

PAY SETTLEMENT ANALYSIS

In the 3 months to the end of April 2009, the median² pay settlement figure has fallen to 2.0% under the rising proportion of pay freezes. This analysis is based on 145 settlements in the 3 months to April 2009. (Incomes Data Services, June 09).

- IDS have recorded 75 new deals in the pay chart this time, with pay freezes accounting for a quarter of these. A number of new deals are at higher levels, a fifth of new deals are above 3% ranging up to 5%.
- 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.
- The median pay settlement for the public sector is 2.4%. Of the 17 public sector settlements, six are in the subsequent years of long term deals.

Aviva – Correction, June's brief incorrectly stated a 2.5% increase, it should have said 3.5% increase from 1st April 09

Derwent Living

250 workers
2.25% increase, effective date 1st July 09

Details: Majority of employees received 2.25% within a range from 0.5 to 4.0%

Eaton Aerospace

350 workers
2.5% increase, effective date 1st July 09

Standard Life

5,942 workers
4.0% increase, effective date 16th March 09

Details: Budget increase, range of increases between 0 to 8.0%

Tetley

500 workers
2.5% increase, effective date 1st April 09

National Trust

4,500 workers
3.3% increase, effective date 1st April 09

LRD'S LATEST PAY DEALS

2.4% is the overall mid point for pay deals in the 3 months up to and including May 09 according to LRD. 1.8% in the manufacturing sector, 2.3% in the private sector, 2.5% in the public sector and 2.9% in the service sector.

AVERAGE EARNINGS³

Manufacturing average earnings (excluding bonus, not seasonally adjusted) rose 1.0% in the year to April 2009. Similar earnings rose by 2.7% in the whole economy, by 2.6% in the private sector and 3.5% in the public sector. Average earnings in services rose by 3.0%, and earnings in private sector services rose by 2.9%.

Manufacturing average earnings (including bonus, not seasonally adjusted) rose 1.2% in the year to April 2009. Similar earnings for the whole economy rose 0.8%, private sector earnings rose 0.3%, public sector earnings rose 3.6%. Average earnings rose 0.7% in services and private sector services earnings fell -0.2%.

¹ Latest data to June 2009.

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

³ Next publication date 15th July. 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	581.80	Admin & secretarial	402.90
All male	639.30	Skilled/craft	488.70
All female	491.80	Services	345.30
Managers	863.80	Operatives	452.10
Professionals	778.90	Other manual jobs	350.80
Associate professionals	601.20	Sales	319.60

Source: Labour Research June 2009

INFLATION⁵ – Dramatic -1.1% decrease in the Retail Price Index (RPI)

In the year to May 2009 the all items retail price index (RPI) fell by -1.1%, up from -1.2% in the year to March.

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

- Coal & solid fuels up 25.5%
- Fuel and light up 9.7%
- Gas up 24.0%
- Electricity up 6.8%
- Water and other charges up 4.7%

- Fares and other travel costs 6.4%
- Bus and coach fares 7.1%
- Other travel costs 6.5%

- Food up 7.8%, with
 - Oils & fats up 4.0%
 - Coffee & other hot drinks 13.2%
 - potatoes up 14.0%
 - pork up 13.8%
 - bacon up 7.1%
 - biscuits & cakes 9.4%
 - beef up 12.3%
 - milk up 11.3%
 - lamb up 14.6%
 - cheese up 5.5%
 - poultry up 4.5%
 - vegetables up 10.7%
 - Cereals up 10.1%
 - fish up 19.3%
- And if there's any money left, the cost of a foreign holiday has gone up by 8.2%

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

www.statistics.gov.uk/pdffdir/cpi0609.pdf

Retail Prices Index (Jan 1987=100)

Date	All items index	% Annual rise
2008 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%
2009 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%

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 2.2% in the year to May, down from 2.3% in the year to April. RPIX rose by 1.6% in the year to May, down from 1.7% in the year to April.

The Uneven impact of the recession

One of the urban myths that has run around the media this year is that pay levels throughout the private sector have been frozen as the recession has deepened its grip on the economy. In fact, although the proportion of pay freezes has grown as we have moved through 2009, many private sector companies have awarded pay increases, albeit of a smaller size as the inflation rate steadily dropped.

The reality is that the impact of the recession has been uneven, and thus there is a spectrum with those worst affected at one end and those least affected at the other. At one end there are pay freezes, in areas such as engineering and car manufacture, while at the other end there are sectors that are relatively freeze-free, such as utilities, food retail and pharmaceuticals.

The avoidance of redundancy has been the key factor behind the growth of pay freezes, temporary lay-offs and short time working. Such actions have been much more to do with the impact of recession than low inflation, although the fact that headline inflation is effectively zero has led to them becoming more widespread than during the previous recession, when inflation started much higher and fell less dramatically.

There is a strong view that the previous two recessions involved a lot of 'slash and burn', companies sacking workers without thought to the long term consequences both to themselves and the individuals involved. This time around, there has been more negotiation and a greater focus on seeking to retain people and skills through temporary short-time working or temporary pay freezes.

A further aspect of the uneven impact of the recession is the contrasting fortunes of the manufacturing sector and that of the finance sector. The approach in finance is quite different with pay freezes a rarity and most pay rises in 2009 in a range from 2.5 to 3.5 per cent. Simultaneously, there have been widespread redundancies in the financial sector, with a loss of 102,000 jobs in the sector during the three months to December 2008.

In this context, pay freezes are part of a strategy to avoid redundancies.

Source: Extracted from 'Viewpoint', IDS pay report 1026

Another Urban Myth

Another urban myth doing the media rounds is that average earnings growth went negative in February and March this year as a consequence of almost universal pay freezes and pay cuts in the private sector.

But a closer reading reveals that this is entirely a consequence of the huge drop in bonus payments in the finance sector this Spring, which were sufficiently large to knock the whole economy figure including bonuses down to -2.0 per cent in February.

On the measure excluding bonuses, earnings across the whole economy rose by 3 per cent in February and by 2.7 per cent in March. In certain parts of the private sector, earnings (excluding bonuses), were even strong, at 3.4 per cent in food and drink manufacture, 3.8 per cent in construction and 5.7 per cent in the electricity, gas and water sector.

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

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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