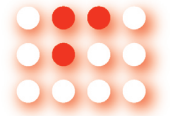
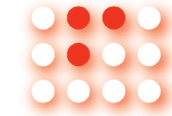


FACT

S E R V I C E



93 Boardroom-worker pay gap must be published
Retail price inflation remains above 3%

94 Unemployment at its lowest level since 2005

95 Earnings growth 'stuck in slow lane'

96 ... average earnings continued

Annual Subscription £93.50 (£78.75 for LRD affiliates)

Volume 80, Issue 24, 14 June 2018

Boardroom-worker pay gap must be published

The UK's largest companies will have to justify the pay gap between bosses and their workers under new government regulations laid before parliament.

It means that, for the first time, UK listed companies with more than 250 UK employees will have to disclose and explain the difference – the “pay ratio” – every year.

The new regulations form a core part of the government's modern Industrial Strategy which aims to make sure the UK's largest companies are more transparent and accountable to their employees and shareholders.

In addition to the reporting of pay ratios, the new laws will also:

- require all large companies to report on how their directors take employee and other stakeholder interests into account;
- require large private companies to report on their responsible business arrangements; and
- require listed companies to show what effect an increase in share prices will have on executive pay to inform shareholders when voting on long-term incentive plans.

Large companies will also have to publish a narrative explaining changes to the pay ratio from year to year and to set the ratio into context of pay and conditions across the workforce.

Luke Hildyard, director of the High Pay Centre pressure group, welcoming the move, said: “Pay ratios provide an insight into the culture and employment practices of major companies that is useful to investors, workers and wider society alike.

“We hope that it will initiate a more informed debate about what represents fair, proportionate pay for workers at all levels.”

The regulations will come into effect from 1 January 2019, with an initial pay ratio reporting date scheduled for 2020.

www.gov.uk/government/news/uks-biggest-firms-will-have-to-justify-pay-gap-between-bosses-and-their-workers

Retail price inflation remains above 3%

The retail price inflation rate returned to its March level in May.

In May 2018, the Retail Prices Index (RPI) stood at 280.7 and the annual rate of inflation on the measure favoured by union negotiators edged down to

LABOUR RESEARCH DEPARTMENT

Published weekly by LRD Publications Ltd, 78 Blackfriars Road, London SE1 8HF. 020 7928 3649 www.lrd.org.uk

3.3% against a 3.4% increase the previous month and a 3.3% increase in March.

Cheaper food and furniture and furnishings were offset to some extent by dearer petrol.

In May, inflation under the new Consumer Prices Index Housing (CPIH) rebounded back to 2.3% from 2.2% in April. Meanwhile, inflation under the Consumer Prices Index (CPI) was unchanged at 2.4%.

Price inflation				
	% increase on a year earlier			
	RPI ¹	RPI	RPIX ²	CPIH
March 2017	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
June	272.3	3.5	3.8	2.6
July	272.9	3.6	3.9	2.6
August	274.7	3.9	4.1	2.7
September	275.1	3.9	4.1	2.8
October	275.3	4.0	4.2	2.8
November	275.8	3.9	4.0	2.8
December	278.1	4.1	4.2	2.7
January 2018	276.0	4.0	4.0	2.7
February	278.1	3.6	3.6	2.5
March	278.3	3.3	3.4	2.3
April	279.7	3.4	3.4	2.2
May	280.7	3.3	3.4	2.3

¹ January 1987=100 ² 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 3.3% in May.

The 7.4% increase in the clothing and footwear group included a rise of 9.2% and 8.3% in men's and women's clothing respectively.

The fuel and light group posted an increase of 4.0% against 6.0% the previous month, but the latest increase included a 30.7% hike in the cost of domestic oil.

Motoring costs were up, with an overall increase of 5.0% against 3.6% the previous month as petrol and oil prices increased by 8.0%.

The overall rise in the food group was down to 2.2% from 2.6% in April and included a 1.1% decrease in cereals and 1.4% cut in beef prices.

However, there were substantial increases of 18.6% in butter and 12.4% in lamb.

A 6.2% rise in the cost of flights pushed the overall increase for the fares and other travel costs group from negative territory to 4.7%.

More than 3.3%	%	Less than 3.3%	%
Clothing & footwear	7.4	Catering	2.7
Tobacco	7.2	Household goods	2.6
Motoring expenditure	5.0	Housing	2.6
Fares etc	4.7	Leisure goods	2.2
Leisure services	4.5	Food	2.2
Fuel & light	4.0	Household services	2.1
		Alcoholic drink	2.1
		Personal goods & services	1.4

www.ons.gov.uk/releases/ukconsumerpriceinflationmay2018

Unemployment at its lowest since 2005

Unemployed hit its lowest level for 13 years, official figures show.

The number of unemployed people in the UK was down by 38,000 to 1.42 million in the three-month period ending April 2018 compared with the previous three-month period ending January 2018, according to Labour Force Survey (LFS) data. Unemployment is now at its lowest level since March 2005.

The latest fall in numbers was sufficient to cut the unemployment rate to 4.2% from 4.3%.

The fall in numbers was all down to the 47,000 drop in female unemployment, which helped cut their unemployment rate to 4.1% from 4.4%.

On the other hand, the number of unemployed men increased by 10,000 to 767,000 and their unemployment rate was up to 4.3% from 4.2%.

There was also an overall decrease in the other main unemployment measure – the claimant count – which only includes claimants receiving Job-seeker's Allowance and those on the means-tested Universal Credit.

In May 2018, unemployment under this count fell by 7,700 to 886,200 from the revised figure for April of 893,900. The fall in numbers was not enough to affect the joblessness rate which remained at 2.5%.

Male claimant numbers fell by 1,800 to 542,200 and their joblessness rate was unchanged at 2.9%.

The number of female claimants fell by 5,900 to 344,000, but their joblessness rate remained at 2.0%.

Unemployment seasonally adjusted				
	Claimants ¹		LFS ³	
	(000s)	% ²	(000s)	%
March 2017	787	2.2	1,541	4.6
April	792	2.2	1,530	4.6
May	796	2.2	1,495	4.5
June	801	2.2	1,484	4.4
July	798	2.2	1,455	4.3
August	800	2.2	1,443	4.3
September	805	2.2	1,425	4.3
October	812	2.3	1,429	4.3
November	823	2.3	1,439	4.3
December	836	2.3	1,470	4.4
January 2018	833	2.3	1,453	4.3
February	850	2.4	1,423	4.2
March	866	2.4	1,425	4.2
April (r)	894	2.5	1,416	4.2
May (p)	886	2.5		

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

Regions In the three-month period to April 2018, unemployment fell in seven of the UK's 12 regions/countries, was unchanged in one – Scotland – and increased in four.

There was a 16,000 decrease in both Yorkshire and the Humber and the East regions and a 10,000 fall in the South West

The increases included 13,000 in London.

The unemployment rate was above the UK average of 4.2% in six of the 12 regions/countries.

The highest rates were 5.2% in London and 5.1% in the West Midlands.

In May 2018, the claimant count fell in 10 of the 12 regions/countries, was unchanged in Wales and increased in the West Midlands.

The claimant count rate was above the UK average of 2.5% in seven regions/countries with highest rate of 4.9% in the North East.

Region	May claimants		LFS Feb – Apr	
	Number	%	Number	%
North East	59,500	4.9	59,000	4.6
North West	122,400	3.2	145,000	4.1
Yorkshire & the Humber	84,800	3.1	120,000	4.4
East Midlands	51,700	2.1	96,000	4.0
West Midlands	97,700	3.2	148,000	5.1
East	57,100	1.8	116,000	3.6
London	127,100	2.1	260,000	5.2
South East	74,000	1.5	161,000	3.4
South West	51,300	1.7	96,000	3.3
Wales	42,700	2.7	67,000	4.4
Scotland	88,900	3.1	118,000	4.3
Northern Ireland	28,900	3.1	29,000	3.3

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/june2018>

Earnings growth 'stuck in slow lane'

In April 2018, average weekly earnings growth, including bonuses, were provisionally estimated to have risen by 2.5%, unchanged on the revised increase for March.

As retail price inflation rose by 3.4% in April and 3.3% in March there was a real-terms cut in earnings of 0.9 percentage points and 0.8% respectively for the two months.

TUC general secretary Frances O'Grady said: "Wage growth is stuck in the slow lane. At this rate pay packets won't recover to their pre-recession levels for years.

"We need to speed things up. Extending collective bargaining would boost living standards and help workers get a fairer share of the wealth they create.

"Ministers must allow unions the right to go into every workplace."

The sectoral figures for April show that earnings growth in manufacturing fell to 2.3% from revised figure of 3.1% in March. Meanwhile, growth in services was up to 2.4% from 2.3%.

In the private sector as a whole, growth was down to 2.5% from 2.6% the previous month. In the public sector, excluding financial services, growth was steady at 2.5%.

Headline earnings growth (the rolling three-month average) for the whole economy in April was cut to 2.5% from 2.6%.

In manufacturing, growth was down to 2.5% from 2.7%, while growth in services was down to 2.4% from 2.6%.

In the private sector as a whole, growth was cut to 2.6% from 2.7%, while in the public sector, excluding financial services, growth was unchanged at 2.5%.

2000= 100	Average Weekly Earnings Indices ¹					
	Whole economy annual change	Manu- factur- ing	Serv ices	Private sector	Public sec- tor ²	
Feb 2017 (r)	159.7	2.9%	160.3	163.0	159.8	160.6
March (r)	160.4	2.5%	159.9	164.3	160.5	161.0
April (r)	160.7	1.4%	161.0	164.3	160.9	161.0
May	160.8	2.0%	160.6	164.5	160.8	162.2
June	161.3	2.8%	160.9	164.8	162.0	161.2
July	161.5	1.7%	162.2	165.1	161.5	162.1
August	162.0	2.4%	162.3	165.6	162.2	163.2
September	162.6	2.8%	162.8	166.2	163.0	162.2
October	162.8	2.4%	163.8	166.5	163.1	163.5
November	163.3	2.4%	164.1	166.9	163.6	163.5
December	163.6	3.1%	164.3	167.3	164.0	163.6
Jan 2018	163.7	2.8%	164.3	167.2	164.0	164.3
February (r)	163.8	2.6%	163.9	167.4	164.0	164.8
March (r)	164.5	2.5%	164.8	168.0	164.7	165.0
April (p)	164.7	2.5%	164.7	168.2	164.8	165.0
% annual rise for April			2.3%	2.4%	2.5%	2.5%
% rise — April headline rate ³	2.5%	2.5%	2.4%	2.6%	2.5%	

¹ Average weekly earnings in Great Britain seasonally adjusted ² Excluding financial services ³ Annual increase in rolling three-month average (p) provisional

The ONS also produces regular pay figures which strip out bonuses. In April, earnings growth for the whole economy was cut to 2.5% from 3.0%.

The annual increases in the year to April for various sectors (previous month's rises in brackets), were: manufacturing 2.6% (2.6%); services 2.5% (2.9%); private sector 2.5% (3.2%); and public sector, excluding financial services, 2.5% (2.5%).

The rolling three-month average increase in regular pay in the whole economy for the period ending April edged down to 2.8% from 2.9% the previous month. The three-monthly sectoral increases were: manufacturing 2.7% (2.7%); services 2.7% (2.8%); private sector 2.9% (3.0%); and public sector, excluding financial services, 2.5% (2.5%).

The following table is based on the median average earnings figures for April 2017 published in the Annual Survey of Hours and Earnings.

The figures have been updated by the 2.4% increase in average weekly earnings, including bonuses, for the whole economy between April 2017 and April 2018 to give a rough estimate of earnings now in the various occupational groups.

Full-time average weekly earnings by occupation	
	£ a week
All employees	£563.60
All male	£605.70
All female	£505.40
Managers	£843.90
Professionals	£750.70
Associate professionals	£620.10
Admin & secretarial	£442.00
Skilled/craft	£522.00
Services	£370.10
Sales	£379.30
Operatives	£483.80
Other manual jobs	£378.50

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/june2018>

THE BESTSELLER FROM LABOUR RESEARCH

LAW AT WORK 2018

£45.95 a copy

Order online and check for bulk discounts at www.lrd.org.uk
or phone 0207 928 3649