

EDITORIAL

Just returned from the TUC Congress where the key debates were led by Unite on an alternative economic strategy and trade union rights. The other major debate centred not surprisingly on the public sector and the current cuts and pensions agenda of the present government. Again Unite contributed to these debates.

The inflation figures reported in this brief were announced on the second day of Congress and brought this comment from the TUC's Brendan Barber:

"Today's high inflation figures are further evidence of the squeeze in living standards for ordinary people. With wages failing to keep up with prices, cuts in services and the VAT hike, those who did least to cause the crash are bearing the biggest burden in clearing up the mess."

More worrying for negotiators were the comments from the Chief Economist at financial consultancy, Markit, who warned:

"The rate is likely to move higher in coming months as utility bills continue to increase, putting further pressure on already-strained household budgets."

Ironically on the same day Labour Leader Ed Miliband addressed Congress and in a speech which failed to address many issues he did make one contribution which endeared him to delegates:

"First, prioritise tax cuts for the hard-working majority, not the super-rich. Cut VAT now to 17.5 per cent to get the economy moving again. Second, insist that those who caused the crisis help pay to put it right. Renew the bankers' bonus tax and use the money to support enterprise, put the young unemployed back to work, and to build homes."

As we move into Autumn and the start of another pay round now more than ever we need to use the union's resources and power to secure pay increases which meet the current inflationary spiral if we are to recoup the spending power necessary to help grow the economy.

Roger Jeary

Director of Research

AUGUST INFLATION FIGURES

RETAIL PRICE INDEX (RPI) – 5.2% (up from 5% in July)

CONSUMER PRICE INDEX (CPI) – 4.5% (up from 4.4% in July)

BREAKDOWN OF KEY RPI STATISTICS	ANNUAL RATE
Housing	1.4%
Petrol & Oil	17%
Vehicle tax & Insurance	18.6%
Rail Fares	6.6%
Food	6.8%
Oil & other fuels	24.7%
Clothing & footwear	13.2%
Motoring costs	8.5%
Household consumable	8.6%
Source: ONS www.statistics.gov.uk	

INFLATION FORECASTS (RPI)	ANNUAL RATE
Quarter 3 2011	5.4%
Quarter 4 2011	5.4%
Quarter 1 2012	4.2%
Quarter 2 2012	3.8%
Quarter 3 2012	4.1%
Quarter 4 2012	3.9%
Source: IDS Pay Report September 2011	

LRD Pay & Conditions Database Online

2.5% in the three months to August 2011 : Figures from the LRD Payline database show an overall mid-point increase of 2.5% on lowest basic rates, in the three months to August. This is down from the figure recorded for the three months to July of 2.7%. The mid-point for the three months varied little by sector; the private sector median was 2.5% whilst the public sector median was just 1.7%. Manufacturing had a median of 2.5% as did services. The median increase for the year to July was 2.9%. Figures for September are due on 12 October.

RECENT UNITE SETTLEMENTS AS REPORTED TO THE PAY & CONDITIONS DATABASE ONLINE

Settlement date	Agreement	Standard increase
01/08/11	British Bakeries (Glasgow)	5.50%
01/07/11	Premier Foods (Wisbech)	5.40%
01/08/11	Old Bushmills Distillery (Diageo)	5.20%
01/09/11	BOC Industrial & Special Products (ISP Manual)	5.00%
01/08/11	East Midlands Airport	5.00%
01/07/11	James Walker & Co Ltd	4.25%
01/07/11	Unilever Best Foods - Burton on Trent	3.30%
20/07/11	Demolition Contracting	3.00%
01/09/11	Leyland Trucks	3.00%
01/07/11	National Grid	3.00%

One Society

A recent report by "One Society" has exposed the growing pay inequalities within the economy. Key findings have shown:

- A 306:1 average estimated top-to-bottom pay ratio in companies which disclosed data in response to our request.
- Average estimated FTSE 100 CEO total remuneration was £4.9 million (434 times National Minimum Wage and 233 times 2010 UK median earnings).
- Rises in executive pay outstripped rises in company performance: especially in banks.
- Companies with large public sector contracts typically paid their executives much more than the highest-paid public sector employee. For example Serco, which receives over 90% of its business from the public sector, paid Christopher Hyman an estimated £3,149,950 in 2010. This is 6 times more than the highest-paid UK public servant.
- Pay levels in the private sector have impacts which go beyond the company itself. Excessive incentives at the top can produce perverse behaviours. Excessively low pay externalises costs to the taxpayer (e.g. through the benefits system) estimated in the billions of pounds and is likely to reduce the ability of the economy to recover. Excessive gaps between incomes are associated with costly health and social problems as well as with higher levels of debt and economic volatility.
- Pay ratios – as well as just pay levels – are important: Executives can find themselves incentivised to suppress employees' pay below levels that are in the best long-term interest of the company, so adopting pay ratios as a metric would provide a useful counterbalance. Excessive pay dispersion is also associated with suppressed company performance when the workforce as a whole is taken into consideration.

The Independent produced a clear at a glance graph which can be found at the following link:

http://www.independent.co.uk/multimedia/archive/00647/ftseG_647232a.jpg

to read the report in full go to:

http://www.onesociety.org.uk/wp-content/uploads/2011/09/AThirdOfAPercent_OneSociety_15Sept2011_Final.pdf

Sign the petition: PUBLIC AND PRIVATE PENSION INCREASES – CHANGE FROM RPI TO CPI

An e-petition calling for the reintroduction of RPI indexation measure for pensions has been posted on the Directgov website.

A broad coalition has formed in support of the petition and if it acquires the necessary 100,000 signatures it could lead to a long overdue Parliamentary debate. So, if you could publicise the petition as widely as possible, we just might be able to get this important debate into the House of Commons.

To sign the petition go to <http://epetitions.direct.gov.uk/petitions/1535>

Petition Wording - "Many workers in the Public and Private Sector have contributed to their pensions on the understanding that on retirement these Pensions would be increased each April by the preceding September's Retail Price Index (RPI) rate. From April 2011 the Government has transferred these increases to the Consumer Price Index (CPI) measure which in the Treasury's own words "...is designed to take account of the fact that consumers tend to shop around, switching to cheaper alternatives when prices of similar goods change." This change, which has been introduced in most cases without any prior consultation, will mean a steady reduction in spending power for pensioners as they progress into their retirement. Given the promises that have previously been made, the RPI measure should be reintroduced without delay to ensure that the spending power of these Public and Private pensioners is maintained. "

Living Standards to suffer as effects of recession bites

IFS Report The UK recently experienced its deepest recession since the Second World War, during which GDP fell by over 6 per cent between the first quarter of 2008 and the third quarter of 2009. Robert Joyce, a research economist at IFS and a contributor to the report said:

"The current economic downturn began more than 3 years ago, and may seem like old news. But, as in other developed countries, the most severe consequences of the recession on UK living standards have only just begun to be felt, and will continue to be felt for years to come". For further information on the report go to: http://www.ifs.org.uk/pr/frdb_recession.pdf

EARNINGS AND PAY

FULL-TIME AVERAGE WEEKLY EARNINGS BY OCCUPATION

All workers	£619.80
All male	£676.80
All female	£531.60
Managers	£908.10
Professionals	£822.50
Associate professionals	£638.70
Administrative and secretarial staff	£434.50
Skilled/craft	£511.80
Services	£367.80
Sales	£342.80
Operatives	£470.70
Other manual jobs	£366.00
Source: www.ons.gov.uk/ons/dcp171778_232238.pdf www.ons.gov.uk/ons/dcp171766_231681.pdf	

PERCENTAGE ANNUAL RISE IN AVERAGE WEEKLY EARNINGS – JULY 2011

Whole Economy	2.1%
Private Sector	1.8%
Public Sector	2.1%
Manufacturing	1.3%
Services	2.4%
Source: www.ons.gov.uk	

ACCESSING DATA

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

Unite has provided a workplace representative's guide to the web and this is available at http://www.unitetheunion.org/pdf/Reps_guide_to_web.pdf

In addition all Unite members can access the pay and conditions database maintained by LRD at: http://www.lrd.org.uk/payline/index.php?auth_token=6c54e1a919aba7bca4c206fd0201eb03

or through the LRD website - username: unite and password: opal961

IMPORTANT CHANGES

All future requests for information relating to company accounts are to be directed to: alex.ryan@unitetheunion.org

Contact Details

Editor: Roger Jeary – roger.jeary@unitetheunion.org
Bargaining Brief Compiler:
Angela Forrester – 020 7611 2649 – angela.forrester@unitetheunion.org

