

## Key figures (March 2018) - change on previous 12 months

<b>Inflation rates</b>		<b>3.3%</b>	<b>2.5%</b>	<b>2.3%</b>	
		RPI	CPI	CPIH	
<b>Average pay settlements</b>		<b>2.5%</b>	<b>2.8%</b>	<b>3%</b>	
		XpertHR	ONS	LRD	
<b>Seasonal inflation – Summer</b>	<b>13.4%</b>	<b>10.4%</b>	<b>8%</b>	<b>3.8%</b>	<b>3.1%</b>
	UK holiday centres	Electricity	Home contents insurance	Council tax and rates	Children's clothes

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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)
<b>2016</b>				
Mar 2016	1.6	1.6	0.5	0.7
Apr 2016	1.3	1.3	0.3	0.6
May 2016	1.4	1.5	0.3	0.7
June 2016	1.6	1.7	0.5	0.8
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
<b>2017</b>				
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
<b>2018</b>				
Jan 2018	4	4	3	2.7
Feb 2018	3.6	3.6	2.7	2.5
Mar 2018	<b>3.3</b>	<b>3.4</b>	<b>2.5</b>	<b>2.3</b>

Source: [ONS Consumer Price Indices Statistical Bulletin](#). Next published 23 May 2018.

### WHAT CAUSED THE CHANGES TO INFLATION THIS MONTH?

- The largest downward contribution to the change in the rate between February 2018 and March 2018 came from prices for clothing and footwear rising by less than they did a year ago, with the effect coming mainly from a range of items of women's clothing.
- Price movements for alcoholic drinks and tobacco also made a downward contribution to the change in the rate; this in part reflects changes to the Budget cycle that were introduced in 2017, with tax changes for tobacco being announced in November 2017 instead of March 2018.

## Inflation this month – significant price rises by item

### **Retail Price Index (RPI) – March 2018**

Item	%
Oil and other fuels	19.8
Butter	15.5
Men's outerwear	11.8
Imported lamb	11.5
Electricity	10.4
Dwelling insurance and ground rent	10.2
Vehicle tax and insurance	9.8
Women's outerwear	9.6
Lamb	9.1
Clothing and footwear	8.8
Children's outerwear	8.6
Electrical appliances	8.4
Milk products	7.3
Tobacco	7.2
processed fish	6.9
Foreign holidays	6.9
Other travel costs	6.8
Books and newspapers	6.6
of which home-killed lamb	6.4
Fuel and light	6.4
Other clothing	6.2
CDs and tapes	6.0
Tobacco	5.9
Footwear	5.9
Cigarettes	5.6
Consumer durables	5.5
Fares and other travel costs	5.5
of which fresh fruit	5.3
Personal expenditure	5.0
Bread	4.9
Gardening products	4.9
Leisure services	4.8
Bacon	4.7
Coffee and other hot drinks	4.4
Fish	4.3
Oil and fats	4.1
Entertainment and other recreation	4.1

### **Consumer Price Index (CPI) – March 2018**

Item	%
Liquid fuels	23.0
Butter	16.4
Other small electric household appliances	16.1
Boats, outboard motors and fitting out of boats	15.3
Other recording media	15.2
Heaters, air conditioners	15.0
Holiday centres, camping sites, youth hostels and similar accommodation services	13.4
Other non-fiction books	11.2
Lamb and goat	10.4
Electricity	10.4
Driving lessons, test licences and road worthiness tests	9.5
Passenger transport by air	9.5
Coffee machines, tea makers and similar appliances	9.4
Oils and fats	9.0
Whole milk	8.4
Yoghurt	8.4
Major appliances and small electric goods	8.4
Motorized major tools and equipment	8.0
House contents insurance	8.0
Miscellaneous small tool accessories	7.9
Fruit and vegetable juices	7.5
Household appliances, fitting and repairs	7.5
Other preserved or processed fish and seafood - based preparations	7.4
Other services	7.3
Pasta products and couscous	7.0
Museums, libraries, zoological gardens	6.9
Confectionery products	6.8
Books	6.8
Liquefied hydrocarbons (butane, propane, etc.)	6.5
Cinemas, theatres, concerts	6.5
Tools and equipment for house and garden	6.4

## 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: 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 has 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.

### 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.](#)'

## Long term inflation forecasts

The Treasury regularly summarises recent inflation forecasts for the next twelve months. According to these forecasts, in 2018 earnings will rise by less than RPI inflation but by more than CPI inflation.

### **2018 forecast prices & earnings inflation (fourth quarter 2018 compared to fourth quarter 2017)**

	RPI	RPIX	CPI	Average earnings
Average (median)	3.3	3.1	2.3	2.8
Source: Treasury, <a href="#">Forecasts for the UK economy: a comparison of independent forecasts</a> Published 18 April 2018				

The Office of Budget Responsibility (OBR) also produces independent long-term estimates of prices and wages inflation twice a year.

**IMPORTANT NOTE:** The OBR (Office of Budget Responsibility) does not attempt to estimate the impact of Brexit on inflation forecasts, so these figures should be treated with caution when negotiating long-term pay deals.

### **OBR forecasts 2017 – 2022 (per cent)**

Measure	2017	2018	2019	2020	2021	2022
CPI	2.7	2.4	1.8	1.9	2	2
RPI	3.6	3.7	3	2.9	2.9	3
Average earnings	2.6	2.7	2.4	2.5	2.8	3
Wages and salaries	3.8	3.4	2.7	2.7	2.9	3.1
Source: OBR, <a href="#">Economic and Fiscal Outlook, March 2018</a> , page 83 Next release date: November 2018 (date tbc)						

### **Independent long-term CPI forecasts (per cent)**

Forecaster	2017	2018	2019	2020	2021	2022
OBR	2.7	2.4	1.8	1.9	2.0	2.0
Bank of England	3.0	2.4	2.2	2.1	-	-
NIESR	2.8	2.7	2.1	2.0	2.0	2.1
IMF	2.6	2.6	2.2	2.1	2.0	2.0
Source: OBR, Economic and Fiscal Outlook, March 2018, page 82 Next release date: November 2018 (date tbc)						

## Quarterly changes in retail prices, 2018 and 2019

### XpertHR summary of independent forecasts

	2018				2019		
	Q2 (%)	Q3 (%)	Q4 (%)	Year (%)	Q1 (%)	Q2 (%)	Year
<b>XpertHR average</b>	3.7	3.6	3.5	3.7	3.3	3.2	3.3
<b>Range of forecasts</b>	3.4 to 3.9	3.4 to 3.8	2.9 to 3.9	3.4 to 4.4	2.6 to 3.9	2.7 to 3.8	2.7 to 4.0
Based on the latest figures available as at 18 April 2018. XpertHR average: unweighted average of analysts' predictions.							

## Wage settlements

The ONS produces monthly estimates of changes to average earnings. The below figures do not account for factors such as progression pay and workforce changes, and as such are not a strict tracker of wage awards.

### Official earnings estimates for regular pay (excluding bonuses) – February 2018

Average Weekly Earnings	Average weekly pay (£)	Annual percentage growth (three month average)
<b>Whole economy</b>	483	2.8
<b>Private sector</b>	475	2.9
<b>Public sector*</b>	515	2.3
<b>Services</b>	466	2.7
<b>Manufacturing</b>	573	2.9
<b>Construction</b>	581	4.2
<b>Wholesale, retail &amp; restaurants</b>	329	2.4
*Excluding nationalised financial services. Source: All references in this section are from ONS, <a href="#">Average Weekly Earnings</a> Next release date: 15 May 2018		

Over the last year, growth in wages has gradually recovered after falling in the months following the referendum. However, in the private sector, wage growth remains suppressed in construction and wholesale and retail roles.

### 3 month changes to average regular weekly pay compared to the previous 12 months, percentage

Month	Whole economy	Private sector	Public sector*	Services	Manufacturing	Wholesale, retail, hotels & restaurants	Construction
Feb 17	2.0	2.2	1.3	2.0	1.6	2.8	2.9
Mar 17	1.8	2.0	1.2	1.8	1.8	2.7	1.7

Apr 17	1.8	2.0	1.1	1.8	1.7	2.4	1.3
May 17	2.0	2.2	1.4	2.1	1.4	2.4	1.2
Jun 17	2.1	2.3	1.4	2.1	1.2	2.1	1.7
Jul 17	2.2	2.3	1.7	2.3	1.0	1.7	2.0
Aug 17	2.2	2.3	1.6	2.2	1.3	1.4	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	2.7	2.1	2.9
Jan 18	2.6	2.7	2.1	2.5	2.9	2.2	3.5
<b>Feb 18</b>	<b>2.8</b>	<b>2.9</b>	<b>2.3</b>	<b>2.7</b>	<b>2.9</b>	<b>2.4</b>	<b>4.2</b>
*Excluding nationalised financial services							

Adjusted for inflation (CPI), average real wages rose in value by **0.2 per cent** in February 2018 compared to a year earlier. This was the first real-terms rise reported since January 2017.

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

Month	Real AWE (2015 prices), £	1 month change	3 month average
Feb-17	457	-0.6	0.0
Mar-17	457	-0.6	-0.4
Apr-17	458	-0.6	-0.6
May-17	458	-0.4	-0.5
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
<b>Feb-18</b>	<b>459</b>	<b>0.5</b>	<b>0.2</b>

### 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: February 2018**

	Whole economy	Private sector	Manufacturing	Services
XpertHR	2.5	-	2.6	2.5
EEF	-	-	2.4	-
LRD	3	-	2.7	3.5
IDR*	2.5	2.5	2.5	2.6
ONS**	2.6	2.7	2.9	2.5
BoE (2017)***	-	2.6	2.4	3.2

Next published 26 April 2018.  
 \* IDR figures are for the three months to January 2018 \*\* ONS figures track all earnings. \*\*\* BoE figures are for all of 2017: 'services' figures are for consumer services.

**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, Winter 2017/18; 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** – up by **0.5 per cent** compared to real 2017 awards. 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 collected 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
<b>Total (private sector)</b>	<b>2</b>	<b>318</b>

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 March 2018) show that firms are increasingly experiencing recruitment difficulties which have raised pressure on wages. **Last month employers reported that they are experiencing the biggest increase in recruitment difficulties since 2003.**

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.'

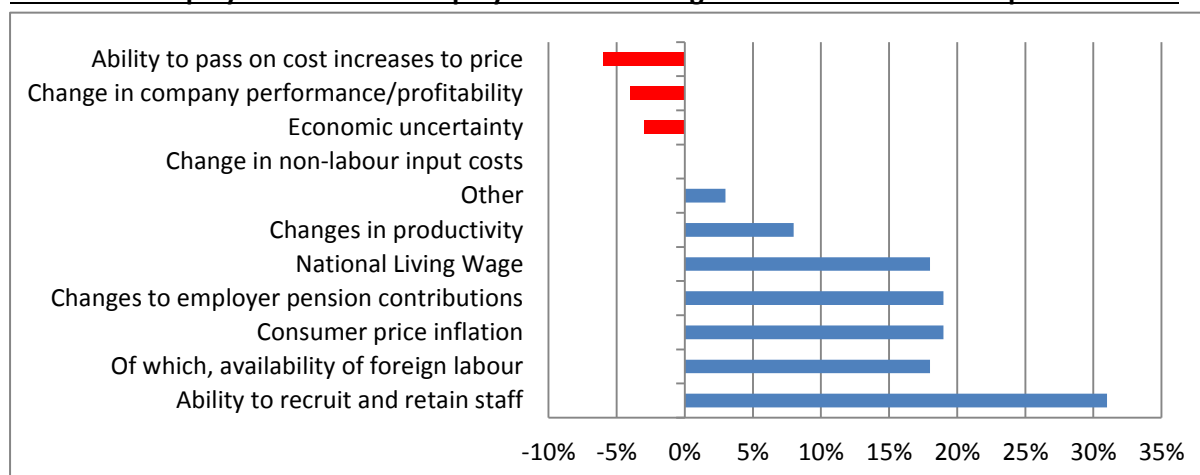
**Bank of England estimates of business pressures where zero is normal (and where -5 is very low and +5 is very high)**

	Total labour costs per employee		Labour market
	Manufacturing	Services	Recruitment Difficulties
13/01/2017	1.4	2.0	1.2
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
27/02/18	2.1	2.1	2.6

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)

	<b>April 2017 rate</b>	<b>April 2018 rate</b>	<b>Increase</b>
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)

	<b>2016 rate</b>	<b>2017 rate</b>	<b>Increase</b>
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.”*

## Housing costs – mortgage interest payments and regional rent increases

In November 2017 the Bank of England [raised interest rates](#) from **0.25 per cent** to **0.5 per cent**. This was the first increase in interest rates for a decade. According to the RPI, the cost of council tax and rates rose by **3.8 per cent** in March 2018 compared to the year before. Overall housing costs rose by **2.5 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	<b>2018 Mar</b>
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	<b>3.8</b>
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	<b>2.1</b>
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	<b>2.5</b>

Source: ONS, [consumer price inflation tables](#), next published 23 May 2018

Average rent growth in Great Britain remained at **1.1 per cent** in March (or **1.6 per cent excluding London**). Rent growth has slowed significantly in the North East, London, and the South East over the last year. Rent growth has increased significantly in Wales and Scotland.

### 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
Mar	2.0	2.1	0.7	-0.1	0.7	1.3	1.6	2.5	2.0	2.8	1.6	3.4	2.5	2.2	2.4
Apr	1.8	2.0	0.7	0.0	0.7	1.3	1.7	2.3	2.2	2.7	1.4	3.1	2.5	2.1	2.4
May	1.8	1.9	0.9	-0.1	0.6	1.3	1.7	2.5	2.1	2.3	1.3	2.8	2.5	2.0	2.2
Jun	1.8	1.9	1.1	0.2	0.5	1.5	1.7	2.6	2.2	2.3	1.3	2.8	2.4	2.0	2.2
Jul	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

Source: ONS, [Index of Private Housing Rental Prices, Great Britain, monthly estimates](#), next published 23 May 2018

## Labour market update – December 2017 to February 2018

- There were 32.26 million people in work in December 2017 to February 2018. This was 55,000 more than for September to November 2017 and 427,000 more than a year earlier.
- The employment rate was 75.4% - up from 74.6% a year earlier and the highest since comparable records began in 1971.
- The unemployment rate was 4.2%, down from 4.7% a year earlier
- Adjusted for CPI inflation, regular real wages rose by 0.2% compared to last year.

For more information see ONS, [Labour market update: March 2018](#) (next published on 15 May 2018).

### Vacancies

There were 815,000 job vacancies for January to March 2018 - up 44,000 compared with a year earlier. 88.7 per cent of all advertised vacancies were in services. The sectors within services with the most vacancies were wholesaling, retailing and repair of motor vehicles (136,000) and human health and social work (129,000).

### Hours worked

In December 2017 to February 2018:

- People worked, on average, 32.0 hours per week – slightly more than for September to November 2017 but 0.4 hours fewer than for a year earlier
- People working full-time worked, on average, 37.2 hours per week in their main job
- People working part-time worked, on average, 16.2 hours per week in their main job

### Public sector

There were 5.35 million people employed in the public sector for December 2017, 132,000 fewer than for September 2017. This large fall in public sector employment was entirely due to the reclassification of English housing associations. Excluding the effects of this reclassification, public sector employment increased by 9,000 between September and December 2017.

### Private sector

There were 26.90 million people employed in the private sector for December 2017, 300,000 more than in September 2017. Excluding the effects of the reclassification of English housing associations, private sector employment increased by 159,000 between September and December 2017.

16.6 per cent of all workers are in the public sector; 84.4 per cent are in the private sector.

## Industrial disputes

In January 2018:

- there were 75,000 working days lost from 15 stoppages
- 20,000 people took strike action

Most of the working days lost in February 2018 were due to five days of strike action involving employees of universities across the UK.

While working days lost in February 2018 was the highest figure since July 2016, these are historically low figures when looking at the long-run monthly time series back to the 1930s.

Since monthly records began in December 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

For the 12 months ending February 2018:

- 323,000 working days were lost from 79 stoppages and 45,000 people took strike action
- There were 287,000 working days lost in the private sector – the highest figure since the 12 months to October 1997
- There were 36,000 working days lost in the public sector, the lowest figure since records for public and private sector strikes began in 1996

### Workforce jobs

For December 2017, there were 35.11 million workforce jobs, 64,000 fewer than for September 2017 but 407,000 more than for a year earlier

### **Growth in job numbers – December 2016 to December 2017**

Job type	Changes over year
Human health and social work	+ 120,000
Other jobs	+ 99,000
Administrative & support services	+ 79,000
Construction	+ 63,000
Manufacturing	+ 55,000
Transport and storage	+ 43,000
Education	- 52,000

## 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 is 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 is now 5.5 per cent lower than in private sector employers of a comparable size.

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 has 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

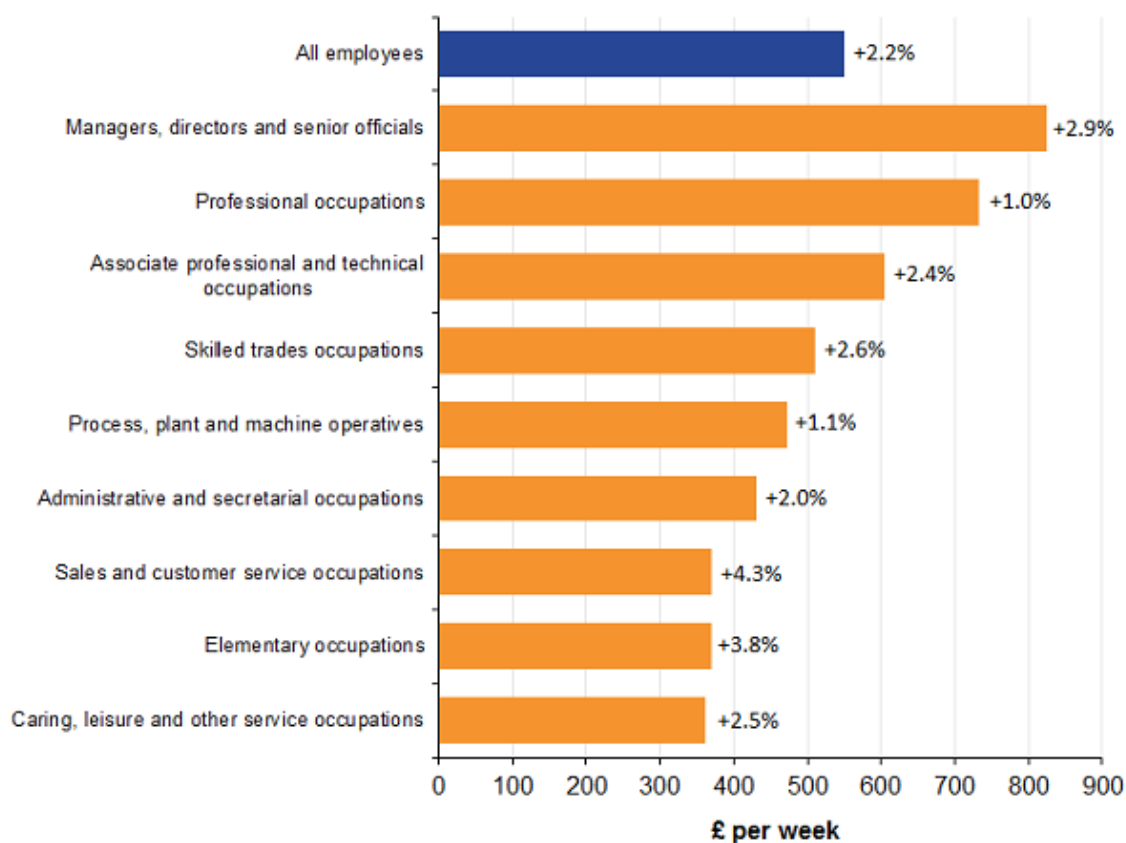
In April 2017 the highest paid occupational group was ‘managers, director and senior officials’. The lowest paid group was ‘caring, leisure and other service occupations.’

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](mailto:pay@lrd.org.uk) so we can improve the service to GMB members.

To access the service go to [www.lrd.org.uk/payline](http://www.lrd.org.uk/payline) (contact [laurence.turner@gmb.org.uk](mailto: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](mailto:laurence.turner@gmb.org.uk), [anna.barnes@gmb.org.uk](mailto:anna.barnes@gmb.org.uk) or [charlotte.nichols@gmb.org.uk](mailto: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.

### HCI

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.

<b>Pay and benefits</b>	<b>Notes</b>
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	
<b>Conditions of service</b>	
Policies on recruitment, redeployment, redundancy, training, equal opportunity, and promotion	
Appraisal systems	
Health, welfare and safety matters	
<b>Manpower</b>	
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	
<b>Performance</b>	
Productivity and efficiency data	
Savings from increased productivity and output, return on capital invested	
Sales and state of order book	
<b>Financial</b>	
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 – Upcoming key dates

1 January 2018	<a href="#">Occupational pensions revaluation rate amended</a>
By February 2018	All employers will be covered by the requirement to auto-enrol workers in pension schemes.
10 March 2018	<a href="#">New check-off arrangements take effect</a>
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	<a href="#">National minimum wage rises</a>
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	<a href="#">Lower earnings limit for national insurance contributions increases</a> <a href="#">Statutory sick pay rises</a> <a href="#">State pension rates increase</a>
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	<a href="#">General Data Protection Regulation comes into force</a> to replace Data Protection Act



## Change log

<b>Nov-17</b>	
OBR long-term inflation forecasts	
Average wage growth by industry	
Monthly estimates of working days lost due to stoppages by industry	
Public/private weighted differential estimates	
<b>Dec-17</b>	
Seasonal inflation figures	
Table of contents	
Arguments for using RPI in pay claims	
Summarised some ONS wording	
Expanded ONS wage growth by industry and in real-terms figures	
XpertHR industry wage forecasts	
BoE figures on private sector recruitment difficulties	
National Minimum Wage and Foundation Living Wage rates	
Notes on gender pay gap reporting	
Summarised some ASHE wording	
Exchanged some ASHE graphs for tables	
Removed public sector pay information from ASHE section	
Appendix on requesting information from employers based on ACAS guidance	
Owner-occupier costs and regional private rents	
<b>Jan-18</b>	
Treasury summary of 12-month inflation forecasts including RPI	
IDR pay settlements tracking	
ACAS gender pay gap reporting guidance	
Information on the new Household Cost Indices inflation measure	
Upcoming key dates	
	<b>Feb-18</b>
	Bank of England wage settlement tracking
	Inflation – significant price rises by item
	<b>Mar-18</b>
	Bank of England – employer reasons for wage bill changes