

Unite bargaining brief



Unite the Union

February 2020

INTRODUCTION

Media reports of recent economic data have made much of average real wages rising above their pre-financial crisis level for the first time – although only just.¹ But it is worth pointing out that real wages have only returned to pre-crisis levels when calculated using the government’s preferred CPIH measure of inflation.

What’s more, as the TUC have pointed out, this pay squeeze has already lasted longer than any pay squeeze we saw in the 20th century, workers have had to cope with ten years of damaging Tory austerity, and years of cuts to vital public services.² It’s time to fix the wage crisis: a new minimum wage of £10 per hour as soon as possible, decent workplace rights across the country, and union access to every workplace so we can negotiate better pay and conditions for everyone at work.

Recent examples of Unite making a difference include a 15% pay increase for warehouse workers employed by retailer TJ Morris (Home Bargains) as well as changes to shift patterns and hours of work to provide staff with a better work life balance.

John Earls, Director of Research

SUMMARY

- Median settlements at 2.6% (LRD, Dec 2019), 2.7% (IDR, 2020), 2.1% (XpertHR, Jan 2020)
- RPI Inflation: RPI 2.7%, CPIH 1.8%, CPI 1.8% (Jan 2020)
- RPI forecast at a median of 2.8% for the fourth quarter 2020
- The single month Average Weekly Earnings growth at 2.8% on the year to Dec 2019 for total pay, including bonuses and 3.2% for regular pay.
- Childcare prices have risen 3% over the last year
- National Minimum Wage rate (from April 2019) - £8.21 per hour (over 25s NLW)
- NMW and NLW rates announced for April 2020, and the NLW age rate will be reduced to over 23s from 2021.
- Real Living Wage (LWF): £9.30 (UK) and £10.75 (London)

PAY SETTLEMENTS

LRD median settlements at 2.6% for the three months to December 2019

IDR median settlements at 2.7% so far for 2020

XpertHR median settlements at 2.1% for the three months to the end of January 2020

Pay data analysis includes data published in Labour Research Department’s *Workplace Report*, *XpertHR Pay Awards* and Incomes Data Research’s *Viewpoint blog* and *Pay Climate*.

¹ <https://www.theguardian.com/business/2020/feb/18/average-uk-wages-rise-above-pre-financial-crisis-levels>

² <https://www.tuc.org.uk/blogs/working-people-wont-be-celebrating-more-decade-lost-wages>

LRD – Median Payline Settlements rise to 2.6% (trade union deals)

LRD Workplace Report in January states that “Last year finished on a down as far as pay settlements are concerned.

In December, the median pay increase in collectively agreed settlements from LRD’S Payline database was 2.6% — the lowest monthly percentage increase in 2019.

The private sector fared as little better with a 2.9% increase at the end of the year, but even that was below the 3.0% increase for the previous five months. The public sector matched the overall increase.

Official figures for November for the regular pay (excluding bonuses) in the whole economy show a 3.3% increase against 3.2% in October.”

LRD’s Payline Database increases on lowest basic rates

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:	2019												This pay round, Aug-Dec
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	
All agreements	2.8	2.8	2.8	2.8	2.8	2.8	3.0	2.9	2.8	2.7	2.8	2.6	2.7
Private sector	2.8	2.8	2.8	2.7	2.7	2.8	3.0	3.0	3.0	3.0	3.0	2.9	3.0
Public sector	2.0	2.0	2.3	3.0	3.0	3.0	2.5	2.1	2.5	2.6	2.6	2.6	2.6
Manual	2.8	2.8	2.8	2.7	2.8	2.8	3.0	3.0	3.0	2.9	3.0	2.9	3.0
Non-manual	2.7	2.6	2.7	2.7	2.8	2.7	2.7	2.5	2.7	2.6	2.8	2.6	2.6
All industries	2.7	2.7	2.7	2.7	2.7	2.7	2.9	3.0	2.9	2.9	2.9	2.9	3.0
All services	2.9	2.9	2.9	2.8	2.8	2.8	3.0	2.7	2.7	2.6	2.6	2.6	2.6

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:	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec
By agreements	3.0	3.0	3.0	2.7	2.7	2.7	2.7	2.9	2.8	2.8	2.8	2.8
By workers covered	6.7	6.8	6.7	3.9	3.9	3.8	3.9	3.9	3.7	3.7	3.8	3.8

The figures show median (midpoint) pay settlements among all the agreements monitored through LRD’s Payline database. The weighted median (by number of workers covered) appears in the 12-monthly table.

Source: LRD Workplace Report, January 2019

IDR – Median pay awards at 2.7% for 2020

The latest analysis from Incomes Data Research Viewpoint highlights that “an early look at 2020 awards shows that the median pay award across the whole economy is 2.7%. This is slightly ahead of the median for most of 2019, which was 2.5%. Manufacturing firms dominate the majority of pay reviews at the start of the year and we take a look at other influences that may affect the apparent uptick.

Analysis of deals effective in 2020 shows that higher-end awards worth 3% or more account for nearly two-fifths of pay increases, based on 40 awards monitored by IDR so far. Very few awards in the sample are from the public sector so the results predominantly reflect the picture in the private sector. The median is also influenced by deals in manufacturing where the median is higher still, at 2.9%, as a result of nearly half of all awards registering at 3% or above, compared to a quarter of deals in private services.

A key deal is the one for the thousands of workers who operate under the Electrical Contracting Joint Industry Board (JIB) in England, Wales and Northern Ireland, who received a 3% increase with effect from 6 January 2020 in the final year of a four-year pay deal. This deal also influences pay levels for skilled workers in manufacturing.

Many organisations will respond to the National Living Wage rising by 6.2% to £8.72 on 1 April 2020 and the median pay award in lower-paying areas is likely reflect the statutory change. Some supermarkets, such as Aldi, Asda and Tesco have already announced plans for 2020 to introduce basic rates for their hourly-paid employees that exceed the statutory amount. April is also a key month for pay setting in the public sector where the previous pay cap has been ended.

The latest figures are based on a sample of 40 pay awards effective between 1 January 2020 and 31 December 2020.”

Pay awards - 2020

	Whole economy	Private sector	Manufacturing and production	Private services
Lower quartile	2.2%	2.2%	2.1%	2.2%
Median	2.7%	2.7%	2.9%	2.4%
Upper quartile	3.0%	3.0%	3.0%	2.9%
Based on 40 pay awards covering 1,748,518 employees.				

Source: IDR Viewpoint, January 2020

Pay awards 2019

Whole economy pay awards in the three months ending at each date

	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19
Lower quartile	2.0%	2.2%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%r	2.0%	2.0%	2.0%
Median	2.5%	2.5%	2.5%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.8%
Upper quartile	2.6%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%r	3.0%	3.0%	3.0%	3.0%
Average	2.4%	2.6%	2.6%r	2.7%	2.8%	2.8%r	2.8%	2.5r%	2.5%	2.5%	2.9%
Total*	46r	122r	136r	145r	263r	253r	249r	68r	65	66	33
*Total number of pay awards recorded in the three-month period, r=revised											

Source: IDR Pay Climate, December 2019

XpertHR: Median awards fall to 2.1%

According to XpertHR *"Pay rises have fallen to their lowest level in more than a year..."*

XpertHR's headline measure of pay awards stands at just 2.1% in the three months to the end of January 2020, 0.1 percentage points lower than the figure for the rolling quarter to the end of December 2019. This is the first time the headline measure of pay awards has fallen below 2.2% since the three months to the end of December 2018.

The fall in pay award levels over the past few months coincides with a weakening of inflation over the same period. All key measures of inflation have been on a broadly downward trajectory since early summer 2019, with retail prices index (RPI) inflation falling from 3% in May 2019 to 2.2% in December 2019 (the consumer prices index (CPI) fell from 2% to 1.3% over the same period). However, analysts expect inflation to pick up in the first quarter of 2020 - and the first sign of this came in the January 2020 data, with RPI now at 2.7% and CPI at 1.8%.

Latest pay award findings

Based on a sample of 62 pay awards for the three months to the end of January 2020, XpertHR found the following:

- *The median pay award across the economy is 2.1%, with the middle half of pay awards (the interquartile range) worth between 2% and 2.8%.*
- *Almost half (47.1%) of pay awards are lower than the same group of employees received at their previous review. The remainder are split fairly evenly between those that are higher (27.1%) or worth the same (25.7%).*
- *One-third (32.3%) of basic pay awards are worth 2%, making it by far the most common pay award given over the past three months.*

On an annual basis, in the 12 months to the end of January 2020 both the public and private sectors recorded a median 2.5% basic pay award. The key message from the public-sector data over the past year is that the upper quartile, at 3.3%, is higher than in the private sector. Many of the highest pay awards in the sector came as a result of grade restructuring, often with the removal of the lowest pay band and/or significant increases to the lowest rate.

In the private sector, pay awards are bunched around the median, with the middle half of pay awards over the past year falling between 2% and 3%, both of which are unchanged on the figures recorded a year ago."

Source: XpertHR Press Release, 20 February 2020

New Unite settlements significantly above RPI in the last three months

Agreement	Sector	Start	Description
Hovis (Belfast)	Food Manufacturing	01/01/20	A 4% increase across all rates of pay from 1 January 2020. No changes to terms and conditions. Company has agreed to sit down with unions to discuss concerns over consolidated rates of pay, overtime and other issues raised during negotiations.
British Airways GCS2014 and HCS2012	Transport	01/01/20 01/04/21 01/01/22	First year of a two-stage two-year agreement with a 3.5% increase to base pay and associated ancillary items, underpinned by a minimum £650, from 1 January 2020 and a 4% further increase from 1 April 2021. Introduction of a new Gain Share productivity-based bonus scheme for all non-management staff from signature of agreement to 31 December 2021. A non-consolidated bonus for 'strategic and transformative programmes' introduced locally, over and above the BA business plan, which achieve measurable savings and benefits. The All Colleague Bonus (ACB) also continues to apply with a potential for up to 4% of base pay in 2019 and 5% in 2020 and 2021. This is set against targets in operating profit.
Legal & General	Finance	01/01/20	A paybill increase of 3.5% from 1 January 2020 covering all staff including management grades and based on a 'successful' performance rating. For those earning less than £30,000, an indicative increase of 4%, for those earning between £30,000 and £70,000, an indicative increase of 3.5%, and for those earning more than £70,000, an indicative increase of 3%.
AGS Glasgow Airport	Transport	01/01/20	A 3% increase to all grades and allowances from 1 January 2020.
Allied Bakeries (Belfast)	Food Manufacturing	01/01/20 01/01/21 01/01/22	First year of a two stage two year agreement with a 3% increase from 1 January 2020. In the second year, from 1 January 2021, a further 2.9% increase will be applied.
Mahle Engine Systems UK	Manufacturing	01/01/20 01/01/21 01/01/22	First year of a two stage two year agreement with a 2.8% increase from 1 January 2020. In the second year, from 1 January 2021, an increase between 2.8% and 3% dependent on RPI.
Trelleborg Sealing Solutions (Bridgwater)	Manufacturing	01/01/20	A 2.8% increase across all grades from 1 January 2020.
Cereal Partners UK (Bromborough)	Food Manufacturing	01/01/20	A 2.75% increase across all pay rates from 1 January 2020.
Kraft Heinz (Wigan)	Food Manufacturing	01/01/20 01/01/21 01/07/21	First stage of a two-stage 18 month agreement with an across the board increase of 2.6% from 1 January 2020. Company has committed to six monthly reviews of manning levels in order to address gaps across core shifts. Up to five days additional annual leave in August 2020 should the site meet satisfactory performance against targets over a sustained period leading up to and including July. If targets are met, the company will advise staff in July and choose the week off in August. A new pay settlement date of 1 July from 2021. In the second stage, from 1 January 2021, an increase based on the average RPI for the months of September, October and November 2020 will be applied. This will be underpinned by a minimum 1% and capped at a maximum of 4%.

Source: LRD Pay & Conditions database online, February 2019

INFLATION AND PRICES

RETAIL PRICE INDEX (RPI) 2.7% in the year to January 2020

CONSUMER PRICE INDEX (CPI) 1.8% in the year to January 2020

CONSUMER PRICE INDEX- HOUSING (CPIH) 1.8% in year to January 2020

Inflation jumps sharply across all measures

RPI has risen sharply to 2.7% for the year to January 2020 – a rise of 0.5%.

Inflation under the Consumer Prices Index Housing (CPIH) and the CPI — which is used by the Bank of England's Monetary Policy Committee to inform its decisions on interest rates — both rose sharply to 1.8%.

The biggest drivers of the rise in inflation were gas, fuel and electricity, while the prices of clothing and airfares also created upward pressure by falling less than expected.

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
January 2019	2.5	1.8	1.8
February	2.5	1.8	1.9
March	2.4	1.8	1.9
April	3.0	2.0	2.1
May	3.0	1.9	2.0
June	2.9	1.9	2.0
July	2.8	2.0	2.1
August	2.6	1.7	1.7
September	2.4	1.7	1.7
October	2.1	1.5	1.5
November	2.2	1.5	1.5
December	2.2	1.4	1.3
January 2020	2.7	1.8	1.8

Source: ONS February 2020

Seven of the 14 groups that make up the basket of goods used to calculate the RPI increased by more than 2.7%.

RPI component groups rising faster than inflation (2.7%)

Broad Categories	% annual increase
Clothing and footwear	5.9
Fuel and light	4.6
Leisure services	4.0
Household services	3.9
Motoring expenditure	3.4
Catering	3.2
Personal goods and services	3.2

Source: ONS February 2020

Individual RPI components rising faster than inflation (2.7%)

	% annual increase
Vehicle tax and insurance	13.4
Women's outerwear	8.7
Electricity	8.6
Children's outerwear	7.6
Milk products	5.7
Oil and other fuels	5.6
Men's outerwear	5.2
Foreign holidays (Jan 1993 = 100)	5.2
Dwelling insurance and ground rent	5.1
Telephones, telemessages, etc	4.9
processed vegetables	4.7
Council tax and Rates	4.7
Gardening products	4.7
Other meat	4.4
Books and newspapers	4.4
Television licences and rentals	4.4
Soft drinks	4.1
Petrol and oil	4.1
Postage	4.0
Take-away meals and snacks	3.8
Personal services	3.6
Biscuits and cakes	3.5
Sugar and preserves	3.5
Chemists goods	3.4
Do-it-yourself materials	3.3
Fees and subscriptions	3.3
Maintenance of motor vehicles	3.3
Domestic services	3.2
potato products	3.1
Water and other charges	3.1
Furniture	3.1
Pet care	3.1
Footwear	3.1
Coal and solid fuels	3.0
Sweets and chocolates	2.9
Restaurant meals	2.9
Alcohol on sales	2.9
Furnishings	2.9

Source: ONS February 2020

Inflation forecasts

IDR reports in its December *Pay Climate* that the panel of City economists sees “the all items RPI measure, is set to rise moderately as we approach and move through the turn of the year, before dropping back a little in the spring and summer of next year and then rising again in the autumn of 2020. It should, though, remain below 3% throughout... A majority of the forecasts this time emphasise the prospects for disinflation, especially as most assume that a deal will still be reached over Britain’s exit from the EU.”

RPI forecasts

HM Treasury’s monthly comparison of quarterly inflation forecasts report RPI as follows:

	Date Published	Fourth quarter (Q4 on Q4 year ago, %) 2020	Fourth quarter (Q4 on Q4 year ago, %) 2021
City forecasts			
Bank of America - Merrill Lynch	Feb	2.2%	2.6%
Barclays Capital	Feb	2.2%	2.6%
Capital Economics	Feb	2.1%	2.7%
Citigroup	Feb	1.7%	2.1%
Commerzbank	Feb	2.2%	2.1%
Deutsche Bank	Jan	2.4%	-
HSBC	Feb	2.1%	2.5%
Morgan Stanley	Jan	2.8%	-
Natwest Markets	Feb	2.0%	2.1%
Pantheon	Jan	2.5%	-
Santander GBM	Dec	2.4%	-
Schroders Investment Management	Feb	2.0%	2.2%
Societe Generale	Feb	-	-
UBS	Feb	2.7%	2.6%
Independent forecasts			
Beacon Economic Forecasting	Feb	2.7%	3.2%
CBI	Feb	3.0%	4.0%
CEBR	Feb	3.0%	3.0%
Economic Perspectives	Feb	3.2%	3.7%
Experian Economics	Jan	2.5%	-
Heteronomics	Feb	2.6%	3.0%
ITEM Club	Feb	2.6%	3.3%
NIESR	Feb	2.7%	3.3%
Oxford Economics	Feb	2.4%	3.1%
3 months average – City	Feb	2.3%	2.4%
3 months average – Independent	Feb	2.5%	2.8%
Median	Feb	2.5%	2.7%
OBR	Mar	2.8%	3.0%

Source: HM Treasury, *Forecasts for the UK Economy*, February 2020

Inflation uprating in pensions – RPI under attack

If you have an occupational pension scheme, what do the scheme rules say about how pension increases are calculated, especially on RPI – the retail prices index – and CPI – the consumer prices index?

Unite uses RPI in all its pay claims, not least because the government uses it to calculate rail fares, student loans, and beer duties.

Yet despite the government continuing to use RPI when it comes to charging the public, it has also been waging a lengthy battle to undermine RPI and promote CPI instead. CPI is generally a percentage point lower than RPI. This makes a big difference in pay claims, and in calculating pensions.

In January soft drinks maker Britvic's attempt to switch from RPI to calculate its pension increases was rejected by the High Court.

The wording of pension schemes varies considerably and don't necessarily contain the same provision on rates of inflation as the Britvic scheme, which led to the High Court's decision.

But with attacks on RPI continuing, Unite is urging reps and members to find out what pension scheme rules say on RPI and CPI, and find out whether pension scheme trustees have sought a legal opinion on whether they can change it or not.

Inflation is higher for people on low incomes

ONS analysis in 2014 showed how 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. This highlighted that people living in poverty spend a much higher proportion of their income on food, energy and housing and therefore 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>

Housing

Average rents continue to rise with ONS showing a 1.5% rise nationwide and a rise of 2.3% in the South West.

Private Housing Rental Prices

Experimental Index of Private Housing Rental Prices (ONS) - 12 month price change January 2020. Not seasonally adjusted	
Country/region	Percentage change on a year earlier
United Kingdom	1.5%
Great Britain	1.5%
England	1.5%
Wales	1.3%
Scotland	0.6%
Northern Ireland	2.2%
North East	0.6%
North West	1.1%
Yorkshire and The Humber	2.0%
East Midlands	2.2%
West Midlands	1.6%
East of England	1.6%
London	1.3%
South East	1.4%
South West	2.3%
UK excluding London	1.6%
GB excluding London	1.6%
England excluding London	1.7%

Source: ONS Index of Private Housing Rental Prices (IPHRP), published February 2020.

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 (Published February 2020)

- Average UK new rents in **January 2020** were £953 pcm (Greater London £1,627 pcm, UK excl. London £793 pcm)
- The UK figure was 2.3% higher than in the same month in 2019
- The London figure was 4.4% higher in the same month in 2019

Source: <https://homelet.co.uk/homelet-rental-index>

House price and percentage change by country and government region

Country/region	Price	Monthly change	Annual change
England	£251,711	0.6%	2.2%
Northern Ireland (Quarter 4 - 2019)	£140,190	0.2%	2.5%
Scotland	£151,603	-1.5%	2.2%
Wales	£165,735	-2.0%	2.2%
East Midlands	£197,048	0.5%	2.8%
East of England	£297,714	2.1%	2.4%
London	£483,922	1.6%	2.3%
North East	£130,977	0.5%	1.8%
North West	£166,003	-0.6%	2.0%
South East	£325,050	-0.3%	1.2%
South West	£262,286	1.3%	2.2%
West Midlands	£201,343	-0.4%	1.4%
Yorkshire and The Humber	£168,382	1.7%	3.9%

Source: ONS UK House Price Index December 2019, published February 2020

Childcare

The **Coram Family and Childcare** Childcare Survey published in March reports that parents now pay an average of £127 per week, or over £6,600 per year, for just a part time nursery place. The Childcare Survey 2019 – the 19th annual survey – finds prices have risen by 3 per cent in the last year.

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 £175 per week, or £9,100 per year, compared to an average £108 per week in Yorkshire and Humberside, or £5,600 per year.

To read the full report click here: <https://www.familyandchildcaretrust.org/childcare-survey-2019>

Average weekly childcare costs

	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	£127.12	£124.04	£242.35	£236.85	£113.31	£112.02	£220.95	£218.79	£65.70	£57.36
England	£128.98	£125.77	£245.95	£240.06	£114.37	£112.92	£222.99	£220.57	£65.64	£58.17
Scotland	£111.08	£107.86	£213.25	£208.53	£104.54	£103.46	£208.51	£206.28	£68.44	£54.17
Wales	£117.36	£116.19	£222.34	£221.16	£105.70	£105.70	£221.16	£202.09	£63.14	£48.77
Inner London	£174.54	£163.01	£329.54	£313.24	£159.46	£156.91	£302.99	£299.05	£110.49	£57.75

Northern Ireland excluded from analysis as different childcare funding makes comparisons difficult

Source: *Coram Family and Childcare, 2019 Childcare Survey*, updated annually, published March 2019

GENDER PAY GAP

Gender pay gap reporting data

Gender pay gap Measure	2017-18	2018-19	change on year
Difference in median hourly percent (HEADLINE GENDER PAY GAP)	9.2%	9.6%	0.4%
Difference in mean hourly percent	13.4%	13.1%	-0.3%

Whether paid women more or less than men	2017-18	2018-19	change on
Paid women less	77.10%	77.79%	0.69%
Paid women the same as men (0% gender pay gap)	8.80%	8.58%	
Paid women more	14.10%	13.63%	

Source: *CIPD Blog*: https://www.cipd.co.uk/Community/blogs/b/policy_at_work/posts/gender-pay-gap-reporting-analysis-of-data-after-the-deadline-of-midnight-4-4-2019

Any organisation that has 250 or more employees must publish and report specific figures about their gender pay gap. The gender pay gap is the difference between the average earnings of men and women.

Employers must both:

- publish their gender pay gap data and a written statement on their public-facing website
- report their data to government online - using the gender pay gap reporting service.

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

AVERAGE WEEKLY EARNINGS

Total Pay AWE: falls to 2.8% in December 2019 (3.4% in November 2019)
(Including bonuses, % change year on year, single month, seasonally adjusted)
Regular Pay AWE: rises to 3.2% in December 2019 (3.2% in November 2019)
(Excluding bonuses, % change year on year, single month, seasonally adjusted)

In December, average total weekly earnings, including bonuses, were provisionally estimated to have increased by just 2.8% — a 0.6 percentage points decrease on the November increase of 3.4%. The figures for regular pay which strips out bonuses increased by 3.2% — the same increase as for November.

Inflation under the Retail Prices Index (RPI) rose by 2.2% in both November and December, so earnings across the whole economy have increased in real-terms in both months, that is, outstripped inflation.

Headline earnings growth (the rolling three-month average) for the whole economy in December was down to 2.9% from 3.2% and for regular pay the three-month average for the whole economy was down to 3.2% from 3.4% the previous month.

Average weekly earnings broken down by sector (seasonally adjusted)

December 2019	Total Pay (including Bonuses) %		Regular Pay %	
	Single month	3 month	Single month	3 month
Whole economy	2.8	2.9	3.2	3.2
Private sector	2.7	2.7	3.2	3.2
Public sector	3.5	3.3	3.5	3.4
Public Sector excluding financial services	3.6	3.4	3.5	3.5
Services	2.9	2.9	3.3	3.3
Finance and business services	3.6	3.7	3.9	4.2
Manufacturing	2.5	2.7	2.9	2.9
Construction	2.1	3.2	2.4	3.6
Wholesale, retailing, hotels & restaurants	1.2	1.1	1.5	1.5

Source: ONS UK Labour Market Statistical Bulletin, February 2020

Full-time average weekly earnings by occupation

The table below is from last month's LRD *Fact Service*. It is based on the median average earnings figures published in the Annual Survey of Hours and Earnings (ASHE) for April 2019. The original median figures have been updated by the 1.9% increase in average weekly earnings, including bonuses, for the whole economy between April 2019 and December 2019 to give a rough estimate of earnings now in the various occupational groups.

	£ a week
All employees	596.00
All male	640.30
All female	537.80
Managers	878.80
Professionals	783.00
Associate professionals	635.80
Admin & secretarial	466.90
Skilled/craft	551.70
Services	399.50
Sales	402.30
Operatives	513.60
Other manual jobs	403.10

Source: LRD *Fact Service*, Volume 82, Issue 7, 20 February 2020

LOW AND HIGH PAY

National Minimum Wage rates for April 2019 and 2020:

These are the Government's National Living Wage (NLW) and National Minimum Wage (NMW) from 1st April 2019 and 1st April 2020³:

Year	25 + (NLW)	21 to 24	18 to 20	Under 18	Apprentice
April 2019	£8.21	£7.70	£6.15	£4.35	£3.90
NEW April 2020	£8.72	£8.20	£6.45	£4.55	£4.15

The latest rise to the 25 + National Living Wage (NLW) will mean an increase by 6.2% to £8.72, taking it to 60% of the median hourly wage for those aged 25 and over in October 2020, based on forecasts of wage growth over the next year – with effect from 1 April.

As IDR Viewpoint (13 Jan 2020) explains “With this latest development, the NLW has fulfilled the objective initially set at its launch in 2016, which was to reach 60% of median earnings by 2020 (subject to sustained economic growth). While the value has declined from the £9 originally envisaged back in 2016, it is nonetheless 5pph higher than the £8.67 the LPC forecast last year.”

IDR also noted that “In 2019, the LPC published a review of NMW ‘youth’ rates, which recommended that the age threshold for the highest (NLW) rate be reduced to 21 by means of a phased extension. The Government has now agreed this approach, and in line with this the LPC’s recommendations for the 2021 rate will include an NMW rate for 21 and 22-year-olds and an NLW for workers aged 23 and over. The next target for the NLW looks likely to be based on a goal of two-thirds of median earnings by 2024.”

Living Wage Foundation rates:

The November 2019 rates are:

- **UK rate: £9.30 per hour across the UK (increase of 3.3%)**
- **London rate: £10.75 per hour (increase of 1.9%)**

According to the Living Wage Foundation, there are now nearly 6000 employers, covering over 210,000 people, have signed up to pay the Living Wage Foundation rate.

Details on the Living Wage Foundation website: <https://www.livingwage.org.uk/>

KPMG research estimates that less than one-fifth (19%) of UK jobs pay below the real Living Wage. Part-time workers are three times more likely to be paid below the real Living Wage, while around 24% of women face in-work poverty compared to 15% of men. Female in-work poverty is highest in the East Midlands and lowest in Scotland.

The total number of jobs paid less than the real Living Wage now stands at an estimated 5.19 million, down from a peak of 5.75 million in 2018

More details here: <https://home.kpmg/uk/en/home/media/press-releases/2019/11/jobs-paying-less-than-real-living-wage-drops-to-seven-year-low.html>

³ Further information on National Minimum Wage including eligibility and calculation is available at: <https://www.gov.uk/government/publications/calculating-the-minimum-wage/calculating-the-minimum-wage#overview>

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 do 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 supported by Universal Credit	Lone parent with two children, supported by tax credits	Lone parent with two children, supported by Universal Credit
MIS weekly budget including rent, childcare and Council Tax	£313.68	£788.99	£788.99	£696.43	£696.43
MIS budget after rent, Council Tax and childcare	£203.90	£463.74	£463.74	£377.90	£377.90
Annual earnings requirement to reach MIS per adult	£18,800	£20,600	£17,000	£36,500	£28,700
Hourly earnings requirement to reach MIS per adult	£9.61	£10.54	£8.69	£18.76	£14.68

JRF has also launched an online MIS calculator tool: <https://www.minimumincome.org.uk/>

Full details: <https://www.jrf.org.uk/report/minimum-income-standard-uk-2019>. This was updated in July 2019.

UNITE ONLINE PAY CLAIM TOOL

Don't forget to look at the Unite 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: <https://www.unitetheunion.org/work-voice-pay/pay-claim-generator/>

UNITE COLLECTIVE AGREEMENTS DATABASE

Unite shop stewards and reps can now search existing collective agreements covering: union recognition, trade union facilities, parental leave, new technology agreements and much more. These are searchable by Unite region or sector or by keyword.

You can also upload your agreements to the database.

To search the database visit here: <https://workvoicepay.unitetheunion.org/home/searchlocal>

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**



www.unitetheunion.org