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Inflation hits rise in weekly earnings

Workers' living standards continue to suffer real-terms cuts as inflation eats all the increases in earnings.

In February, growth in average weekly earnings posted a welcome rise of 2.9% against a revised increase of 2.0% for January. However, the sectoral increases suggest that City bonuses are behind the boost.

If the retail price inflation rises of 3.2% for February and 2.6% for January are factored in, there was a real-terms decrease of 0.3 percentage points in February and a decrease of 0.6 percentage points the previous month.

TUC general secretary Frances O'Grady said: "Rising prices and sluggish pay increases mean that real earnings growth has now ground to a halt.

"Without government action, another living standards crisis is on the cards."

The Office for National Statistics' figures for manufacturing earnings growth show a rise of 3.1% in February against a 2.4% rise the previous month.

£ a week	Average weekly earnings ¹				
	Whole economy	Manufacturing	Services	Private sector	Public sector ²
December (r)	498	580	481	496	495
Jan 2016 (r)	498	578	482	497	497
February (r)	494	574	478	492	498
March	500	581	484	500	499
April	503	583	486	503	500
May	502	586	485	502	499
June	502	586	486	503	500
July	505	587	488	506	498
August	505	588	488	504	504
September	506	588	489	506	500
October	507	586	490	508	502
November	509	587	492	509	503
December	507	587	490	507	503
Jan 2017 (r)	508	592	492	508	503
February (p)	509	592	492	508	504
% annual change					
Single month	2.9	3.1	3.0	3.2	1.3
3-month average ³	2.3	2.3	2.3	2.5	1.4

¹ Average weekly earnings in Great Britain, seasonally adjusted, including bonuses, but excluding arrears. ² Excludes financial services. ³ Average of the seasonally adjusted data for the latest three months compared with three months a year earlier. (p) provisional (r) revised

In services, growth was up to 3.0% from 1.9% in January.

In the private sector as a whole, growth was up to 3.2% from 2.2%.

The public sector, excluding financial services, was lagging well behind as a result of the pay cap, with growth steady at 1.3%.

There is a strong indication that City bonuses were responsible for the overall boost to earnings as the monthly increase in finance and business was 3.0% in February against just 1.0% the previous month.

Headline earnings growth (the rolling three-month average) for the whole economy was steady at 2.3% in February.

In manufacturing, growth was up to 2.3% from 1.9%, while services growth up to 2.3% from 2.2%.

In the private sector as a whole, earnings growth was unchanged at 2.5%.

In the public sector, excluding financial services, growth dipped to 1.4% from 1.5%.

The regular pay figures produced by the Office for National Statistics strip out bonuses. They showed an overall rise of 1.9% in February against a 2.2% rise the previous month.

The increases in the year to February for various sectors, along with the previous month's rises in brackets, were: manufacturing 2.5% (2.4%); services 1.9% (2.1%); the private sector 2.1% (2.5%); and the public sector, excluding financial services, 1.3% (1.3%).

The average rise for regular pay in the whole economy for the three-month period ending February edged down to 2.2% from 2.4% for the January period.

The three-month sectoral increases were: manufacturing 2.1% (1.8%); services 2.1% (2.4%); the private sector 2.4% (2.7%); and the public sector, excluding financial services, 1.3% (1.4%).

The table below is based on the median average earnings figures published in the Annual Survey of Hours and Earnings (ASHE) 2016.

The original median figures have been updated by the 1.2% increase in average weekly earnings, including bonuses, for the whole economy

between April 2016 and February 2017 to give a rough estimate of earnings now in the various occupational groups.

Full-time average weekly earnings by occupation	
	£ a week
All employees	545.20
All male	584.70
All female	486.30
Managers	807.20
Professionals	734.50
Associate professionals	600.80
Admin & secretarial	428.40
Skilled/craft	504.00
Services	357.10
Sales	359.20
Operatives	473.10
Other manual jobs	360.70

www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/apr2017

Puny fines over asbestos failure

Two companies have been fined a total of just £15,000 for putting people at risk of cancer caused by asbestos at a property in Leatherhead.

A Health and Safety Executive (HSE) investigation found Bourne Valley Construction Services (BVCS) failed to plan the work and pass on information to Kingsley Asbestos Services (KAS).

Both BVCS and KAS failed to arrange for a refurbishment and demolition survey. As a consequence work was carried out without establishing the location, presence and extent of asbestos containing materials on site.

HSE Inspector Rebekah Dunn said: "Asbestos still kills around 5,000 workers each year.

"BVCS were in control of the works and should have provided information identified in such a survey or assessment regarding the presence of asbestos to KAS as their sub-contractor."

BVCS was fined £8,000 plus costs and KAS £6,000 plus costs.

<http://press.hse.gov.uk/2017/fine-for-two-companies-following-asbestos-investigation-in-surrey/>

Fall in unemployment

The number of unemployed people fell by 45,000 to 1.56 million in the three-month period ending February 2017, the Labour Force Survey figures show.

The fall in numbers was enough to cut the overall unemployment rate to 4.7% from 4.8%.

The lion's share of the fall came from male unemployment. Their numbers fell by 30,000 to 853,000 and their unemployment rate fell to 4.8% from 5.0% in the previous three-month period.

The fall in numbers for women was 15,000, with their total down to 706,000 and their unemployment rate fell to 4.5% from 4.6%.

Unemployment seasonally adjusted				
	Claimants ¹		LFS ³	
	(000s)	% ²	(000s)	%
February 2016	736	2.1	1,700	5.1
March	754	2.2	1,692	5.1
April	763	2.2	1,671	5.0
May	776	2.2	1,646	4.9
June	779	2.2	1,641	4.9
July	778	2.2	1,632	4.9
August	788	2.3	1,656	4.9
September	793	2.3	1,604	4.8
October	807	2.3	1,616	4.8
November	808	2.3	1,604	4.8
December	787	2.3	1,597	4.8
January 2017	746	2.2	1,584	4.7
February (r)	740	2.1	1,559	4.7
March (p)	765	2.2		

¹ Jobseeker's Allowance and Universal Credit claimants ² Percentage of working population – the employees, unemployed, self-employed and the armed forces.
³ The Labour Force Survey definition of unemployment – the number of unemployed people who want a job and are ready to start work in two weeks, and have looked for work in the past four weeks. Each figure is the average of the past three months – a rolling average. (p) provisional (r) revised

There was, however, a big increase on the other main unemployment measure – the claimant count – which only includes claimants receiving Jobseeker's Allowance and those on the means-tested Universal Credit.

In March 2017, unemployment under this count increased by 25,500 to 765,400 from the revised figure for January of 739,900.

The increase in numbers impacted on the joblessness rate which rose to 2.2% in March from February's 2.1% rate.

The number of male claimants increased by 19,500 to 479,100, and their joblessness was up to 2.6% from 2.5%.

For women, there was a smaller increase of 6,000 to 286,300, pushing their joblessness rate up to 1.8% from 1.7%.

Regions In the three months to February 2017, unemployment was down in eight of the UK's 12 regions/countries, was unchanged in one – the South East – and increased in the remaining three.

The largest falls were 27,000 in the North West and 15,000 in Scotland. However, there was a 16,000 increase in London.

The unemployment rate was above the UK average of 4.7% in six of the 12 regions/countries. The highest rate was 6.4% in the North East.

In March, the claimant count increased in 11 of the 12 region/countries; the exception was the Northern Ireland where numbers were down. The claimant count rate was above the UK average of 2.2% in seven regions/countries. The highest rate was 4.0% in the North East.

Region	Mar claimants		LFS Dec – Feb	
	Number	%	Number	%
North East	50,200	4.0	83,000	6.4
North West	104,500	2.8	162,000	4.5
Yorkshire & the Humber	73,400	2.7	139,000	5.1
East Midlands	42,400	1.8	96,000	4.1
West Midlands	83,300	2.9	159,000	5.7
East	46,400	1.5	137,000	4.3
London	114,700	2.0	282,000	5.9
South East	59,900	1.3	158,000	3.4
South West	41,100	1.4	101,000	3.5
Wales	39,900	2.7	74,000	4.9
Scotland	77,000	2.7	123,000	4.5
Northern Ireland	31,500	3.5	46,000	5.2

www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/apr2017

Inflation above 3.0%

Retail price inflation edged downwards in March, official figures show, but still remains above 3.0%.

In March, the annual rate of inflation under the Retail Prices Index (RPI) was down to 3.1% from the 3.2% the previous month.

Cheaper travel costs offset by dearer food and clothing and footwear were the main contributors to the change in the inflation measure favoured by union negotiators.

Inflation under the Consumer Prices Index Housing (CPIH) – now the government's preferred measure – was unchanged at 2.3% in March.

	Price inflation			
	RPI ¹	% increase on a year earlier		
	RPI	RPI	RPIX ²	CPIH
January 2016	258.8	1.3	1.4	0.6
February	260.0	1.3	1.4	0.6
March	261.1	1.6	1.7	0.8
April	261.4	1.3	1.4	0.7
May	262.1	1.4	1.5	0.7
June	263.1	1.6	1.7	0.8
July	263.4	1.9	1.9	0.9
August	264.4	1.8	1.9	1.0
September	264.9	2.0	2.2	1.3
October	264.8	2.0	2.2	1.3
November	265.5	2.2	2.5	1.5
December	267.1	2.5	2.7	1.8
January 2017	265.5	2.6	2.9	1.9
February	268.4	3.2	3.5	2.3
March	269.3	3.1	3.4	2.3

¹ January 1987=100 ² RPI except mortgage interest payments

Only five of the 14 groups that make up the basket of goods used to calculate the RPI increased by more than 3.1% in March.

The motoring group's rise of 8.6% included an 18.3% rise in petrol and oil and a 16.9% increase in vehicle tax and insurance.

An overall rise of 7.5% in the clothing and footwear group included an 11.6% rise in women's clothing and a 7.5% rise for men's clothing.

The housing group's overall increase was 2.6%. However, mortgage interest payments were down by 6.3%.

Fuel and light posted an overall increase of just 1.6%. However, "oil and other fuels" increased by 37.7%, offset in part by a 2.0% decrease in gas prices.

Food recorded a 1.2% increase. Fish prices were up by 5.2%, vegetables by 4.0% and tea by 3.7%.

The fares and other travel costs group posted an overall decrease of 6.4% on the back of a 12.9% cut in "other travel costs" such as air fares. However, bus and coach fares were 15.6%.

More than 3.1%	%	Less than 3.1%	%
Motoring expenditure	8.6	Household goods	2.9
Clothing & footwear	7.5	Catering	2.6
Tobacco	7.0	Alcoholic drink	2.6
Leisure goods	3.4	Housing	2.4
Household services	3.2	Leisure services	2.1
		Personal goods & services	2.1
		Fuel & light	1.6
		Food	1.2
		Fares etc	-6.4

www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/mar2017

Government consults on pension exit charges

A consultation on draft regulations regarding the cap on early exit charges for occupational pension schemes and restrictions on member-borne commission payments has been launched by the Department for Work and Pensions (DWP).

These regulations would restrict early exit charges for members of workplace pension schemes to enable eligible members over the age of 55 to take advantage of the pension freedoms. The proposed cap is 1% of the value of the member's benefits being taken, converted or transferred for existing members of occupational pension schemes.

The cap is in line with the Financial Conduct Authority (FCA) cap on early exit charges for personal and stakeholder pensions, which came into force on 31 March 2017.

The draft regulations that are the subject of the current consultation also aim to prohibit charges that are imposed on members of some occupational pension schemes to recoup the cost of commission payments to advisers in relation to agreements entered into before 6 April 2016.

The closing date for responses to the consultation is 31 May 2017.

www.gov.uk/government/consultations/occupational-pensions-capping-early-exit-charges-and-prohibiting-existing-member-borne-commission-charges