.81 an hour).

Download the full report, [Stuck at the start - young workers' impressions of pay and progression](#)

Disability pay gap

The TUC has also published a report (May 2018) that shows that the disability pay gap now stands at 15 per cent – a shocking £2,730 a year for someone working 35 hours a week.

Download the full report, [Disability, Employment and pay gaps 2018](#)

UNITE'S ONLINE PAY CLAIM TOOL

Don't forget to look at the Work, Voice, Pay online tool to support union reps in developing their pay claim. The tool allows union reps to gather company information as well as from the Office for National Statistics and the union's own database containing the details of tens of thousands of pay deals.

The online tool then guides union reps through the potential workplace issues union members might want raised as part of their pay negotiations, and a pay and conditions claim including the information on the company's financial performance, ability to pay, the latest economic indicators and pay deals at comparator companies.

For more information visit: <http://www.unitetheunion.org/work-voice-pay/pay-claim-generator/>

INFORMATION AND SUPPORT

Unite pay and conditions database (members only)

All Unite members can access the pay and conditions database maintained by LRD PayLine using the link above or through the Unite website (go to 'Unite at work', then 'research and resources' and 'Unite pay and conditions database'). You shouldn't need to log-in if already logged in as a member. However, Unite members can also access the Unite pay and conditions database maintained by LRD at <http://www.lrd.org.uk/payline> or through the LRD website - **username: unite**, **password: opal961**

The database contains details of settlements, pay rates, as well as details on regional allowances, shift pay, and overtime. It is searchable and can be broken down by sector, type of worker and region. It also has information on Living Wage employers and other conditions such as working time and allowances.

Pay settlements history

User feedback said that whilst the latest pay deal is the most important pay deal to see for any agreement, it would also be useful to be able to see information about earlier pay deals. LRD have now added this functionality to the 'pay increases' (full) report.

Unite guides

There are a number of Unite guides on workplace issues available to reps and members on the Unite website including 'A Wage You Can Live On – an activist's guide to better pay for all' and 'Company accounts and how to use them'. Go to the 'Research & resources' section in the 'Unite at Work' tab and click on 'Guides', or alternatively click on the link below: <http://www.unitetheunion.org/unite-at-work/informationresources/>

There are a range of guides on organising around pay under the Work, Voice, Pay section of the Unite website: <http://www.unitetheunion.org/work-voice-pay/work-voice-pay-guide/>

Unite's Equality department provides guidance and support for reps seeking to challenge pay discrimination and bring in fair pay. This can be found here: <http://www.unitetheunion.org/unite-at-work/equalities/>

Contact details

Bargaining Brief compiler: **James Lazou**
james.lazou@unitetheunion.org

Company accounts

Requests for information relating to company accounts should be sent to:
ben.norman@unitetheunion.org

ACCESSING DATA

The data contained in this brief can all be obtained by using online facilities available to Unite members and general websites.

All Unite members can access the pay and conditions database maintained by LRD at <http://www.lrd.org.uk/payline> or through the LRD website - **username: unite**, **password: opal961**



www.unitetheunion.org