

Unite bargaining brief



Unite the Union

September 2018

INTRODUCTION

The recent rise in inflation means the pay squeeze is tightening again. Just before the latest figures were released, research showed that people's wages are 3% below what they were a decade ago. Analysis by the Institute for Fiscal Studies found that on average people's real annual wages are £800 lower.¹ At the time of the financial crisis in 2008, the average wage was £24,100. In 2017, it was £23,300. The research also highlights a 'generation pay gap', with those in their 20s and 30s particularly affected, which is the subject of a new TUC report (see page 13 of this Bargaining Brief).

But Unite continues to make a difference such as at Menzies Aviation at Luton Airport where a pay increase worth 8.75% (comprising 5% backdated to October 2017 followed by 3.75% or RPI, whichever is higher, from January 2019) has been won after successful negotiations prevented industrial action and delivered significant improvements for the workforce.²

John Earls, Director of Research

SUMMARY

- Median settlements at 3.0% (LRD), 2.3% (XpertHR) 2.5% (IDR)
- Inflation rises: RPI 3.5%, CPIH 2.4%, CPI 2.7% (August 2018)
- RPI forecast to remain above 3% into 2019
- The single month Average Weekly Earnings are at 3.1% on last year for total pay, including bonuses and 3.1% 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).

PAY SETTLEMENTS

LRD median settlements at 3.0% for the three months to August 2018

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

XpertHR median settlements rise to 2.3% in the three months to 30 July 2018

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

¹ <https://www.bbc.co.uk/news/business-45487695>

² <https://unitetheunion.org/news-events/news/2018/september/unite-negotiates-nine-per-cent-pay-increase-for-workers-at-luton-airport/>

LRD – Median settlements at 3.0% in August

Labour Research Department reported in September's *Workplace Report* that "The August three-monthly median (midpoint) for collectively agreed deals from LRD's pay database is 3.0% — up from the 2.8% increase for July. Private sector deals are unchanged at 2.8% for the latest two months, while public sector deals are up to 3.5% from 3.3%."

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-Aug	
	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug		
All agreements	1.0	1.0	2.5	3.1	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8	3.0	3.5
Private sector	2.1	3.0	3.0	3.2	2.8	2.8	2.8	3.0	3.0	3.0	3.0	2.8	2.8	3.0
Public sector	1.0	1.0	1.0	1.3	3.9	3.9	3.9	3.0	3.0	3.0	3.0	3.3	3.5	3.6
Manual	2.0	2.8	3.0	3.5	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.8	2.9	3.4
Non-manual	1.0	1.0	2.2	2.9	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.6	2.7	3.6
All industries	2.3	2.5	2.8	3.0	2.8	2.7	2.8	3.0	3.0	3.0	3.0	3.0	3.0	3.8
All services	1.0	1.0	2.5	3.2	3.0	3.0	3.0	3.0	3.0	3.0	3.0	2.7	2.8	3.3

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:	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
By agreements	2.2	2.2	2.2	2.3	2.5	2.5	2.5	2.8	2.8	2.9	2.8	3.0
By workers covered	2.3	2.3	2.5	2.5	2.4	2.3	2.4	4.4	5.9	6.0	5.9	6.4

Source: LRD *Workplace Report*, September 2018

XpertHR: Summer pay awards drop back

Pay awards in the three months to the end of July 2018 were worth 2.3%, according to the latest data from pay analysts at XpertHR.

XpertHR said: *“The latest data marks the first time since September 2016 that our median figure has fallen (having either remained steady, or risen, in every month). However, the numbers are very finely balanced - just a deal or two worth either more or less than 2.3% would push our figures up to 2.5% or down to 2% respectively.*

There is clearly still an appetite to reward employees at a higher level than last year. In our latest sample, 65.3% of awards are higher than the same group of employees received at their previous pay review. This continues the trend we have seen since the beginning of the year, with employers offering higher pay awards - something that had not been the case in recent years. In addition, there has been no impact on our upper quartile measure, with a quarter of pay awards still worth 3% or more.

We have now moved into the quiet part of the pay bargaining calendar, as more than seven in 10 pay settlements recorded on the XpertHR pay databank are effective in the first four months of each year.

Latest pay award findings

Based on a sample of 51 pay awards from across the economy effective between 1 May and 31 July 2018, we find that:

- The median pay award made by employers was 2.3%. This is down from 2.5% in the three months to the end of June 2018, but higher than the 2% recorded a year ago.*
- A quarter of pay deals were worth 1.8% or less, while a quarter were worth 3% or more.*
- Manufacturers made pay awards at a median 2.9%, compared with 2% among private-sector services firms.*

Over the 12 months to the end of July 2018 the median pay award in the private sector was 2.5%, compared with 2% in the public sector – the latter being the amount awarded in the Armed Forces and the Prison Service, as well as by numerous local authorities”.

Source: XpertHR press release 23 August 2018

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

Incomes Data Research (IDR) reported in its latest *Pay Blog* (July 2018) that *“For the sixth consecutive month, the median pay award across the whole economy stands at 2.5%, with the private sector median also holding steady at 2.5% in the three months to the end of June 2018. The median continues to be influenced by a number of higher awards at or above 4% which together account for a tenth of all rises in the sample.”*

Settlements three months to end of June 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%	2.75%	2.0%

Based on 184 pay awards covering 3,831,465 employees

Source: IDR Pay blog, July 2018

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

Agreement	Sector	Start	Description
Old Bushmills Distillery (Casa Cuervo)	Food and Drink	01/08/18 01/08/20 01/08/21	<p>First year of a three-stage 3-year agreement with a 3.8% increase from 1 Aug 2018 - based on the RPI for May 2018 (3.3%), plus 0.5%.</p> <p>Maternity pay increased to full pay for the first 13 weeks followed by SMP for the remaining weeks. A commitment to increase the first aiders and fire response team reward annually from 2019.</p> <p>In the second year, an increase based on the RPI for May 2019, plus 0.25%, from 1 August 2019. And in the third year, an increase matching the RPI for May 2020, from 1 August 2020.</p>
Atomic Weapons Establishment (AWE) Unite	MoD	01/06/17 01/06/18 01/06/19	<p>Second year of a three-year agreement with a 4% pay increase each year from 1 June 2017, 2018 and 2019. Enhancements also to high hazard allowances and overtime rates for all staff. The agreement was in exchange for the union suspending industrial action over the reinstatement of the Ministry of Defence pension scheme.</p>
CIJC Agreement	Construction	25/06/18	<p>Year one 3.2% taking the national minimum Craft Rate to £12.31 per hour. 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	<p>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.</p>
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>
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	<p>A 3.1% increase from 1 April 2018.</p>
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. Minimum hourly rate of £5.00 (20.8% increase) for Agricultural Apprentices. 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	First year of a two-stage two-year agreement with a 4.2% increase from 1 April 2018. In the second year, an increase based on RPI, plus 0.5%, underpinned by a minimum 3%, from 1 April 2019.
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.
Axis Cleaning Services	Services	01/04/18	5.2% increase from 1 April 2018 for staff on the Arriva Trains Wales - Alstom Class 175 Contract
Rolls Royce Submarines - Heavy Pressure Vessels (Derby)	Manufacturing	01/01/18	Year One: of a three-stage three-year agreement with a 3.7% increase from 1 January 2018. Year Two: from 1 January 2019, increases in line with RPI with a minimum underpin of 1.5% and capped at a maximum of 4%. In the third year, from 1 January 2020, an increase in line with RPI, plus 0.25%, again with an underpin of 1.5% and capped at 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.
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, September 2018

INFLATION AND PRICES

RETAIL PRICE INDEX (RPI) 3.5% in the year to August 2018 (3.2% in July 2018)

CONSUMER PRICE INDEX (CPI) 2.7% in year to August 2018 (2.5% in July 2018)

CONSUMER PRICE INDEX- HOUSING (CPIH) 2.4% in year to August 2018 (2.3% in July 2018)

All three inflation indexes rise - RPI, CPIH and CPI

The all-items Retail Prices Index (RPI) rose to 3.5% in the year to August 2018.

The Government's preferred index of inflation, CPIH, rose to 2.4% and CPI rose to 2.7%.

Dearer clothing and higher travel costs were the main contributors to the increase.

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
August 2017	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
July	3.2	2.3	2.5
August	3.5	2.4	2.7

Source: ONS September 2018

LRD Fact Service (Volume 80 Issue 38, Sept 2018) reported "Six of the 14 groups that make up the basket of goods used to calculate the RPI increased by more than overall increase of 3.5% in August.

There was an overall increase of 6.8% in the fuel and light group, which included a 26.9% increase in the cost of domestic oil and a 7.4% increase in electricity prices.

The 6.3% increase in the clothing and footwear group, included increases of 7.4% and 7.0% respectively in women's and men's clothing.

Overall, motoring costs increased by 5.1% on the back of an 11.7% increase in petrol and oil prices. Meanwhile, car prices increased by 3.7%. Leisure services posted an increase of 5.3% on the back of dearer foreign holidays, which were up by 6.5%.

There was a 4.9% increase in fares and other travel costs group, including a 7.0% rise in bus and coach fares. Food prices have been moving higher over the past few months and there was an overall rise of 2.4% in August, against 2.3% for July. There were double-digit percentage rises for lamb, which was up by 10.9% and for butter, which was up by 15.2%."

RPI components rising faster than inflation (3.5%)

	% annual increase
Broad Categories	
Personal expenditure	4.0
Travel and Leisure	4.6
Fares & other travel costs	4.9
Fuel and light	6.8
Clothing and footwear	6.3
Motoring expenditure	5.1
Tobacco	7.2
Significant rises	
Bread	4.1
Lamb	10.9
imported lamb	13.0
processed fish	4.1
Butter	15.2
Milk, fresh	4.1
Soft drinks	7.2
potato products	6.0
fresh fruit	5.3
Cigarettes	7.3
Mortgage interest payments	6.0
Council tax and Rates	4.9
Do-it-yourself materials	4.4
Dwelling insurance and ground rent	10.0
Electricity	7.4
Gas	4.2
Oil and other fuels	26.9
Electrical appliances	5.2
Men's outerwear	7.0
Women's outerwear	7.4
Children's outerwear	6.8
Other clothing	4.7
Footwear	4.0
Purchase of motor vehicles	3.7
Petrol and oil	11.7
Rail fares	4.0
Bus and coach fares	7.0
Toys, photographic and sports goods	3.7
Books and newspapers	8.1
Entertainment and other recreation	5.0
Foreign holidays (Jan 1993 = 100)	6.5

Source: ONS September 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	Sep	3.1%	2.9%
Beacon Economic Forecasting	Sep	3.1%	4.0%
CBI	Sep	3.1%	2.7%
CEBR	Sep	3.4%	3.1%
Economic Perspectives	Sep	3.8%	4.2%
Experian Economics	Sep	2.9%	3.0%
Heteronomics	Sep	2.9%	3.2%
EY ITEM Club	Sep	3.4%	3.2%
NIESR	Aug	3.4%	3.6%
Oxford Economics	Sep	3.3%	2.8%
UBS	Sep	3.0%	3.0%
OBR	Mar	3.4%	2.9%

Source: HM Treasury, Forecasts for the UK Economy, September 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 Survey³ 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 despite 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 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

³<https://www.familyandchildcaretrust.org/childcare-survey-2018>

Housing

Average rents continue to rise with ONS showing a 0.9% 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 July 2018. Not seasonally adjusted	
Country/region	Percentage change on a year earlier
Great Britain	0.9%
GB excluding London	1.5%
North East	0.2%
North West	1.1%
Yorkshire and The Humber	1.3%
East Midlands	2.8%
West Midlands	1.6%
East of England	1.9%
London	-0.3%
South East	1.5%
South West	2.1%
England	0.9%
England excluding London	1.6%
Wales	1.0%
Scotland	0.5%

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

Homelet (September 2018)

- Average UK rental value for new rents in August was £947 pcm (Greater London £1,632 pcm)

House price and percentage change by country and government region

Country/region	Price	Monthly change	Annual change
England	£248,611	1.2%	3.0%
Northern Ireland (Quarter 2 - 2018)	£132,795	-1.0%	4.4%
Scotland	£152,245	1.4%	3.2%
Wales	£157,368	-0.2%	4.2%
East Midlands	£188,716	-0.2%	3.0%
East of England	£294,603	1.3%	2.4%
London	£484,926	0.6%	-0.7%
North East	£131,505	2.6%	2.8%
North West	£165,529	3.4%	5.6%
South East	£327,002	0.4%	1.8%
South West	£259,971	2.4%	4.4%
West Midlands Region	£195,447	0.6%	4.4%
Yorkshire and The Humber	£161,712	0.4%	3.3%

Source: ONS UK House Price Index July 2018, published September 2018

AVERAGE WEEKLY EARNINGS

Total Pay AWE: rises to 3.1% in July 2018 (2.0% June 2018)

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

Regular Pay AWE: rises to 3.1% in July 2018 (2.8% June 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 July 2018, average weekly earnings growth, including bonuses, were provisionally estimated to have risen by 3.1%, up from 2.0% in June. As retail price inflation was at 3.2% in July there continued to be a real-term cut in earnings on average in July of 0.1%. Inflation has jumped to 3.5% in August so it is likely that this trend will carry on.

The ONS also produces regular pay figures which strip out bonuses. In July, earnings growth for the whole economy rose to 3.1%.

Average weekly earnings broken down by sector (seasonally adjusted)

July 2018	Total Pay (including Bonuses) %		Regular Pay %	
	Single month	3 month	Single month	3 month
Whole economy	3.1	2.6	3.1	2.9
Private sector	3.1	2.6	3.2	3.0
Public sector	3.1	2.4	3.0	2.4
Public Sector excluding financial services	3.3	2.5	3.1	2.5
Services	3.2	2.5	3.1	2.8
Finance and business services	2.7	1.4	2.3	2.2
Manufacturing	2.3	2.3	2.6	2.4
Construction	3.3	4.5	4.1	5.2
Wholesale, retailing, hotels & restaurants	3.7	3.6	4.4	3.5

Source: ONS UK Labour Market Statistical Bulletin, September 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 3.4% increase in average weekly earnings, including bonuses, for the whole economy between April 2017 and July 2018 to give a rough estimate of earnings now in the various occupational groups.

	£ a week
All employees	569.10
All male	611.60
All female	510.40
Managers	852.10
Professionals	758.00
Associate professionals	626.20
Admin & secretarial	446.30
Skilled/craft	527.10
Services	373.70
Sales	383.00
Operatives	488.60
Other manual jobs	382.20

Source: LRD *Fact Service*, Volume 80 Issue 37, 13 September 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. The Unite website is currently going through an upgrade but the guides will be available again online soon. The website will provide a new Unite policy portal to bring all our policy and research information into a one-stop digital shop and an enhanced Campaigns Tools Library to ensure that union materials can be stored, viewed and ordered.

If you need a specific guide that is currently not available please contact the Unite research department on research.enquiries@unitetheunion.org

Contact details

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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**

