

## PAY SETTLEMENT ANALYSIS

**In the 3 months to the end of May 2009, the median<sup>2</sup> pay settlement has stayed at 2.0%, this is despite many pay freezes. This analysis is based on 198 settlements in the 3 months to the end of May 2009. (Incomes Data Services, June 09).**

- Almost a third of pay settlements in this analysis period are pay freezes, these have had a significant bearing on the IDS median level. A number of higher increases effective in January 09 have now fallen out of the analysis and this has also had an influence.
- However a quarter of all deals are still 3.0% or more, due to longer term settlements which were agreed before the economic downturn.
- The median pay settlement for the public sector is 2.4%, the private services sector median was 2.2% and the manufacturing and production median was 1.5%.

### LRD'S LATEST PAY DEALS

2.3% is the overall mid point for pay deals in the 3 months up to and including June 09 according to LRD. 2.0% in the manufacturing sector, 2.0% in the private sector, 2.5% in the public sector and 2.8% in the service sector.

### AVERAGE EARNINGS<sup>3</sup>

Manufacturing average earnings (excluding bonus, not seasonally adjusted) rose 0.6% in the year to May 2009. Similar earnings rose by 2.5% in the whole economy, by 2.1% in the private sector and 3.9% in the public sector. Average earnings in services rose by 2.9%, and earnings in private sector services rose by 2.5%.

Manufacturing average earnings (including bonus, not seasonally adjusted) fell -0.4% in the year to May 2009. Similar earnings for the whole economy rose 2.2%, private sector earnings rose 1.8%, public sector earnings rose 3.6%. Average earnings rose 2.7% in services and private sector services earnings rose 2.5%.

#### Aviva

3.5% increase, effective date 1<sup>st</sup> April 09

#### Lloyds TSB

70,000 workers

4.0% increase, effective date 1<sup>st</sup> April 09  
2<sup>nd</sup> year of 3 year deal

#### CE Electric

550 workers

3.83% increase, effective date 1<sup>st</sup> Apr 09  
2<sup>nd</sup> year of 3 year deal

#### Standard Life – (Edinburgh)

1,727 workers

3.9% increase, effective date 16<sup>th</sup> March 09

#### Eggborough Power Station

320 workers

3.66% increase, effective date 1<sup>st</sup> April 09

#### Scottish Water

3,450 workers

3.75% increase, effective date 1<sup>st</sup> July 09

#### National Trust

4,500 workers

3.3% increase, effective date 1<sup>st</sup> April 09

<sup>1</sup> Latest data to July 2009.

<sup>2</sup> The median is the level at which half of the settlements are above and half below.

<sup>3</sup> Next publication date 12<sup>th</sup> August. Two indices are available from National Statistics. One is seasonally adjusted and the other is unadjusted.

### Full-time average weekly earnings by occupation

	£ a week		£ a week
All workers	592.70	Admin & secretarial	410.40
All male	651.30	Skilled/craft	497.80
All female	501.00	Services	351.80
Managers	880.00	Operatives	460.60
Professionals	793.50	Other manual jobs	357.40
Associate professionals	612.50	Sales	325.60

Source: Labour Research Department July 2009

## INFLATION<sup>4</sup> – Dramatic -1.6% decrease in the Retail Price Index (RPI)

In the year to June 2009 the all items retail price index (RPI) fell by -1.6%, compared with a fall of -1.1% in the year to May.

The prices of many essentials have been rising at a far higher rate than RPI inflation:

- Coal & solid fuels up 21.9%
- Fuel and light up 9.6%
- Gas up 24.0%
- Electricity up 6.8%
- Water and other charges up 4.7%
  
- Fares and other travel costs 5.5%
- Bus and coach fares 7.3%
- Other travel costs 4.8%
  
- Food up 5.3%, with
  - tea up 10.3%
  - coffee & other hot drinks 10.7%
  - potatoes up 7.4%
  - pork up 11.4%
  - bacon up 4.7%
  - biscuits & cakes 4.3%
  - beef up 6.0%
  - milk up 5.8%
  - lamb up 9.7%
  - sugar up 12.0%
  - fruit up 5.2%
  - vegetables up 9.8%
  - cereals up 6.1%
  - fish up 20.0%
- And if there's any money left, the cost of a foreign holiday has gone up by 7.8%

For the complete breakdown of how prices have been rising go to the following link:

[www.statistics.gov.uk/pdfdir/cpi0709.pdf](http://www.statistics.gov.uk/pdfdir/cpi0709.pdf)

### Retail Prices Index (Jan 1987=100)

Date	All items index	% Annual rise
<b>2008</b> January	209.8	4.1%
February	211.4	4.1%
March	212.1	3.8%
April	214.0	4.2%
May	215.1	4.3%
June	216.8	4.6%
July	216.5	5.0%
August	217.2	4.8%
September	218.4	5.0%
October	217.7	4.2%
November	216.0	3.0%
December	212.9	0.9%
<b>2009</b> January	210.1	0.1%
February	211.4	0.0%
March	211.3	-0.4%
April	211.5	-1.2%
May	212.8	-1.1%
June	213.4	-1.6%

**In these difficult times for negotiators it is important to look beyond the headline rate of inflation and look at the figures behind the headline rate (opposite).**

Unite is monitoring any reference by employers to the new target measure, the CPI rather than the RPI. Please let Steve Martin know. A briefing on the CPI is available.

The CPI rose by 1.8% in the year to June, down from 2.2% in the year to May. RPIX rose by 1.0% in the year to June, down from 1.6% in the year to May.

<sup>4</sup> Next Publication date 18<sup>th</sup> August 2009.

## **Ridiculous to let an urban myth become the basis of policy**

From Mr Alastair Hatchett and Mr Ken Mulkearn.

Sir, An urban myth doing the rounds says that all pay in the private sector is frozen, and that therefore public sector pay should be frozen in order that the “pain” is shared. In fact pay awards have continued in the private sector. While a third of companies may have frozen pay, about two-thirds have awarded increases, from 1 per cent to 4 per cent or more.

George Parker (“Darling refuses to rule out pay freeze for public sector”, July 6) uses misleading earnings figures that seemingly give credence to the urban myth. He writes: “In the year to April, public sector wages were up 3.5 per cent excluding bonuses, while private sector wages were up 2.6 per cent. But when bonuses were included, private sector rewards were up only 0.3 per cent on the year before.” The problem here is that he is using seasonally adjusted earnings figures based on a three-month rolling average, and the three months to April includes the impact of the reduced City bonuses in February and March. Such was the drop in bonus earnings in the finance sector in February that earnings growth in finance alone dropped to -28.4 per cent, sufficient to push the private sector into negative territory as a whole.

A better comparison is to take the April data alone, using the non-seasonally adjusted figures, excluding bonuses, to focus on what people are getting as “regular” pay. These figures show earnings growth of 2.5 per cent in the private sector and 3.3 per cent in the public sector, which is consistent with our research on basic pay settlements. Within the private sector, the official earnings figures show manufacturing (where the majority of pay freezes are) at 1 per cent while private services are at 2.9 per cent.

The recession has hit some companies extremely hard; others much less so. There is a spectrum, with pay freezes at one end and increases of up to 4 per cent at the other. It would be quite ridiculous for an urban myth about the private sector to become the basis of policy for the public sector.

**Source:** Financial Times

### **Proportion of pay freezes stabilises?**

The recession continues to have a differential effect on pay outcomes. Freezes remain a key part of the picture, especially in those sectors of the economy that are struggling, but most organisations continue to award increases, though mainly on a lower basis than in previous years. For example, a number of organisations in the energy sector have agreed new long-term deals with guarantees of above-inflation increases in subsequent years.

Cuts in basic pay remain rare, with those we have monitored confined to the hard-pressed motor industry. Most of these reductions are temporary and aimed at securing jobs in the sector.

Ken Mulkearn, Editor of IDS Pay Report, whose staff produce the Pay Databank analysis, said: ‘Our findings on basic awards, plus the official figures on earnings growth, show that significant retrenchment on pay and jobs in 2009 is taking place alongside continued, albeit more modest, pay awards. So far, pay cuts are rare. And in many cases where there has been no across-the-board award this year, eligible employees are still receiving progression increases and/or bonuses.’

**Source:** Incomes Data Services

## Payline pay and conditions service

### What can it do for me?

The pay and conditions service holds details of 2,300 agreements covering pay, hours, holidays and other conditions of employment, such as maternity arrangement, London weighting and paternity leave, plus short comments on key trends in individual settlements. You can use it to compare pay increases and pay rates in your own industry/region, or you can spread the net wider, perhaps to check on new developments like parental leave. Both the private and public sectors are covered.

### The Labour Research Department

The pay and conditions service is provided by the Labour Research Department (LRD) Payline. Now in its 91st year, LRD remains dedicated to supporting the trade union movement through its extensive research and information facilities. LRD Payline has developed over the past ten years and is used to analyse collective bargaining trends and provide comparative pay and conditions information by trade unionists.

### Please click on the link below to view a guide on how to use the Payline service

<http://www.unitetheunion.com/pdf/HowToUsePaylineBriefUNITE.pdf>

### Workplace representatives guide to the web

As increasing numbers of Unite workplace representatives gain access to the internet, either at work or at home, so the benefits of this facility can be used to enhance the support and knowledge of representatives. Whether it is preparing a pay claim, checking out health and safety issues, understanding new issues in the workplace or checking basic employment rights, the internet can provide a useful first stop for information.

None of this can replace the professionalism and experience which representatives will obtain from the union's full time officer force or support departments but it does provide an additional access to information.

The union's research department has produced a guide which contains links to a wide range of sites which have been found to be useful in meeting the needs of workplace representatives.

Please click on the link below to view the Workplace representatives guide to the web

[http://www.unitetheunion.com/PDF/Reps\\_guide\\_to\\_web2009.pdf](http://www.unitetheunion.com/PDF/Reps_guide_to_web2009.pdf)

### MULTI SITE EMPLOYERS

If you negotiate with a local employer, which may be part of a multi site company, please contact your sector Research Officer direct for further information on pay & conditions in other sites.

### BARGAINING BRIEF:

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Winning in the workplace is key to organising. Remember to let Bargaining Brief know your successes, particularly in rebuffing attacks on pension schemes. **Please send details of best in class deals – better pay, pensions, shorter working time, family friendly, Union Learning reps agreements etc to Steve Martin:**

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