FACT SERVICE

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UK inflation rate hits two-year high

Price inflation has hit its highest level for two years.

In November, the Retail Prices Index (RPI) stood at 265.5 and the annual rate of inflation rose to 2.2% from the 2.0% the previous month. That's the highest rate since October 2014. Dearer clothing and petrol contributed to the rise. The RPI is the favoured inflation measure for union negotiators.

Meanwhile, inflation under the Consumer Prices Index (CPI) — the government's preferred measure — was up to 1.2% in November from 1.0% the previous month. Again, that's the highest rate since October 2014.

TUC general secretary Frances O'Grady said: "Working people are facing over a decade of lost wage growth, with rising prices hitting their pay packets again.

"The government needs to act fast to avoid another living standards crisis. That means a clear plan for Brexit that will protect jobs, pay and rights. And we need a quick end to the unfair public sector pay cap, which will see public sector workers face year-on-year cuts to real pay."

Inflation under the CPIH measure, which will become the government's preferred measure from next March, was up to 1.4% from 1.2%. That's this measure's highest rate since August 2014.

Price inflation

		% increase on a year earlier		
	RPI [1]	RPI	RPIX [2]	CPI
Oct 2015	259.5	0.7	0.8	-0.1
November	259.8	1.1	1.1	0.1
December	260.6	1.2	1.3	0.2
January 2016	258.8	1.3	1.4	0.3
February	260.0	1.3	1.4	0.3
March	261.1	1.6	1.7	0.5
April	261.4	1.3	1.4	0.3
May	262.1	1.4	1.5	0.3
June	263.1	1.6	1.7	0.5
July	263.4	1.9	1.9	0.6
August	264.4	1.8	1.9	0.6
September	264.9	2.0	2.2	1.0
October	264.8	2.0	2.2	0.9
November	265.5	2.2	2.5	1.2

[1] January 1987=100 [2] RPI except mortgage interest payments

Seven of the 14 groups that make up the basket of goods used to calculate the RPI increased by more than the overall 2.2% rise for November.

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The 6.7% annual rise in clothing and footwear group included rises of 9.0% in the cost of women's clothing and 6.8% for children's.

The motoring group's 4.8% rise included a 14.9% rise in car tax and insurance premiums and an 8.5% rise in petrol and oil.

The housing group's overall increase was 2.5%. However, mortgage interest payments were down by 6.0%.

The fuel and light group posted a 1.2% decrease and that included a 4.7% decrease for gas, offset by a 14.0% increase in oil and other fuels.

The food basket's overall decrease of 1.8% saw prices cut for most items. Vegetable were down by 4.4% and potatoes by 4.8%. There were increases of 4.0% in fruit and 4.6% in sugar and preserves.

More than 2.2%	**%**	**Less than 2.2%**	**%**
Clothing & footwear	6.7	Leisure services	1.7
Motoring expenditure	4.8	Personal goods & services	1.7
Tobacco	4.5	Leisure goods	1.5
Household services	3.1	Alcoholic drink	1.3
Household goods	2.7	Fares etc	1.0
Housing	2.5	Fuel & light	-1.2
Catering	2.5	Food	-1.8

www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/nov2016

Unemployment down but levelling off

The UK recorded a fall in unemployment in the latest three-month period but the labour market seems to have flattened off recently.

The overall number of unemployed people under the Labour Force Survey count fell by 16,000 to 1.62 million in the three months to October compared with the previous three-month period's figure of 1.63 million.

At 4.8%, the unemployment rate is at its lowest level since the three months to September 2005 when it was 4.7%.

The number of unemployed men fell by 13,000 to 888,000 and their unemployment rate fell to 5.0% from 5.1%, according to the Office for National Statistics (ONS).

The number of unemployed women fell by only 4,000 to 728,000, but their unemployment rate was unchanged at 4.7%.

There was a fourth consecutive monthly rise in the other main unemployment measure – the claimant count – which only includes claimants of Jobseeker's Allowance and those on the means-tested Universal Credit.

In November, unemployment under the claimant count rose by 2,400 to 809,000 from the revised figure for October of 806,700.

The joblessness rate in October was steady at 2.3%.

The number of male claimants fell by 1,300 to 515,700, but their joblessness rate remained at 2.8%.

For women, there was a 3,700 increase in numbers to 293,300, but their joblessness rate was steady at 1.8%.

Unemployment seasonally adjusted

	Claimants [1]		**LFS [3]**	
	(000s)	**% [2]**	**(000s)**	**%**
Nov 2015	786	2.3	1,685	5.1
December	771	2.2	1,694	5.1
January 2016	742	2.1	1,691	5.1
February	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 (r)	807	2.3	1,616	4.8
November (p)	809	2.3		

[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 Unemployment was down in six of the UK's 12 regions/countries in the three-months to October and increased in the other six.

The largest falls were 30,000 in London and 25,000 the West Midlands, along with 15,000 in the Yorkshire and the Humber.

However, there was a 46,000 increase in the East region and 14,000 in Scotland.

The unemployment rate was above the UK average of 4.8% in seven of the 12 regions/countries. The highest rate was 6.5% in the North East.

In November, the claimant count increased in five of the 12 region/countries, was unchanged in one (South East) and fell in six.

The claimant count rate was above the UK average of 2.3% in seven regions/countries. The highest rates were 4.1% in the North East and 3.7% in Northern Ireland.

Region	Nov claimants		LFS Aug — Oct	
	Number	%	Number	%
North East	52,300	4.1	84,000	6.5
North West	109,500	3.0	190,000	5.3
Yorkshire & the Humber	78,900	2.9	144,000	5.3
East Midlands	46,500	2.0	112,000	4.7
West Midlands	87,900	3.0	151,000	5.3
East	49,700	1.6	147,000	4.7
London	118,500	2.1	259,000	5.5
South East	62,900	1.3	164,000	3.5
South West	42,500	1.4	105,000	3.7
Wales	43,500	2.9	65,000	4.3
Scotland	83,400	3.0	145,000	5.3
Northern Ireland	33,600	3.7	50,000	5.7

www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/dec2016

Rise in average weekly earnings growth

In October, growth in average weekly earnings was up to 2.8% from the previous month's revised figure of 2.6%.

However, if retail price inflation is taken into account, there was a real-terms increase of just 0.8 percentage points in October against an increase of 0.6 percentage points the previous month.

Manufacturing earnings growth was down sharply to 2.1% from 2.7%, while in services, growth was up to 2.6% from 2.4%.

In the private sector as a whole, growth was up to 3.1% from 3.0%.

The public sector, excluding financial services, saw growth up to 1.5% from 1.0% in September.

Headline earnings growth (the rolling three-month average) for the whole economy edged higher to 2.5% in October from 2.4%.

Manufacturing growth was down to 2.5% from 2.6%, while services growth was steady at 2.3%.

In the private sector as a whole, earnings growth was up to 2.8% from 2.6%, while in the public sector, excluding financial services, growth edged up to 1.6% from 1.5%.

Average weekly earnings[1]

£ a week	Whole economy	Manufacturing	Services	Private sector	Public sector[2]
August 2015 (r)	494	573	478	494	493
September (r)	493	573	477	491	495
October (r)	494	575	478	492	494
November (r)	495	575	479	494	496
December (r)	497	579	480	496	494
Jan 2016 (r)	498	578	482	497	497
February (r)	494	575	478	492	498
March (r)	500	581	484	500	499
April (r)	503	583	486	503	500
May (r)	502	586	485	502	499
June (r)	502	586	486	503	500
July (r)	505	587	488	506	498
August (r)	505	588	488	504	504
September (r)	506	589	489	506	500
October (p)	507	587	490	508	501
% annual change					
Single month	2.8	2.1	2.6	3.1	1.5
3-month average[3]	2.5	2.5	2.3	2.8	1.6

[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

The regular pay figures, which strip out bonuses, showed a 2.6% rise in October against a 2.7% rise the previous month.

The increases in the year to October for various sectors, along with the previous month's rises in brackets, were: manufacturing 2.3% (2.3%); services 2.5% (2.6%); the private sector 2.9% (3.1%); and the public sector, excluding financial services, 1.4% (1.2%).

The average rise for regular pay in the whole economy for the three-month period ending October was up to 2.6% from 2.4% for the September period.

The sectoral increases were: manufacturing 2.4% (2.5%); services 2.5% (2.3%); the private sector 2.8% (2.7%); and the public sector, excluding financial services, 1.5% (1.5%).

The table below is based on the median average earnings figures published in the Annual Survey of Hours and Earnings (ASHE) 2016. This is a departure, as in the past *Fact Service* has used the mean average figures. The original median figures have been uprated by the 0.8% increase in average weekly earnings for the whole economy between April 2016 and October 2016 to give a rough estimate of earnings now in the various occupational groups.

Full-time average weekly earnings by occupation

	£ a week
All employees	543.00
All male	582.40
All female	484.30
Managers	804.00
Professionals	731.60
Associate professionals	598.40
Admin & secretarial	426.70
Skilled/craft	502.00
Services	355.70
Sales	357.70
Operatives	471.20
Other manual jobs	359.30

www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/dec2016

Few use right to Shared Parental Leave

The low take-up of Shared Parental Leave (SPL) and the lack of affordable childcare options for parents with very young children are major problems that need to be addressed to support working parents more effectively, according to a new report from the CIPD, the professional body for HR.

The survey of over 1,000 HR professionals found that, on average, just 5% of new fathers and 8% of new mothers have opted for SPL since its introduction in April 2015. Just one organisation in five (21%) said they had received requests from male employees to take up SPL since April 2015. And in two-thirds (67%) of organisations with mothers eligible for SPL, none have opted in.

The survey also suggests that the lack of free childcare for children aged 0-2 years-olds could be having a negative impact on women returning to work after maternity leave. Two-thirds of respondents (68%) agreed that the participation rate of women with young children at work would improve to a large (30%) or some extent (38%) if the same level of free childcare available for three- and four-year-olds was available for children up to two years of age.

“Shared Parental Leave was a milestone for gender equality when it was introduced last year,” said Rachel Suff, employment relations adviser at the CIPD.

“The intentions were right, and on paper it gives new parents much more choice and flexibility about taking leave to look after a new baby, particularly if the mother is the higher earner and if dads want to play a bigger role in their child’s early life. However, the complexity of the rules and the financial gap between statutory maternity pay and statutory shared parental pay in the early weeks are clearly outweighing these positives in reality for many."

The survey also found a significant lack of employer provision for working parents which is a further barrier to balancing work and care commitments. For instance, just 30% of respondents said their organisation proactively promotes flexible working options to employees who have caring responsibilities, and only 11% say they have a childcare policy covering the range of support available to working parents.

www.cipd.co.uk/about/media/press/141216-working-parents-need-more-support

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