

GMB WAGES AND INFLATION REPORT

July 2018

Key figures (July 2018) - change on previous 12 months

Inflation rates		3.2% RPI	2.5% CPI	2.3% CPIH	
Average pay settlements		2.5% XpertHR	2.7% ONS	3.1% LRD	
Seasonal inflation – Summer	11.7% Petrol	5.1% Package holidays	4.9% Council tax & rates	3.6% Recreational and cultural services	3% Child care services

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Inflation rates

	All items (Headline rate) RPI	All items excl mortgage interest RPIX (Underlying rate)	Consumer Prices Index (CPI) (Govt Target = 2%)	Consumer Prices Index CPIH (all items inc housing)
2016				
July 2016	1.9	1.9	0.6	0.9
Aug 2016	1.8	1.9	0.6	0.9
Sept 2016	2	2.2	1.0	1.2
Oct 2016	2	2.2	0.9	1.2
Nov 2016	2.2	2.5	1.2	1.4
Dec 2016	2.5	2.7	1.6	1.7
2017				
Jan 2017	2.6	2.9	1.8	1.9
Feb 2017	3.2	3.5	2.3	2.3
Mar 2017	3.1	3.4	2.3	2.3
Apr 2017	3.5	3.8	2.7	2.6
May 2017	3.7	3.9	2.9	2.7
June 2017	3.5	3.8	2.6	2.6
July 2017	3.6	3.9	2.6	2.6
Aug 2017	3.9	4.1	2.9	2.7
Sept 2017	3.9	4.1	3	2.8
Oct 2017	4	4.2	3	2.8
Nov 2017	3.9	4	3.1	2.8
Dec 2017	4.1	4.2	3	2.7
2018				
Jan 2018	4	4	3	2.7
Feb 2018	3.6	3.6	2.7	2.5
Mar 2018	3.3	3.4	2.5	2.3
Apr 2018	3.4	3.4	2.4	2.2
May 2018	3.3	3.4	2.4	2.3
June 2018	3.4	3.4	2.4	2.3
July 2018	3.2	3.3	2.5	2.3

Source: [ONS Consumer Price Indices Statistical Bulletin](#). Next published 19 September 2018.

WHAT CAUSED THE CHANGES TO INFLATION THIS MONTH?

- Rising prices for computer games and transport fares produced the largest upward contributions to change in the 12-month rate between June and July 2018, although computer game prices tend to be highly variable from month to month.
- The upward effects were offset by falls in prices for clothing and footwear, and the removal of initial charges for investment in some unit trusts.
- Prices for clothing and footwear fell by 0.4% between July 2017 and July 2018, the first time the 12-month rate has been negative since October 2016.

Inflation this month – significant price rises by item

Retail Price Index (RPI) – July 2018

Item	%
Oil and other fuels	30.0
Butter	17.0
Home-killed lamb	14.1
Lamb	13.9
Imported lamb	13.0
Petrol and oil	12.5
Dwelling insurance and ground rent	9.6
Tobacco	7.4
Cigarettes	7.4
Other tobacco	7.4
Electricity	7.4
Soft drinks	7.1
Fuel and light	6.9
Oils and fats	6.8
Bus and coach fares	6.6
Childrens' outerwear	6.4
Men's outerwear	6.3
Foreign holidays	6.3
Women's outerwear	6.1
Clothing and footwear	5.6
Bread	5.3
Motoring expenditure	5.3
Electrical appliances	5.1
Council tax and rates	4.9
Toys, photographic and sports goods	4.8
Leisure services	4.7
Travel and leisure	4.5
Processed fish	4.5
CDs and tapes	4.5
Rail fares	4.4
Milk, fresh	4.3
Milk products	4.2
Gas	4.2
Do-it-yourself materials	4.1
Footwear	4.1
Books and newspapers	3.9
Other clothing	3.8
Other travel costs	3.8

Consumer Price Index (CPI) – July 2018

Item	%
Liquid fuels	35.9
Butter	17.6
Lamb and goat	14.4
Margarine and other vegetable fats	14.2
Other small electric household appliances	13.9
Diesel	13.8
Hire of garages, parking spaces and personal transport equipment	13.5
Heaters, air conditioners	13.0
Boats, outboard motors and fitting out of boats	13.0
Fuels and lubricants	12.4
Oils and fats	11.8
Petrol	11.7
Other non-fiction books	10.3
Soft drinks	10.2
Administrative fees	9.8
Liquefied hydrocarbons (butane, propane, etc.)	9.3
Travel insurance	8.3
Coffee machines, tea makers and similar appliances	8.1
Whole milk	7.8
Cigarettes	7.6
Operation of personal transport equipment	7.6
Electricity	7.4
Tobacco	7.3
Holiday centres, camping sites, youth hostels and similar accommodation services	7.3
Mineral waters, soft drinks and juices	7.2
Miscellaneous small tool accessories	7.2
Other services	6.7
Passenger transport by bus and coach	6.7
Electricity, gas and other fuels	6.6
Other recording media	6.6
Yoghurt	6.3
Bread	6.1
Pizza and quiche	6.1

RPI, CPI, and the case for using RPI

In 2011 the Government replaced RPI with CPI as its preferred measure of inflation. CPI tends to be about 1 percentage point lower than RPI. Trade unions, including GMB, often argue that RPI remains the best inflation index for measuring the true cost of living.

RPI costs

Many of our members' costs continue to rise by RPI: several taxes (including vehicle excise duty), mobile phone contracts, rents (where index linked), regulated rail fares, and Student Loans Company repayments are all still increased by RPI.

Problems with CPI

CPI was created in the early 1990s by the European Union as a technical measure to monitor Member States' compliance with the Maastricht Treaty. It was not intended to be the headline measure of consumer price changes.

Unlike RPI, CPI does not take account of housing costs (such as council tax, mortgage interest payments, house prices and buildings insurance). The only reason for excluding these items is that a pan-European approach to comparing these items could not be agreed. *There is no justification for excluding housing costs from inflation rates.*

CPI also includes items such as foreign students' tuition fees and foreign exchange rate commissions that are difficult to justify in a measure of domestic inflation.

Problems with CPIH

To address criticisms of CPI, the ONS introduced a new measure that included some housing costs – the CPIH. However, CPIH has been subject to significant criticism, including from the UK Statistics Authority which said that *'this degree of user scepticism and disagreement is, in our experience, unusual for an official statistic.'* In particular, the CPIH's practice of estimating mortgage and other housing costs by measuring rents has been repeatedly challenged.

Although CPIH has now been designated as an official statistic, it continues to report inflation as being lower than CPI, despite the inclusion of some housing costs.

British Telecommunications PLC vs BT Pension Scheme Trustees Limited

BT is attempting to amend its pension scheme's uprating from RPI to CPI. The company claims that RPI has 'become inappropriate' following its de-designation as a national statistic.

In a landmark [judgement](#), the High Court rejected the company's case and concluded that *'jettisoning RPI would introduce a material risk that increases in pensions would not keep rate with increases in the costs of living likely to be experienced by pensioners.'* The Court also said that *'there are certain respects in which CPI might be said to underestimate inflation.'* BT is currently appealing the decision.

The case for using RPI

It has been claimed that RPI has an in-built bias towards reporting higher inflation. However, it also appears that CPI underestimates inflation, and the RPI remains the inflation rate that most comprehensively measures housing costs.

RPI is an appropriate inflation measure to use for pay bargaining purposes.

For more information about inflation rates, see the appendix to this document '[Consumer price indexes explained.](#)'

	2018			2019				
	Q3 (%)	Q4 (%)	Year (%)	Q1 (%)	Q2 (%)	Q3 (%)	Q4 (%)	Year
XpertHR average	3.4	3.3	3.5	3.2	3.1	2.9	3	3.1
Range of forecasts	2.9 to 3.7	3 to 3.7	3.1 to 3.9	2.8 to 3.7	2.8 to 3.6	2.6 to 3.3	2.3 to 3.4	2.7 to 3.9
Based on the latest figures available as at 15 August 2018. XpertHR average: unweighted average of analysts' predictions.								

Month	Whole economy	Private sector	Public sector*	Services	Manufacturing	Wholesale, retail, hotels & restaurants	Construction
Jun 17	2.1	2.3	1.4	2.1	1.3	2.2	1.7
Jul 17	2.2	2.3	1.7	2.3	1.1	1.7	1.9
Aug 17	2.2	2.3	1.6	2.2	1.4	1.5	2.1
Sep 17	2.2	2.4	1.7	2.3	1.5	1.4	2.4
Oct 17	2.3	2.5	1.9	2.4	2.1	1.6	2.5
Nov 17	2.3	2.5	1.9	2.3	2.4	1.8	2.4
Dec 17	2.5	2.6	2.0	2.4	2.8	2.1	2.9
Jan 18	2.6	2.7	2.1	2.5	2.9	2.2	3.5
Feb 18	2.8	2.9	2.3	2.7	2.9	2.4	4.1
Mar 18	2.9	3.0	2.5	2.8	2.7	2.3	4.6
Apr 18	2.8	2.9	2.5	2.8	2.7	2.3	5.1
May 18	2.8	2.9	2.3	2.7	2.5	2.5	5.8
Jun 18	2.7	2.8	2.3	2.6	2.3	2.7	5.6

*Excluding nationalised financial services

Adjusted for inflation (CPI), average real wages rose in value by **0.5 per cent** in June 2018 compared to a year earlier.

Percentage monthly changes to whole economy weekly regular pay in real (2015) prices

Month	Real AWE (2015 prices), £	1 month change	3 month average
Jun-17	459	-0.4	-0.5
Jul-17	458	-0.5	-0.4
Aug-17	459	-0.4	-0.4
Sep-17	459	-0.5	-0.5
Oct-17	459	-0.4	-0.4
Nov-17	459	-0.5	-0.5
Dec-17	459	-0.1	-0.3
Jan-18	459	0.1	-0.2
Feb-18	459	0.5	0.2
Mar-18	461	0.7	0.4
Apr-18	459	0.2	0.5
May-18	460	0.4	0.5
Jun-18	461	0.5	0.4

Average pay settlements – industry trackers

The Labour Research Department (LRD), Incomes Data Research (IDR), XpertHR, and EEF (the manufacturers' association) track wage settlements within the last three months.

The Bank of England and the ONS also track wage settlements and changes to average earnings. The LRD's figures tend to be higher than those of other organisations: this is because the LRD only tracks unionised workplaces.

Average pay settlements (percentage): Three months ending: 31 June 2018

	Whole economy	Private sector	Manufacturing	Services
XpertHR	2.5	-	3	2.5
EEF	-	-	2.6	-
LRD	3.1	-	3	3.5
IDR*	2.5	2.7	2.6	2.8
ONS**	2.7	2.9	2.3	2.6
Bank of England***	-	Between 2.5 and 3.5	-	-

Next published 23 August 2018.

*IDR figures are for the three months to the end of April 2018 ** ONS figures are for track all earnings.

*** The Bank of England's figures are for 2018 so far as a whole compared to 2017.

2018 forecast pay awards – employers' expectations

The consultancy firm XpertHR and the Chartered Institute of Personnel and Development (CIPD) survey employers on their intended wage awards. These surveys report that in 2018 employers expect wage awards to average **2 per cent**.

However, it should be noted that the OBR and the Bank of England forecast higher increases to earnings in 2018. The OBR estimates that [average earnings will increase by 2.3 per cent](#). The Bank of England reports that employers expect that the average settlement will be **3.1 per cent** and that [‘settlements next year \[2018\] could be clustered around 2½%–3½% rather than 2%–3% during 2017.’](#)

XpertHR, CIPD, and Bank of England surveys of expected wage awards for 2018

Source	Time period	Measure	Forecast	Updated
XpertHR pay forecasts survey	12 months to 28 February 2019	Median pay award (private sector only)	2.5%	Twice yearly
CIPD Labour Market Outlook	"The next 12 months"	Median basic pay increase (excluding bonuses)	2.0%	Quarterly
Bank of England	2018	'Average pay settlements'	3.1%	Annual
Sources: XpertHR pay forecasts survey, March 2018; Labour Market Outlook, CIPD, Spring 2018; BoE Agents' summaries of business conditions, February 2018				

Detailed industry forecast pay settlements for 2018

The Bank of England conducts the most comprehensive survey of employer wage award intentions.

The 2018 survey was based on a sample of 368 employers, accounting for 845,000 workers. It found that private sector pay settlement is expected to be **3.1 per cent** in 2018 – up by **0.5 per cent** compared to real 2017 awards. The Bank of England has recently (June) said that ‘pay settlements were generally a little higher this year compared with 2017, averaging 2.5%-3.5%.’ Although the Bank’s estimates are higher than XpertHR and the CIPD’s, for 2017 the BoE England estimated that average wage awards would be 2.2 per cent – in fact this was an underestimate and tracked wage settlements averaged 2.6 per cent.

The main factors behind higher expected awards included the ability to recruit and retain staff (including the availability of foreign workers), consumer price inflation expectations and the National Living Wage.

2018 pay settlement employer intentions (Bank of England survey)

	Pay awards (%)	
	2017 (actual)	2018 (expected)
All private sector	2.6	3.1

Manufacturing	2.4	2.7
Construction	3.2	3.2
Consumer services	3.2	3.9
Business services	2.1	2.5
Source: Bank of England, Agents' survey of pay and labour costs .		

XpertHR also produces detailed industry pay award forecasts based on its own survey of employers. The pay intentions recorded by XpertHR tend to be less generous than those reported by the Bank of England. The Bank of England's survey is however based on a larger sample.

2018 pay settlement employer intentions (XpertHR survey)

Industry sector	Median, %	Number of employers surveyed
Chemicals, pharmaceuticals and oil	2.7	10
Construction	2	11
Electricity, gas and water	2.2	17
Engineering and metals	2.5	12
General manufacturing	2	33
Hotels, catering and leisure	2	33
Information and communication	2.5	39
Not-for-profit	2	48
Professional and business services	2	56
Retail and wholesale	2	34
Transport and storage	2	13
Total (private sector)	2	318
Source: XpertHR. This table sets out the forecast pay awards for the year ending 31 August 2018. Industry sector samples too small to produce figures are not included in the table but are included in the total figures.		

Pressures on employers

The Bank of England's regional agents regularly produce estimates of recruitment difficulties facing employers. These figures are based on interviews with a sample of around 700 employers. These figures are used to inform the Bank's decisions on interest rates. The latest figures (published May 2018) show that firms are increasingly experiencing recruitment difficulties which have raised pressure on wages. **Employers report that they are experiencing the biggest increase in recruitment difficulties since 2004.**

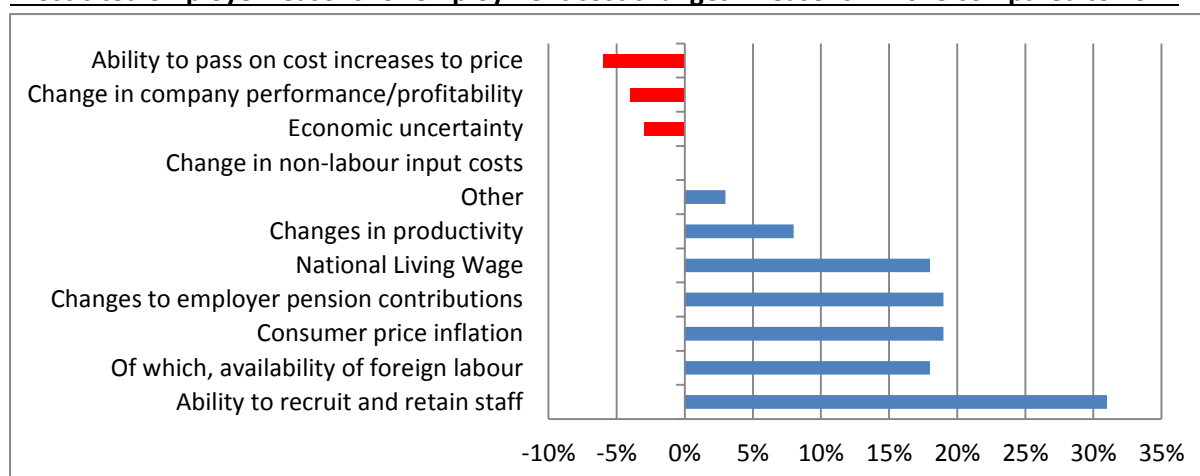
The Bank of England has said that employers' 'expectations [are] that settlements next year could be clustered around 2½%–3½% rather than 2%–3% during 2017.'

Bank of England estimates of business pressures where zero is normal (and where -5 is very low and +5 is very high)

	Total labour costs per employee		Labour market
	Manufacturing	Services	Recruitment difficulties
24/02/2017	1.4	2.0	1.4
19/04/2017	1.7	2.0	1.8
25/05/2017	1.8	2.0	1.8
14/07/2017	1.8	2.0	2.1
25/08/2017	1.8	1.7	2.0
13/10/2017	2.0	2.1	2.2
23/11/2017	2.0	2.1	2.6
18/01/2018	2.0	2.1	2.6
27/02/2018	2.1	2.1	2.6
19/04/2018	2.1	2.3	2.5
01/06/2018	2.1	2.3	2.5
13/07/2018	2.3	2.5	2.7
Source: Bank of England, Agents' Summary of Business Conditions			

The most commonly cited factor by companies for increased wage pressures was their ability to recruit and retain staff, which was partly caused by a lack 'of availability of foreign labour.' Inflation, pension contribution changes and National Living Wage rises were the next most cited factors.

Most cited employer reasons for employment cost changes – reasons in 2018 compared to 2017



Bank of England response to GMB Freedom of Information Act request, 16 March 2018

In March 2018, the Bank of England said that:

“Recruitment difficulties had remained elevated [in the Bank of England’s February survey] and were one of the primary concerns raised by many [companies]. In a small but growing number of cases, the inability to fill positions was constraining growth.

The list of regularly reported skill shortages was broadening out from construction, engineering, software development, professional services and logistics to hospitality, agriculture and food. This often reflected the reduced availability of EU migrant labour on which such sectors are heavily reliant.

Overall, there had been relatively few issues with staff attrition, although it was reported to be driving up wages in some sectors, including construction and accountancy.”

[Bank of England, Agents' Summary of Business Conditions, 2018 Q1](#)

National Minimum Wage and Foundation Living Wage rates

GMB's policy as set by Congress is to campaign for a real Living Wage of at least £10 an hour.

National Minimum Wage rates

The Government announced in November 2017 that it accepted the recommendations of the Low Pay Commission for 2018. This means that from April 2018 the over-25 National Minimum Wage increased by 4.4 per cent to **£7.83**.

Although the Government refers to the National Minimum Wage as the 'National Living Wage' for 25 year-olds and over, this rate is separate from the higher Foundation Living Wage which is set independently.

National Minimum Wage hourly rates – 2017 and 2018 (from April)

	April 2017 rate	April 2018 rate	Increase
NLW	£7.50	£7.83	4.4%
21-24 rate	£7.05	£7.38	4.7%
18-20 rate	£5.60	£5.90	5.4%
16-17 rate	£4.05	£4.20	3.7%
Basic apprentice rate	£3.50	£3.70	5.7%
Accommodation offset	£6.40	£7.00	9.4%

[Source: Low Pay Commission, 29 November 2017](#)

Living Wage Foundation Rates

In November the independent Living Wage Foundation sets a voluntary living wage standard based on its own analysis of cost of living pressures. The Foundation also publishes a separate Living Wage rate for London. 3,600 companies employing 150,000 workers reportedly pay the Foundation Living Wage.

Independent Foundation Living Wage hourly rates – 2016 and 2017 (from November)

	2016 rate	2017 rate	Increase
Foundation Living Wage	£8.45	£8.75	3.6%
London Living Wage	£9.75	£10.20	4.6%

[Source: Living Wage Foundation](#)

The Living Wage Foundation says:

"The real Living Wage rates are higher because they are independently-calculated based on what people need to get by. That's why we encourage all employers that can afford to do so to ensure their employees earn a wage that meets the costs of living, not just the government minimum."

Statutory payments and key employment rights at a glance

Statutory rates are usually updated in April, with an announcement expected as part of the Autumn Budget for what the rate will be from April 2019.

To qualify for Statutory Sick Pay and Statutory Parental Payments, average earnings must be equal to or above the Lower Earnings Limit of £116 per week.

Statutory Sick Pay

The weekly rate of Statutory Sick Pay is £92.05 per week, for up to 28 weeks, from April 2018.

The daily rate depends on the number of Qualifying Days worked per week. A calculator to work out the daily rate is available here: <https://www.gov.uk/guidance/rates-and-thresholds-for-employers-2018-to-2019>

Statutory Redundancy Pay

An employee must have been employed for a minimum of two years on their dismissal date to be eligible for Statutory Redundancy Pay.

For employees made redundant on or after 6 April 2018, the rate is:

- half a week's pay for each full year you were under 22
- one week's pay for each full year you were 22 or older, but under 41
- one and half week's pay for each full year you were 41 or older

Length of service is capped at 20 years. Weekly pay is capped at £508, and the maximum statutory redundancy pay award you can receive is £15,240.

Parental Payments

All effective from April 2018:

Type of payment	Current rate	Maximum period
Statutory Maternity Pay (Higher Rate)	90% of normal weekly earnings	6 weeks
Statutory Maternity Pay (Basic Rate)	£145.18 per week*	33 weeks
Maternity Allowance **	£145.18 per week*	39 weeks
Statutory Paternity Pay	£145.18 per week*	2 weeks
Statutory Adoption Pay (Higher Rate)	90% of normal weekly earnings	6 weeks
Statutory Adoption Pay (Basic Rate)	£145.18 per week*	33 weeks
Statutory Shared Parental Pay	£145.18 per week*	37 weeks

*or 90% of normal weekly earnings, whichever is lower.

** full rate, subject to eligibility

Redundancy Consultation Period

- 20-99 employees: 30 days
- 100+ employees: 45 days

Redundancy Notice Period

- 1 month – 2 years' service: 1 week
- Over 2 years' service: 1 week for each year of service up to a maximum of 12 weeks

Where this notice period has not been given, such as in the case of companies going into sudden liquidation or receivership, employees may be eligible for **Statutory Notice Pay** based on their average weekly earnings (capped at £508 per week). Please note that Statutory Notice Pay will be reduced in line with any income received during the Statutory Notice Period, including state benefits whether or not they have been claimed.

Unfair Dismissal

In most cases, employees must have completed 2 years' service before being able to bring a claim for unfair dismissal.

Working Time Entitlements

Please note these entitlements do **not** apply to professional drivers.

Regulation	Entitlement	Notes
Rest breaks	20 minutes if working day over 6 hours (30 minutes for 15-18 year olds)	Can be unpaid
Breaks between shifts	11 hours	Can be reduced by collective agreement
Weekly rest	24 hours	Can be averaged over 2 weeks
Maximum Working Week	48 hours	Averaged over 17 weeks. Individual can opt out
Holidays	5.6 weeks	Can include bank holidays. No opt out.

Other Entitlements

- **Time off for dependants:** Reasonable unpaid time off to deal with an unexpected emergency involving a dependant
- **Parental leave:** 18 weeks' unpaid leave in blocks of 1 or more weeks, for children up to the age of 18.

Housing costs

In August 2018 the Bank of England [raised interest rates](#) from **0.5 per cent** to **0.75 per cent**. The base rate is now at its highest level since March 2009. According to the RPI, the cost of council tax and rates rose by **4.9 per cent** in July 2018 compared to the year before. Overall housing costs rose by **2.6 per cent**.

	2017 Jan	2017 Feb	2017 Mar	2017 Apr	2017 May	2017 Jun	2017 Jul	2017 Aug	2017 Sep	2017 Oct	2017 Nov	2017 Dec	2018 Jan	2018 Feb	2018 Mar	2018 Apr	2018 May	2018 June	2018 July
Council tax and rates	2.8	2.8	2.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	4.9	4.9	4.9	4.9
Mortgage interest payments	-6.2	-6.2	-6.3	-6.4	-5.8	-6.1	-6.2	-2.6	-5.2	-2.7	-1.2	3.1	2.3	2.3	2.1	2.5	1.8	2.4	2.9
All housing	2.3	2.6	2.4	2.0	2.2	2.0	1.9	2.3	1.9	2.4	2.4	2.7	2.7	2.5	2.5	3	2.6	2.6	2.6

Source: ONS, [consumer price inflation tables](#), next published 19 September 2018

Average private rent growth in Great Britain slowed to **0.9 per cent** in July (and slowed to **1.5 per cent excluding London**). Average rent growth has slowed significantly across Great Britain over the course of the last year, and has fallen in London for three months in a row.

Percentage increase in private rent costs compared to the previous 12 months

	Great Britain	England	Wales	Scotland	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	GB excluding London	England excluding London
Jul 2017	1.8	1.9	1.3	0.2	0.5	1.4	1.6	2.8	2.2	2.3	1.5	2.6	2.5	2.0	2.2
Aug	1.6	1.7	1.3	0.3	0.4	1.4	1.7	2.8	2.0	2.1	1.2	2.6	2.1	1.9	2.1
Sep	1.6	1.6	1.4	0.3	0.4	1.3	1.6	2.9	1.9	2.4	0.9	2.5	2.1	1.9	2.1
Oct	1.5	1.5	1.5	0.4	0.2	1.3	1.7	2.9	1.7	2.1	0.8	2.4	2.1	1.9	2.0
Nov	1.4	1.4	1.4	0.2	0	1.3	1.6	2.7	1.8	2.1	0.6	2.3	2.1	1.8	1.9
Dec	1.2	1.3	1.7	0.4	0.1	1.3	1.4	2.6	1.8	2.2	0.4	2	2.1	1.7	1.8
Jan 2018	1.1	1.1	1.4	0.3	0	1.3	1.3	2.6	1.7	1.9	0.2	1.8	2.1	1.6	1.7
Feb	1.1	1.1	1.4	0.4	0	1.3	1.4	2.5	1.7	2.1	0.1	1.7	2.1	1.6	1.7
Mar	1.1	1.1	1.2	0.7	0.2	1.2	1.4	2.7	1.8	1.9	0.1	1.7	2.1	1.6	1.7
Apr	1.0	1.0	1.3	0.6	0.1	1.2	1.2	2.8	1.7	1.8	0	1.6	2.1	1.6	1.7
May	1.0	1.0	1.2	0.6	0.1	1.1	1.3	2.9	1.7	2.0	-0.2	1.6	2.0	1.6	1.7
Jun	1.0	1.0	1.1	0.6	0.2	1.1	1.5	2.8	1.7	1.9	-0.2	1.5	2.1	1.6	1.7
Jul	0.9	0.9	1.0	0.5	0.1	1.1	1.4	2.7	1.6	1.8	-0.3	1.5	1.9	1.5	1.6

Source: ONS, [Index of Private Housing Rental Prices, Great Britain, monthly estimates](#), next published 19 September 2018

Labour market update – April to June 2018

- There were 32.39 million people in work in April to June 2018. This was 42,000 more than for January to March 2018 and 313,000 more than a year earlier.
- The employment rate was 75.6% - up from 75.1% a year earlier.
- The unemployment rate was 4%, down from 4.5% a year earlier – the lowest rate since December 1974 to February 1975
- The number of people employed on a zero-hours contract was 780,000 – down 104,000 on a year before.

For more information see ONS, [Labour market update: August 2018](#) (next published on 11 September 2018).

Vacancies

There were 829,000 job vacancies for May to July 2018 – up 20,000 compared with February to April 2018 and 51,000 more compared with a year earlier. This was the highest number of vacancies since comparable records began in 2001.

Hours worked

In April to June 2018:

- People worked, on average, 31.9 hours per week – 0.4 hours fewer than for a year earlier
- People working full-time worked, on average, 37 hours per week in their main job – 0.5 hours fewer than for a year earlier
- People working part-time worked, on average, 16.2 hours per week in their main job

Public sector

There were 5.36 million people employed in the public sector for March, 10,000 more than for December 2017. Between March 2017 and March 2018, public sector employment fell by 102,000 and private sector employment increased by 542,000. This large fall in public sector employment was affected the reclassification of English housing associations to the private sector. Excluding the effects of this reclassification, public sector employment increased by 42,000 between March 2017 and March 2018.

Private sector

There were 27.04 million people employed in the private sector for March 2018, 136,000 more than in December 2017. 16.5 per cent of all workers are in the public sector; 83.5 per cent are in the private sector.

Industrial disputes

In June 2018:

- there were 15,000 days lost from seven stoppages
- 4,000 people took strike action

For the 12 months ending June 2018:

- 370,000 working days were lost from 76 stoppages and 38,000 people took strike action
- There were 351,000 working days lost in the private sector
- There were 19,000 working days lost in the public sector

Since monthly records began in 1931:

- The highest cumulative 12-month estimate for working days lost was 32.2 million for the 12 months to April 1980
- The lowest cumulative 12-month estimate for working days lost was 143,000 for the 12 months to March 2011

Workforce jobs

For March 2018, there were 35.18 million workforce jobs – 193,000 more than for a year earlier

Growth in job numbers – March 2017 to March 2018

Job type	Changes over year
Human health and social work	+ 73,000
Manufacturing	+ 46,000
Other service activities	+ 34,000
Public administration and defence	+ 30,000
Information and communication	+ 25,000
Other jobs	+ 15,000
Wholesale retail and motor repairs	- 30,000

Public sector pay

The Government claims that public sector workers are paid more than private sector workers.

However, the Treasury's own analysis shows that, after seven years of pay freezes and caps, public sector pay was 0.6 per cent lower than in comparable private sector jobs. The ONS estimates that public sector pay is 1 per cent lower than in comparable private sector jobs.

According to the ONS, in large public sector organisations, such as the NHS and unitary local authorities, public sector pay was 5.5 per cent lower than in private sector employers of a comparable size in 2016 (the latest date for which figures are currently available).

More information regarding public sector pay can be found on GMB's [Pay Pinch campaign website](#).

Information on the 2018/19 to 2019/20 local government pay offer can be found [here](#).

GMB also submitted [evidence](#) to the NHS Pay Review Body for the 2018/19 pay round.

Official estimates of the public/private pay differential (percentage)

	Treasury	ONS – not adjusted for organisation size	ONS - adjusted for organisation size
2008	0.6	0.1	-4.0
2009	3.5	2.4	-2.0
2010	5.8	4.3	-0.4
2011	3.9	3.8	-0.7
2012	3.2	3.1	-1.0
2013	2.7	2.3	-2.1
2014	0.5	0.4	-3.8
2015	0.9	1.0	-3.4
2016	-0.6	-1.0	-5.5

Treasury Freedom of Information Act response to GMB, 18 October 2017

ONS, [Analysis of factors affecting earnings using Annual Survey of Hours and Earnings: 2016](#) (Figure 7), 26 October 2016

Annual Survey of Hours and Earnings (ASHE) results 2017

The Annual Survey of Hours and Earnings (ASHE) is an official publication that is based on a one per cent sample of HMRC records.

Although ASHE is not updated as regularly as other ONS publications, it is considered to be the most reliable official report on hours and earnings.

Detailed wage information can be drawn from ASHE on the basis of factors such as industry, occupation, gender and region.

Headline results

The key ASHE findings on gross earnings for adult full-time employees in April 2017 are:

- In April 2017, average weekly earnings for full-time employees in the UK were £550, up 2.2% from £539 in 2016.
- The 2.2% growth in 2017 is the joint highest since the economic downturn in 2008 (matching that seen in 2013 and 2016). Similarly the median gross weekly earnings for part-time employees also increased from £177 in 2016 to £182 in 2017 (2.9%).
- Adjusted for inflation, full-time workers' weekly earnings decreased by 0.4% compared with 2016. This is the first time since 2014 that there has been a fall in this measure and reflects a higher level of inflation in April 2017 (2.6%) compared with recent years, for example, in April 2016 inflation was 0.7%.
- Earnings (not adjusted for inflation) in 2017 rose by more among the lowest paid workers. Earnings at the tenth percentile for full-time workers rose by 3.5% compared with 2016 and the percentage of full-time workers earning less than two-thirds of median hourly earnings has fallen from 19.4% in 2016 to 18.4%.
- In April 2017, the gender pay gap based on median hourly earnings for full-time employees decreased to 9.1%, from 9.4% in 2016. This is the lowest since the survey began in 1997.
- Median weekly earnings for full-time workers are highest in London (£692) and lowest in Wales, North East, Northern Ireland, Yorkshire and The Humber, and East Midlands (all approximately £500). In 2017, the median rate grew most in East Midlands (3.4%) and least in Yorkshire and The Humber (0.8%).

For further information see ONS, [Annual Survey of Hours and Earnings: 2017 provisional and 2016 revised results](#).

Regional wages

In April 2017 average weekly earnings were highest in London, the South East and Scotland – and lowest in Northern Ireland, the East Midlands and Wales.

Wage growth was strongest in the East Midlands, London, and the East of England – and lowest in the West Midlands, Wales and Yorkshire.

Median full-time gross weekly earnings and percentage change from previous year, by region, UK, April 2017

	Median Full-time gross weekly earnings (£)	Change from 2016 (%)
UK	550.4	2.2
London	692.5	3.2
South East	574.9	1.7
Scotland	547.3	2.4
East	545.5	3.2
South West	520.0	2.8
West Midlands	514.9	1.0
North West	514.0	2.0
North East	504.1	2.1
Yorkshire and The Humber	502.5	0.8
Northern Ireland	501.2	1.5
East Midlands	499.4	3.4
Wales	498.4	1.0

Gender pay gap

In April 2017, the gender pay gap (for median earnings) for full-time employees decreased to 9.1%, down from 9.4% in 2016. This is the lowest since the survey began in 1997, where the gender pay gap was 17.4%, although the gender pay gap has changed relatively little in recent years.

Gender pay gap for median gross hourly earnings (excluding overtime), UK, April 2011 to 2017 (percentage)

Year (April)	All	Full-time
2011	20.2	10.5
2012	19.6	9.5
2013	19.8	10
2014	19.2	9.6
2015	19.3	9.6
2016	18.2	9.4
2017	18.4	9.1

Note – By 06 April 2018 all large employers (those employing 250 or more) were [required to publish their internal gender pay gaps](#). Employer results can be found [here](#). ACAS has [published guidance](#) on employers' new gender pay gap reporting duties.

Earnings by occupation

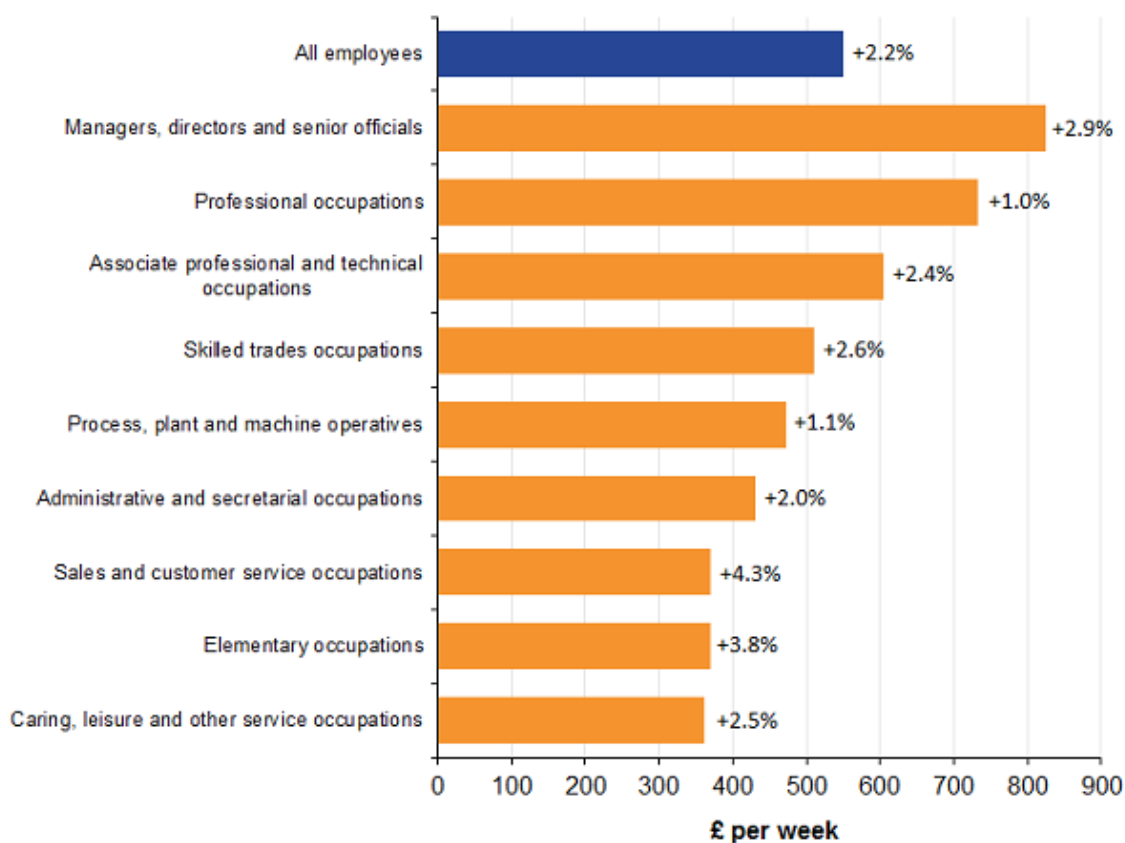
In April 2017 the highest paid occupational group was ‘managers, director and senior officials’. The lowest paid group was ‘caring, leisure and other service occupations.’

Pay growth for managers and directors was stronger than average at 2.9 per cent, although ‘sales and customer service occupations’ and ‘elementary occupations’ saw the stronger pay growth at 4.3 per cent and 3.8 per cent respectively. These figures include factors such as overtime.

Median full-time gross weekly earnings and percentage change from previous year, by major occupation group, UK, April 2017

Occupation	Median 2016 (£)	Median 2017 (£)	Annual percentage change (%)
Managers, directors and senior officials	800.5	824.1	2.9
Professional occupations	725.9	733.1	1.0
Associate professional and technical occupations	591.2	605.6	2.4
Administrative and secretarial occupations	423.1	431.6	2.0
Skilled trades occupations	496.8	509.8	2.6
Caring, leisure and other service occupations	352.7	361.4	2.5
Sales and customer service occupations	355.2	370.4	4.3
Process, plant and machine operatives	467.5	472.5	1.1
Elementary occupations	356.1	369.6	3.8

Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics



Average hours worked

In April 2017 process plant and machine operatives worked both the longest basic hours and paid overtime of all full-time workers, recording average total hours (excluding unpaid overtime which is not measured by ASHE) of 43.9 hours a week. Those in professional occupations worked the least hours, averaging 36.9 hours a week.

Average weekly hours worked by broad occupational category for full-time workers, April 2017

Occupation	Paid basic hours	Paid overtime hours	Rank of basic hours	Rank of paid overtime
Process plant and machine operative	40.6	3.3	1	1
Elementary occupations	39.7	1.7	2	3
Skilled trades occupations	39.6	2.2	3	2
Managers directors and senior officials	38.4	0.4	4	9
Sales and customer service occupations	38.4	0.8	5	6
All employees	38.1	1	6	5
Associate professional and technical occupations	37.7	0.7	7	7
Caring leisure and other service occupations	37.6	1.3	8	4
Administrative and secretarial occupations	37.3	0.5	9	8
Professional occupations	36.5	0.4	10	10

ASHE: Components of mean full-time weekly paid hours of work by major occupation group, UK, April 2017

Latest from the Labour Research Department

The LRD Payline service contains information from over 2,000 agreements, including over 300 GMB agreements. If your agreement is not amongst them then please send details of the settlement to pay@lrd.org.uk so we can improve the service to GMB members.

To access the service go to www.lrd.org.uk/payline (contact laurence.turner@gmb.org.uk for login details).

GMB bargaining support

The GMB wages and inflation report is produced by industrial Sections' research and policy officers. For further information, or if you want to know more about accessing company accounts and how to interpret them ahead of pay talks, please contact laurence.turner@gmb.org.uk, anna.barnes@gmb.org.uk or charlotte.nichols@gmb.org.uk.

Appendix – Consumer price indexes explained

CPI

The CPI is the UK's main domestic measure of consumer price inflation and is an internationally comparable measure. It forms the basis for the Government's target for inflation that the Bank of England's Monetary Policy Committee (MPC) is required to achieve. The official CPI series starts in 1996, but estimates for earlier periods are available back to 1988. The CPI excludes certain housing costs, such as owner-occupied housing and council tax.

CPIH

A new measure of inflation called CPIH was first published by the ONS on 19 March 2013, initially on an experimental basis. CPIH is the same as CPI except that it includes owner-occupier housing costs, an important omission from the CPI as these costs account for around 10% of total UK household expenditure. They are calculated using a "rental equivalence" approach, using the rent paid for an equivalent house in the private sector as a proxy for the costs faced by an owner-occupier.

RPI

The all-items RPI is the oldest measure of UK inflation still in use, with data going back to 1947. Unlike the CPI, the RPI includes housing costs, such as mortgage interest payments, buildings insurance and council tax. Spending by pensioner households is not included in the sample used nor is that of the top 4% of households by income. While it is used for a wide variety of purposes, the ONS has recently declared that the RPI does not meet international statistical standards because of a formula used in its calculation, called the Carli formula. Its status as a national statistic was removed on 14 March 2013, but the ONS has stated that it will continue to publish it in an annex to the official figures because of its uses in long-term indexation, such as for index-linked gilts and bonds.

RPIX

The RPIX is the same as the all-items RPI except that it excludes mortgage interest payments. It was used as the Government's inflation target prior to the switch to CPI in 2003. It provides a guide to underlying inflation because it ignores the effect of changes in mortgage costs when interest rates rise or fall. Like the RPI, it was stripped of its "national statistic" status on 14 March 2013 as it does not meet international standards.

HCIs

The ONS is currently developing a series of new inflation measurements – the **Household Costs Indices (HCIs)**. These will measure inflation as it is experienced by different households when they are differentiated on the basis of income or retirement status. The HCIs are still at an experimental stage and GMB is monitoring the ONS's progress and the potential impact of this new measure of inflation on our members.

Appendix – Employers’ duty to disclose information

Where GMB is recognised, employers have a legal duty to provide information where it would be in ‘accordance with good industrial relations practice to disclose’ (quotes are from the ACAS Code of Practice). This section is intended only as an initial guide and not as a substitute for the Code.

The information requested may relate to any aspect of collective bargaining and requests for information may be made outside of pay negotiation periods.

Information can be requested both of the central company ‘or [that] in the possession of any associate employer.’ The duty to disclose covers both public sector and private sector employers.

It is helpful if information obtained through this process is shared with GMB National Office.

Types of information that can be requested

ACAS provides examples of the types of information that can be reasonably requested from employers. The below list is not exhaustive, and it is not intended to act as a checklist, but it does provide examples of the kinds of information that can be obtained from employers.

Pay and benefits	Notes
Principles and structure of payment systems	
Job evaluation systems and grading criteria	
Earnings and hours analysed according to: work-group, grade, plant, sex, out-workers and homeworkers, department or division, giving, where appropriate, distributions and make-up of pay showing any additions to basic rate or salary	
Total pay bill	
Details of fringe benefits and non-wage labour costs	
Conditions of service	
Policies on recruitment, redeployment, redundancy, training, equal opportunity, and promotion	
Appraisal systems	
Health, welfare and safety matters	
Manpower	
Numbers employed according to grade, department, location, age and sex	
Labour turnover	
Absenteeism	
Overtime and short-time	
Manning standards	
Planned changes in work methods, materials, equipment or organisation	

Available manpower plans	
Investment plans	
Performance	
Productivity and efficiency data	
Savings from increased productivity and output, return on capital invested	
Sales and state of order book	
Financial	
Cost structures	
Gross and net profits	
Sources of earnings	
Assets and liabilities	
Allocation of profits	
Details of government financial assistance	
Transfer prices	
Loans to parent or subsidiary companies and interest charged	

Failure to comply

Action can be taken against employers that fail to disclose information through the Central Arbitration Committee (CAC). The CAC may ask ACAS to provide conciliation services. Should conciliation not succeed, the CAC can require the employer to disclose the requested information.

Duties on trade unions

Trade unions should not ask for information that is readily available (such as in company accounts). The employer may ask for requests in writing (and it is best practice to do so). Trade unions and employers should endeavour to reach an understanding on how any disclosed information is used.

It may be helpful to arrange for representatives to arrange an early meeting with the company's HR staff at the start of the process to understand what relevant information is collected and agree any potentially contentious issues.

Exemptions

Employers are not required to disclose information that would endanger national security, contravene data protection legislation or would cause 'substantial injury' to the company.

Notes

Further information can be found in the ACAS Code of Practice [Disclosure of information to trade unions for collective bargaining purposes](#). The original legislation can be accessed under clauses 181 to 185 of the Trade Union and Labour Relations (Consolidation) Act 1992 - [disclosure of information for purposes of collective bargaining](#).

The Act was later amended to cover the disclosure of 'information relating to use of agency workers in that undertaking.'

Appendix – Key dates

1 January 2018	Occupational pensions revaluation rate amended
By February 2018	All employers will be covered by the requirement to auto-enrol workers in pension schemes.
10 March 2018	New check-off arrangements take effect
30 March 2018	Gender pay gap reporting for public sector employers Public sector employers must publish first reports before this date (with a snapshot date of 31 March 2017).
31 March 2018	Fit for Work Assessments to be scrapped
1 April 2018	National minimum wage rises
4 April 2018	Gender pay gap reporting for private sector employers Private sector employers must publish first reports before this date (with a snapshot date of 5 April 2017).
6 April 2018	Lower earnings limit for national insurance contributions increases Statutory sick pay rises State pension rates increase
6 April 2018	All employers are to increase the amount of their minimum contributions into their staff's automatic enrolment pension to at least of 2% of qualifying earnings
25 May 2018	General Data Protection Regulation comes into force to replace Data Protection Act
October 2018	Abolition of childcare voucher scheme (expected)
01 October 2018	Right to time off work for certain volunteers who carry out duties in the criminal justice system takes effect
November 2018	2018 Budget 2019/20 National Minimum Wage rates announced 2018/19 Foundation Living Wage rates announced

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