

93 Earnings growth takes a big hit

95 Apprenticeships are on the rise

94 Unemployment down by 50,000

96 Inflation rates hit five-year highs

Annual Subscription £90.05 (£76.00 for LRD affiliates)

Volume 79, Issue 24, 15 June 2017

## Earnings growth takes a big hit

The battering of workers' living standards continued as growth in average weekly earnings lagged even further behind the rise in retail price inflation.

In April, growth in average weekly earnings in the whole economy was provisionally estimated to be 1.2% against the 2.4% rise in March.

The Office for National Statistics has revised the figures given in the table and the whole economy figures have been reduced by around £10 a week. That is some revision and handily, for the Conservatives, came after the general election result.

With retail price inflation rising by 3.5% in April and 3.1% in March, there was a huge real-terms decrease in earnings of 2.3 percentage points in April against just 0.7 percentage points in March.

TUC general secretary Frances O'Grady said: "Unless the government gets its act together, we'll soon be in the middle of another cost of living crisis.

"Ministers must focus on delivering better-paid jobs across the UK. And it's time to bin the artificial pay restrictions on nurses, midwives and other public sector workers.

"Britain needs a pay rise, not more pressure on household budgets."

£ a week	Average weekly earnings <sup>1</sup>				
	Whole economy	Manufacturing	Services	Private sector	Public sector <sup>2</sup>
Feb 2016 (r)	486	567	471	483	498
March (r)	491	576	475	488	499
April (r)	497	576	481	495	501
May (r)	494	579	478	492	499
June (r)	494	578	479	493	500
July (r)	496	579	481	494	498
August (r)	496	579	480	494	504
September (r)	497	580	481	495	500
October (r)	498	578	483	497	501
November (r)	500	579	484	498	503
December (r)	499	579	483	496	502
Jan 2017 (r)	499	581	484	497	503
February (r)	499	582	484	498	504
March (r)	502	581	488	501	505
April (p)	502	583	487	501	505
<b>% annual change</b>					
Single month	1.2	1.3	1.2	1.2	0.8
3-month average <sup>3</sup>	2.1	1.6	2.2	2.3	1.0

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

The sectoral figures published by the Office for National Statistics' (ONS) show manufacturing earnings growth was up to 1.3% from 1.0% in March. However, in services, growth slumped to 1.2% in April from 2.7% in March.

In the private sector as a whole, growth was slashed to 1.2% from 2.6%.

The public sector, excluding financial services, growth edged under the government's 1% pay cap figure, with growth in April of just 0.8% compared with 1.1% growth in March.

Headline earnings growth (the rolling three-month average) for the whole economy decreased to 2.1% in April from 2.3% in March.

In manufacturing, growth was down to 1.6% from 1.8%, while in services it was down to 2.2% from 2.4%.

In the private sector as a whole, earnings growth was down to 2.3% from 2.6%. In the public sector, excluding financial services, growth was cut to 1.0% from 1.2%.

The regular pay figures produced by the ONS strip out bonuses. For the whole economy growth was up to 1.8% in April from 1.7% the previous month.

The increases in the year to April for various sectors, along with the previous month's rises in brackets, were:

- manufacturing 1.3% (1.9%);
- services 1.7% (1.9%);
- private sector 2.1% (1.9%); and
- public sector, excluding financial services, 0.8% (1.2%).

The average rise for regular pay in the whole economy for the three-month period ending April edged down to 1.7% from 1.8% the previous period ending March.

The three-month sectoral increases were:

- manufacturing 1.7% (1.8%);
- services 1.8% (1.8%);
- private sector 2.0% (2.0%); and
- public sector, excluding financial services, 1.1% (1.2%).

The following table is based on the median average earnings figures for April 2016 published in the Annual Survey of Hours and Earnings.

The original median figures have been updated by the 1.0% rounded increase in average weekly

earnings, including bonuses, for the whole economy between April 2016 and April 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	544.10
All male	583.60
All female	485.30
Managers	805.60
Professionals	733.10
Associate professionals	599.60
Admin & secretarial	427.50
Skilled/craft	503.00
Services	356.40
Sales	358.40
Operatives	472.20
Other manual jobs	360.00

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/june2017>

## Unemployment down by 50,000

UK unemployment continued on its downward trajectory, official figures show.

The number of unemployed people fell by 50,000 to 1.53 million in the three-month period ending April 2017, according to the Labour Force Survey.

The fall in numbers was enough to cut the overall unemployment rate to 4.6% from 4.7%. The last time the rate was as low as 4.6% was in the June-August period 1975.

The fall in numbers was divided fairly equally between the sexes.

There was a 26,000 fall in the number of unemployed men, taking their total to 840,000. Their unemployment rate was cut to 4.7% from 4.9%.

The number of women claimants fell by 24,000 to 690,000 and their unemployment rate fell to 4.4% from 4.6% in the previous three-month period.

There was, however, an increase on the other main unemployment measure – the claimant count – which only includes claimants receiving Jobseek

er's Allowance and those on the means-tested Universal Credit.

In May 2017, unemployment under this count increased by 7,300 to 802,600 from the revised figure for April of 795,400.

The increase in numbers was not enough to affect the joblessness rate which remained at 2.3%.

The number of male claimants increased by 3,200 to 501,200, but their joblessness rate was unchanged at 2.7%. And for women, the increase was 4,100 taking their total to 301,400, but the increase did not affect their joblessness rate which was steady at 1.8%.

Unemployment seasonally adjusted				
	Claimants <sup>1</sup>		LFS <sup>3</sup>	
	(000s)	% <sup>2</sup>	(000s)	%
March 2016	754	2.2	1,693	5.1
April	763	2.2	1,676	5.0
May	776	2.2	1,647	4.9
June	779	2.2	1,640	4.9
July	778	2.2	1,630	4.9
August	788	2.3	1,658	5.0
September	793	2.3	1,606	4.8
October	807	2.3	1,612	4.8
November	808	2.3	1,600	4.8
December	787	2.3	1,594	4.8
January 2017	746	2.2	1,580	4.7
February	740	2.1	1,559	4.7
March	773	2.2	1,541	4.6
April (r)	795	2.3	1,530	4.6
May (p)	803	2.3		

<sup>1</sup> Jobseeker's Allowance and Universal Credit claimants <sup>2</sup> Percentage of working population – the employees, unemployed, self-employed and the armed forces.  
<sup>3</sup> 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

**Regions** In the three months to April 2017, unemployment was down in eight of the UK's 12 regions/countries, and increased in the other four.

The largest falls were 20,000 in the North West and 18,000 in the North East. However, there was a 15,000 rise in London, with smaller increases in the South East, West Midlands and Wales.

The unemployment rate was above the UK average of 4.6% in six of the 12 regions/countries. The highest rates were 6.0% in London and 5.9% in the West Midlands.

In May, the claimant count increased in nine of the 12 region/countries, was unchanged in one – Scotland – and fell in Wales and Northern Ireland. The claimant count rate was above the UK average of 2.3% in seven regions/countries. The highest rate was 4.2% in the North East.

Region	May claimants		LFS Feb – Apr	
	Number	%	Number	%
North East	53,200	4.2	70,000	5.4
North West	110,100	3.0	150,000	4.2
Yorkshire & the Humber	75,700	2.8	137,000	5.1
East Midlands	45,200	1.9	96,000	4.1
West Midlands	85,700	3.0	166,000	5.9
East	49,300	1.6	129,000	4.1
London	122,400	2.1	290,000	6.0
South East	64,300	1.4	165,000	3.5
South West	44,700	1.5	97,000	3.4
Wales	40,400	2.7	73,000	4.8
Scotland	80,300	2.9	109,000	4.0
Northern Ireland	31,200	3.5	47,000	5.4

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/june2017>

## Apprenticeships are on the rise

Employers are scaling up their apprenticeship programmes in 2017, with hiring expected to increase by 59%, according to the Association of Graduate Recruiters (AGR).

The *Apprenticeships Survey*, which contacted 114 organisations found that 83% of student employers have apprenticeship programmes this year, and they expect to hire at least 12,281 apprentices between them. This is an increase of 4,581 apprentices compared to 2016.

Intermediate-level apprenticeships made up the largest share of programmes by volume (4,492), followed by advanced apprenticeships (3,967), and higher apprenticeships (3,320). Intermediate apprenticeships were also expected to increase at the fastest rate this year (287%).

This increase does not seem to be affecting opportunities for graduates. Three-quarters (74%) of employers confirmed that their apprenticeship plans will not affect graduate hiring this year.

However, some employers were still struggling to get to grips with the apprenticeship levy. More than half (58%) said that managing their organisational response to the levy is one of their biggest challenges this year, and a further 23% said that a lack of government-approved apprenticeship standards in their sector is one of their top issues.

<http://www.hrmagazine.co.uk/article-details/apprenticeship-numbers-on-the-rise-in-2017>

## Inflation rates hit five-year highs

Price inflation in May was at its highest level since 2012, official figures show.

In May, the annual rate of inflation under the Retail Prices Index (RPI) was up to 3.7% from 3.5% the previous month. It was last as high as 3.7% in February 2012.

Dearer holidays and clothing were the main contributors to the latest increase in the inflation measure favoured by union negotiators.

Inflation under the Consumer Prices Index Housing (CPIH) – now the government's preferred measure – was up to 2.7% in May from 2.6% in April. It was last higher in April 2012 when the rate hit 2.8%.

	Price inflation			
	RPI <sup>1</sup>	RPI	RPIX <sup>2</sup>	CPIH
		<u>% increase on a year earlier</u>		
March 2016	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
April	270.6	3.5	3.8	2.6
May	271.7	3.7	3.9	2.7

<sup>1</sup> January 1987=100 <sup>2</sup> RPI except mortgage interest payments

Six of the 14 groups that make up the basket of goods used to calculate the RPI increased by more than 3.7% in May.

The overall rise of 9.8% in the clothing and footwear group included a 13.5% rise in women's clothing, an 11.9% rise in children's clothing and a 10.1% rise in men's clothing.

The motoring group's rise of 6.1% included an 18.3% increase in vehicle tax and insurance, while petrol and oil was 7.2% dearer.

Fuel and light posted an overall increase of 5.0%. However, "oil and other fuels" increased by 21.6% and electricity prices by 7.7%

The housing group's overall increase was 2.2%. However, mortgage interest payments were down by 5.8%.

The food group recorded a 2.1% increase and included a 9.1% increase in fish prices. The price of a loaf of bread was up by 4.9% and butter by 3.2%.

More than 3.7%	%	Less than 3.7%	%
Clothing & footwear	9.8	Leisure services	3.2
Tobacco	6.2	Alcoholic drink	3.1
Motoring expenditure	6.1	Fares etc	2.8
Leisure goods	5.5	Catering	2.8
Fuel & light	5.0	Household services	2.5
Household goods	4.5	Housing	2.2
		Personal goods & services	2.1
		Food	2.1

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/may2017>

**NOW AVAILABLE!**

**LRD'S BESTSELLING GUIDE**

**LAW AT WORK**

**2017**

**£41.95 a copy**

**Order online and check for discounts at [www.lrd.org.uk](http://www.lrd.org.uk)**