FACT SERVICE

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Inflation moves upward

Retail price inflation rose for the third consecutive month, official figures show.

In January, the annual rate of inflation — as measured by the Retail Prices Index (RPI) — was up to 1.3% from 1.2% the previous month. The latest RPI rate is the highest for 13 months: the December 2014 rate was 1.6%.

This month, the main upward pressure came from motor fuels, offset by cheaper air fares.

Inflation under the Consumer Prices Index (CPI) was at a 12-month high, with an annual rise of 0.3% against 0.2% the previous month. Nevertheless, inflation continues to run at a level where the Bank of England will see no need to raise interest rates in the near future.

Many economists are predicting no change in interest rates until the second half of the year or even into 2017.

TUC general secretary Frances O'Grady said: "Continuing low inflation is a sign that the economy is not operating at full strength. With the global economy slowing down, the government must do more to support stronger growth. We need investment in skills, infrastructure and public services to promote growth for the long-term."

Price inflation

		% increase on a year earlier		
	RPI [1]	**RPI**	**RPIX [2]**	**CPI**
January 2015	255.4	1.1	1.2	0.3
February	256.7	1.0	1.0	0.0
March	257.1	0.9	0.9	0.0
April	258.0	0.9	0.9	-0.1
May	258.5	1.0	1.1	0.1
June	258.9	1.0	1.1	0.0
July	258.6	1.0	1.1	0.1
August	259.8	1.1	1.2	0.0
September	259.6	0.8	0.9	-0.1
October	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

[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 rise of 1.3%.

Clothing and footwear's increase of 7.0% included a 9.3% rise in the price of women's clothing and 8.8% rise in children's clothing, but men's clothing only rose by 6.0%.

The housing group's increase of 3.0% included a 3.1% increase in rents.

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The rise in the fares and other travel costs group was back down to a 1.6% rise. Rail fares were only up by 0.7% but bus and coach fares rose by 5.8%.

In the fuel and light group, a 24.5% decrease in oil and other fuels and a 6.1% decrease in gas prices contributed to the overall fall of 4.0%.

The food basket posted a fall of 2.5% with prices down for most components, including sugar and preserves (-8.4%), poultry (-6.2%), bread (-6.1%), cheese (-5.9%) and eggs (-5.0%).

The motoring group's 0.5% fall included a 7.8% cut in the price of petrol and oil.

More than 1.3%	%	1.3% or less	%
Clothing & footwear	7.0	Personal goods & services	1.3
Tobacco	4.4	Household goods	1.1
Household services	3.2	Alcoholic drink	0.1
Housing	3.0	Motoring expenditure	-0.5
Leisure services	2.5	Leisure goods	-0.9
Catering	1.7	Food	-2.5
Fares etc	1.6	Fuel & light	-4.0

www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/january-2016/index.html

Unemployment on downward curve

The downward trend in unemployment continues, official figures show.

The number of unemployed people under the Labour Force Survey count fell by 60,000 to 1.7 million in the three months to December.

The unemployment rate was down to 5.1% from 5.3%, according to the Office for National Statistics.

The number of unemployed males fell by 33,000 to 924,000 and their unemployment rate was down to 5.2% from 5.4%.

The number of unemployed women was down by 27,000 to 766,000 and their unemployment rate was down to 5.0% from 5.1%.

In January 2016, unemployment under the claimant count, which includes claimants of Jobseeker's Allowance and those on the means-tested Universal Credit, was down. The total of 760,200 was 14,800 fewer than the revised December 2015 figure of 775,000.

The fall in numbers impacted on the joblessness rate which was cut to 2.2% from 2.3%.

Male claimant numbers fell by 12,100 to 482,500 and their joblessness rate was down to 2.6% from 2.7%.

The number of women claimants was down by 2,700 to 277,700, but their joblessness rate was unchanged at 1.7%.

Unemployment seasonally adjusted

	Claimants [1]		LFS [3]	
	(000s)	% [2]	(000s)	%
January 2015	846	2.5	1,856	5.7
February	821	2.4	1,838	5.6
March	806	2.3	1,827	5.5
April	798	2.3	1,813	5.5
May	797	2.3	1,853	5.6
June	797	2.3	1,852	5.6
July	791	2.3	1,823	5.5
August	792	2.3	1,774	5.4
September	792	2.3	1,749	5.3
October	792	2.3	1,713	5.2
November	790	2.3	1,675	5.1
December (r)	775	2.3	1,690	5.1
Jan 2016 (p)	760	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

Regions The LFS unemployment count fell in nine of the 12 regions/countries in the three-month period ending December 2015.

The largest fall of 19,000 was in the North West, while there were 12,000 falls in both the West Midlands and Wales.

Going against that trend were Northern Ireland, where there was no change in the jobless total, and Yorkshire and the Humber and the East Midlands, where unemployment rose by 8,000 and 2,000 respectively.

The unemployment rate was above the UK average of 5.1% in seven out of the 12 regions/countries. The highest rates were 8.1% in the North East and 6.3% in London.

In January 2016, the claimant count fell in all 12 region/countries.

The claimant count rate was above the UK average of 2.2% in seven regions/countries. The highest rates were 4.2% in Northern Ireland and 3.9% in the North East.

Region	January claimants		LFS Oct — Dec	
	Number	%	Number	%
North East	47,000	3.9	107,000	8.1
North West	111,500	3.0	174,000	4.9
Yorkshire & the Humber	74,900	2.8	165,000	6.1
East Midlands	45,400	2.0	106,000	4.5
West Midlands	77,500	2.7	145,000	5.2
East of England	45,800	1.5	124,000	3.9
London	109,100	1.9	294,000	6.3
South East	56,800	1.2	179,000	3.9
South West	37,200	1.3	103,000	3.7
Wales	42,200	2.9	80,000	5.3
Scotland	75,000	2.7	162,000	5.8
Northern Ireland	37,800	4.2	51,000	5.8

www.ons.gov.uk/ons/dcp171778_432010.pdf

Vice-chancellors of universities get 3% rise

The gap between university bosses and staff has continued to widen, a new analysis from the UCU university and college lecturers' union shows.

University vice-chancellors received an average salary of £272,432 for the academic year 2014-15, which was an increase of 3% on the previous year, and is 6.7 times the average pay of their staff.

During the same period, staff received a pay increase of just 2%.

The pay gap has widened over the past five years as vice-chancellors have seen their salaries rocket by 14%, while staff have received an increase of just 5%.

Other key findings on vice-chancellors' salaries were:

- the University of Salford splashed out £516,000 on vice-chancellors' pay (for two incumbents during the year). Martin Hall received a total £323,000 for 11 months, including a £110,000 golden handshake; and
- the highest single earner was Professor Andrew Hamilton at the University of Oxford who received £462,000.

The report also lays bare heads of institutions' spending on flights, hotels and expenses. It also looks at accommodation that vice-chancellors use at universities' expense and explores institutions' spending on management consultants.

UCU general secretary Sally Hunt said: "The time has finally come for a frank and open discussion about pay and transparency in higher education. The huge disparities in the levels of pay and pay rises at the top expose the arbitrary nature of senior pay in our universities.

"While some continue to enjoy inflation-busting pay hikes and all the trimmings of first class flights and luxury hotels, staff pay continues to be held down."

www.ucu.org.uk/media/7870/transparency_at_the_top_2016/pdf/VC_pay_and_perks_FINAL_VERSION21.pdf

Earnings growth going nowhere fast

Last year finished as it started, with low growth in average weekly earnings.

The rise in average weekly earnings for the whole economy was provisionally just 1.5% in December – the same rise as for January 2015 and down from the 2.2% rise for November.

With RPI inflation running at 1.2% in December, there was barely any real growth in earnings during the month.

And for some sectors, workers lost out. The manufacturing sector posted a rise of just 0.9% against a 1.5% rise the previous month. For the public sector, excluding financial services, growth was back down to just 0.9% from 1.7% in November.

In services, growth was cut to 1.4% from 2.0% the previous month

In the private sector as a whole, growth was down to 1.7% from 2.3%, but that, nevertheless, represented a real increase.

TUC general secretary Frances O'Grady said: "Wage growth remains in the slow lane. Putting money back into people's pockets is essential to securing a strong recovery, and avoiding the debt-fuelled spending boom that caused the last financial crisis."

Headline earnings growth (the rolling three-month average) for the whole economy was cut to 2.0% from 2.1% in the period ending November.

Manufacturing growth was down to 1.3% from 1.4%, while service sector growth was down to 1.7% from 2.0%. For the private sector as a whole, growth was down to 2.1% from 2.3%.

For the public sector, excluding financial services, growth was down to 1.3% from 1.6%.

Average weekly earnings[1]

£ a week	Whole economy	Manufacturing	Services	Private sector	Public sector[2]
October 2014 (r)	484	566	470	482	487
November (r)	484	566	470	483	487
December (r)	489	572	474	486	489
January 2015	485	566	471	482	489
February	483	564	470	480	490
March	493	572	478	492	490
April	492	572	476	489	490
May	492	569	477	490	491
June	489	576	474	491	491
July	495	574	479	494	492
August	494	573	478	494	493
September	492	573	477	491	495
October (r)	494	574	478	493	494
November (r)	495	575	479	494	495
December (p)	496	577	480	495	494
% annual change					
Single month	1.5	0.9	1.4	1.7	0.9
3-month average[3]	1.9	1.3	1.7	2.1	1.3

[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 strip out bonuses. In December, growth for the whole economy was down to 2.1% from 2.2% the previous month.

The percentage rises in the year to December for various sectors, along with the previous month's rises in brackets, were: manufacturing 2.1% (1.8%); services 1.8% (2.0%); the private sector 2.4% (2.4%); and the public sector, excluding financial services, 1.1% (1.8%).

The average rise for regular pay in the whole economy for the three-month period ending December was up to 2.0% from 1.9% the previous month.

The sectoral increases were: manufacturing 1.7% (1.5%); services 1.7% (1.7%); the private sector 2.2% (2.1%); and the public sector, excluding financial services, 1.4% (1.6%).

The table below is based on the mean average earnings figures published in the Annual Survey of Hours and Earnings (ASHE) 2015. The original figures have been "uprated" by the 0.8% increase in average weekly earnings for the whole economy between April 2015 and December 2015 to give a rough estimate of earnings now.

Full-time average weekly earnings by occupation

	£ a week
All employees	632.40
All male	685.40
All female	551.50
Managers	979.20
Professionals	800.30
Associate professionals	680.70
Admin & secretarial	463.00
Skilled/craft	532.50
Services	370.40
Sales	385.20
Operatives	497.20
Other manual jobs	379.80

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