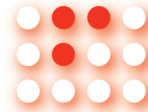
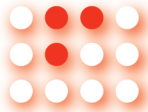


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## Public sector – three-year pay deals

Unions have been angered over government proposals for three-year pay deals for public sector workers.

Unite, the UK's largest trade union, said that Chancellor Alistair Darling's announcement that public sector workers will be subject to three-year pay deals rides roughshod over trade unions, employees and independent pay review bodies.

The union wants the independent Pay Review Bodies to be given a free reign to propose and agree pay settlements without government interference, as is their remit. If three-year pay deals are agreed by negotiation, then a mechanism should be considered that will allow for re-negotiations in the event of rampant inflation.

Mark Serwotka, general secretary of the Public and Commercial Services Union (PCS) said: "The fear is that what the government have in mind are three year pay deals similar to that imposed in the Department for Work and Pensions, which delivers a pay cut in real terms and sees 40% of staff receive no pay rise in the second year. This situation would be completely unacceptable as would an insistence by the government to use the CPI

measure for inflation rather than the higher and fairer retail price index measure to calculate pay offers. With the economy unpredictable we would also expect triggers in any multi year deal which allow for pay settlements to be renegotiated should inflation increase."

Unite: <http://www.amicustheunion.org/Default.aspx?page=7687>

PCS: <http://www.pcs.org.uk/Templates/Internal.asp?NodeID=915859>

## Unemployment

Unemployment has fallen on both official counts, according to the Office for National Statistics. Under the Labour Force Survey (LFS) count it fell by 13,000 to 1.65 million in the three months to November compared with the previous three months.

The LFS count includes people not eligible for benefits. The unemployment rate was down to 5.3% on the previous three months. The number of unemployed men was 939,000 – down 13,000 on the previous three months – and the number of jobless women was unchanged at 710,000. The unemployment rate for men was down to 5.6% and the rate for women steady at 5.0%.

Unemployment under the claimant count, which only includes those drawing Jobseeker's Allowance, fell for the fifteenth successive month to stand at 807,700 in December – a 6,400 fall on the revised figure for November. The unemployment

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rate under this count was steady at 2.5%.

The number of unemployed men on benefit was down to 588,900 and the unemployment rate was steady at 3.4% – and the number of unemployed women was down to 218,800 with the rate steady at 1.5%.

Manufacturing lost 33,000 jobs in the three months to November on the same period a year earlier, and employment in the sector was down to 2.91 million.

In the three months to November, 124,000 people said they had been made redundant. This is up 3,000 on the previous three months but down 12,000 on a year ago.

| Unemployment seasonally adjusted |                     |                |                            |     |
|----------------------------------|---------------------|----------------|----------------------------|-----|
|                                  | Claimants<br>(000s) | % <sup>1</sup> | LFS <sup>2</sup><br>(000s) | %   |
| 2002                             | 947                 | 3.1            | 1,533                      | 5.2 |
| 2003                             | 933                 | 3.0            | 1,479                      | 5.0 |
| 2004                             | 853                 | 2.7            | 1,430                      | 4.8 |
| 2005                             | 862                 | 2.7            | 1,429                      | 4.7 |
| 2006                             | 945                 | 2.9            | 1,660                      | 5.4 |
| 2007                             | 864                 | 2.8            | 1,666                      | 5.4 |
| <b>2006</b>                      |                     |                |                            |     |
| October                          | 955                 | 3.0            | 1,699                      | 5.5 |
| November                         | 947                 | 3.0            | 1,678                      | 5.5 |
| December                         | 939                 | 2.9            | 1,692                      | 5.5 |
| <b>2007</b>                      |                     |                |                            |     |
| January                          | 923                 | 2.9            | 1,697                      | 5.5 |
| February                         | 920                 | 2.8            | 1,700                      | 5.5 |
| March                            | 906                 | 2.8            | 1,705                      | 5.5 |
| April                            | 890                 | 2.8            | 1,683                      | 5.5 |
| May                              | 878                 | 2.7            | 1,666                      | 5.4 |
| June                             | 864                 | 2.7            | 1,661                      | 5.4 |
| July                             | 857                 | 2.7            | 1,656                      | 5.4 |
| August                           | 849                 | 2.6            | 1,662                      | 5.4 |
| September                        | 835                 | 2.6            | 1,667                      | 5.4 |
| October                          | 824                 | 2.6            | 1,640                      | 5.3 |
| November (r)                     | 814                 | 2.5            | 1,649                      | 5.3 |
| December (p)                     | 808                 | 2.5            |                            |     |

<sup>1</sup> Percentage of working population – the employees, unemployed, self-employed and the armed forces. <sup>2</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. LFS annual figures are for Spring quarter – March to May. (p) provisional (r) revised

**Regions** The claimant count was down in 10 of the 12 regions; unchanged in the North East and up in Northern Ireland.

The unemployment rate was above the UK average of 2.5% in eight of the 12 regions. The highest rates were 3.8% in the North East, 3.5% in the West Midlands and 3.1% in the North West.

The LFS count fell in seven regions, including falls of 19,000 in the East, and 10,000 in both West Mid-

lands and Yorkshire and the Humber. There were smaller falls in the South West and Wales.

However, there was a 15,000 rise in the South East.

The unemployment rate was above the UK average of 5.3% in five regions. The highest rates were 6.7% in London, 6.2% in the West Midlands, and 6.0% in the North West.

| Region                 | December claimants |     | LFS Sept-Nov |     |
|------------------------|--------------------|-----|--------------|-----|
|                        | Number             | %   | Number       | %   |
| North East             | 47,500             | 3.8 | 73,000       | 5.9 |
| North West             | 106,300            | 3.1 | 203,000      | 6.0 |
| Yorkshire & the Humber | 76,000             | 2.9 | 141,000      | 5.4 |
| East Midlands          | 53,800             | 2.5 | 120,000      | 5.3 |
| West Midlands          | 96,500             | 3.5 | 166,000      | 6.2 |
| East                   | 56,200             | 2.0 | 134,000      | 4.6 |
| London                 | 132,400            | 2.7 | 265,000      | 6.7 |
| South East             | 66,000             | 1.5 | 207,000      | 4.7 |
| South West             | 38,500             | 1.4 | 99,000       | 3.7 |
| Wales                  | 39,300             | 2.7 | 73,000       | 5.1 |
| Scotland               | 71,600             | 2.6 | 131,000      | 4.9 |
| Northern Ireland       | 23,600             | 2.7 | 35,000       | 4.3 |

<http://www.statistics.gov.uk/pdfdir/lmsuk0108.pdf>

## Average earnings

Average earnings for the whole economy rose by a provisional 4.2% in the year to November – up from the revised figure of a 3.7% rise for October.

Headline earnings growth (the latest three-month average) was steady at 4.0% in the three months to November on the previous month.

Headline manufacturing earnings growth rose to 2.6% in the three months to November from 3.1% the previous month.

Earnings growth in the service sector was down to 4.2% in the three months to November from 4.3% the previous month.

Private sector services earnings growth was down to 4.5%, while private sector earnings growth as a whole was steady at 4.2%.

Public sector earnings growth lags behind growth in the whole economy, but was up to 3.3% in the three months to November from 3.2% the previous month.

**Settlements** Pay settlements from LRD's Payline database were averaging 3.9% on lowest basic rates in three months to December.

Average earnings indices <sup>1</sup>

| 2000<br>=100  | Whole economy  |     | Manu-<br>facturing | Services | Private<br>sector | Public<br>sector |
|---|----------------|-----|--------------------|----------|-------------------|------------------|
|   | annual<br>rise |     |                    |          |                   |                  |
| <b>2006</b>   |                |     |                    |          |                   |                  |
| September (r)   | 127.4          | 4.0 | 128.2              | 127.4    | 126.7             | 130.8            |
| October (r)   | 128.0          | 4.4 | 128.2              | 128.1    | 127.4             | 131.1            |
| November (r)  | 128.1          | 3.9 | 128.2              | 128.3    | 127.4             | 131.3            |
| December  | 128.8          | 3.9 | 128.2              | 129.0    | 128.1             | 131.8            |
| <b>2007</b>   |                |     |                    |          |                   |                  |
| January   | 129.3          | 4.9 | 128.3              | 129.6    | 128.7             | 132.2            |
| February  | 131.3          | 4.9 | 129.1              | 131.9    | 131.1             | 132.2            |
| March   | 129.7          | 3.5 | 129.5              | 130.1    | 129.2             | 132.7            |
| April   | 129.8          | 3.4 | 130.2              | 130.0    | 128.8             | 133.1            |
| May   | 130.5          | 3.6 | 130.7              | 130.6    | 129.9             | 133.3            |
| June  | 131.1          | 3.2 | 131.2              | 131.1    | 130.5             | 133.7            |
| July  | 131.5          | 3.8 | 131.1              | 131.8    | 131.0             | 134.0            |
| August  | 132.1          | 4.2 | 130.9              | 132.6    | 131.7             | 134.4            |
| September(r)  | 132.7          | 4.2 | 131.1              | 133.2    | 132.2             | 135.0            |
| October (r)   | 132.7          | 3.7 | 131.4              | 133.2    | 132.2             | 135.3            |
| November(p)   | 133.4          | 4.2 | 132.1              | 133.7    | 132.9             | 135.9            |
| % annual rise for November                            |                |     | 3.1                | 4.2      | 4.3               | 3.5              |
| % increase in headline rate <sup>2</sup> for November |                |     | 4.0                | 2.6      | 4.2               | 3.3              |

<sup>1</sup> Average weekly earnings in Great Britain, seasonally adjusted. <sup>2</sup> The average of the seasonally adjusted data for the latest three months compared with a year earlier. (p) provisional, (r) revised

The following table gives estimates of full-time average weekly earnings by occupation. It is based on the figures from the Annual Survey of Hours and Earnings 2007, uprated by the 2.8% increase in average earnings between April 2007 and November 2007.

## Full-time average weekly earnings by occupation

|                                      | £ a week |
|--------------------------------------|----------|
| All workers                          | 565.20   |
| All male                             | 623.10   |
| All female                           | 475.80   |
| Managers                             | 850.60   |
| Professionals                        | 762.70   |
| Associate professionals <sup>1</sup> | 581.10   |
| Admin & secretarial                  | 389.10   |
| Skilled/craft                        | 474.90   |
| Services <sup>2</sup>                | 334.20   |
| Sales                                | 315.10   |
| Operatives                           | 439.90   |
| Other manual jobs <sup>3</sup>       | 432.80   |

<sup>1</sup> Associate professionals include technicians, nurses, police, firefighters, media/PR workers, train drivers, legal and finance workers and sales reps. <sup>2</sup> Services means personal service occupations such as care workers, travel assistants, hairdressers, caretakers. <sup>3</sup> Other manual jobs refers to "elementary" occupations including farm workers, labourers, dockers, postal workers, porters, waiters, cleaners.

<http://www.statistics.gov.uk/pdffdir/lmsuk0108.pdf>

## Take-home pay

The VocaLink take-home pay index increased to 3.4% in December from 3.2% in November. Despite

this month's slight increase, 2007 has proven to be the weakest year for pay growth since the inception of the VocaLink take-home pay index in 2005. Last year saw take home pay increase by just 3.5% as a whole, this figure falls considerably short of the 4.1% increase in 2006 and 4.6% in 2005.

<http://www.vocalink.com/VocaLink/En/Home/> and follow "Research & Insights" link

## Inflation

Rises in mortgage interest payments and in utility bills were smaller in December 2007 than a year earlier leading to a drop in the inflation rate. In December, the Retail Prices Index (RPI) rose by 4.0% compared with 4.3% the previous month.

Meanwhile, inflation under the Consumer Prices Index (CPI), which excludes housing costs and is the government's preferred measure, was steady at 2.1% for the third month in a row.

|             | Retail<br>Prices<br>Index<br>(Jan 1987 =100) | % increase on year earlier |  |     |
|-------------|--|----------------------------|--|-----|
|             |  | RPI                        | RPI except<br>mortgage<br>interest<br>payments | CPI |
| 2001        | 173.3  | 1.8                        | 2.1  | 1.2 |
| 2002        | 176.2  | 1.7                        | 2.2  | 1.3 |
| 2003        | 181.3  | 2.9                        | 2.8  | 1.4 |
| 2004        | 186.7  | 3.0                        | 2.2  | 1.3 |
| 2005        | 192.0  | 2.8                        | 2.3  | 2.1 |
| 2006        | 198.1  | 3.2                        | 2.9  | 2.3 |
| 2007        | 206.6  | 4.3                        | 3.2  | 2.3 |
| <b>2006</b> |  |                            |  |     |
| November    | 200.1  | 3.9                        | 3.4  | 2.7 |
| December    | 202.7  | 4.4                        | 3.8  | 3.0 |
| <b>2007</b> |  |                            |  |     |
| January     | 201.6  | 4.2                        | 3.5  | 2.7 |
| February    | 203.1  | 4.6                        | 3.7  | 2.8 |
| March       | 204.4  | 4.8                        | 3.9  | 3.1 |
| April       | 205.4  | 4.5                        | 3.6  | 2.8 |
| May         | 206.2  | 4.3                        | 3.3  | 2.5 |
| June        | 207.3  | 4.4                        | 3.3  | 2.4 |
| July        | 206.1  | 3.8                        | 2.7  | 1.9 |
| August      | 207.3  | 4.1                        | 2.7  | 1.8 |
| September   | 208.0  | 3.9                        | 2.8  | 1.8 |
| October     | 208.9  | 4.2                        | 3.1  | 2.1 |
| November    | 209.7  | 4.3                        | 3.2  | 2.1 |
| December    | 210.9  | 4.0                        | 3.1  | 2.1 |

The January 2008 figures will be published on 12 February 2008.

Five of the 14 groups that make up the RPI rose by more than 4.0%. The 8.8% rise in the housing group included a 19.8% rise in mortgage interest payments. Meanwhile, the 6.1% rise in food prices included a 35.1% rise in oils and fats, a 30.2% rise in egg prices and a 16.4% rise in milk prices.

The motoring expenditure group rose overall

by 4.7%, but included a 16.4% hike in petrol and oil prices. And although the catering group only showed an overall increase of 3.5%, canteen meal prices were up by 4.5%.

The 6.5% fall in the fuel and light group included falls of 13.2% in gas prices and 4.5% in electricity prices offset by a 28.5% rise in oil and other fuels.

| More than 4.0%       | %   | Less than 4.0%            | %    |
|----------------------|-----|---------------------------|------|
| Housing              | 8.8 | Catering                  | 3.6  |
| Food                 | 6.1 | Leisure services          | 3.3  |
| Fares etc            | 6.6 | Personal goods & services | 2.9  |
| Motoring expenditure | 4.7 | Household services        | 2.9  |
| Tobacco              | 4.5 | Alcoholic drink           | 2.3  |
|                      |     | Household goods           | 0.9  |
|                      |     | Clothing & footwear       | -1.1 |
|                      |     | Leisure goods             | -3.4 |
|                      |     | Fuel & light              | -6.5 |

<http://www.statistics.gov.uk/pdfdir/cpi0108.pdf>

## The economy

The economy seems to be slowing down, according to latest official figures. Manufacturing output in the three months to November fell by 0.1% compared with the previous three months. There were significant decreases in output of 1.6% in the basic metals and metal products industries and 1.4% in the electrical and optical equipment industries.

Manufacturing output in the latest three months was 0.1% higher than the same period a year ago.

Industrial production, which includes energy and oil, was 0.1% lower in the three months to November compared with the previous three months. Industrial production in the latest three months was 0.3% higher than the same period a year ago.

**Forecasts** The economy is forecast to grow on average (median) by 1.8% in 2008, according to forecasts collated by the Treasury from around 40 forecasters. The range is from a 0.1% decline to a 3.0% rise. The Treasury's own forecast is for growth of between 2% and 2.5%.

Inflation forecasts for the fourth quarter 2008, as measured by the Retail Prices Index, range from rises of 1.5% to 3.8% with an average of 2.6%.

Forecasts for average earnings growth range from 3.6% up to 4.5% in the fourth quarter 2008 with an average of 4.0%.

<http://www.statistics.gov.uk/pdfdir/iop0108.pdf>  
<http://www.hm-treasury.gov.uk/media/2/C/forcomp200801.pdf>

## New solution needed for equal pay crisis

Trevor Phillips, chair of the Equality and Human Rights Commission, has warned that the almost 40 year-old Equal Pay Act has "reached its sell-by date" and should be scrapped in favour of modern legislation to get women a fair deal quickly.

Unless there is radical change, the tribunal system may come crashing down. Hundreds of thousands of women trying to get justice may be made to wait for an intolerably long time unless there is a fundamental change in approach.

There are currently an estimated 50,000 equal pay cases being brought by underpaid local council workers. The Commission estimates the numbers will rise threefold to 150,000 this year, causing the already painfully slow employment tribunal system to seize up 'like a blocked drain'.

Hundreds of thousands of women, many of whom have been waiting more than a decade for equal pay, could face even longer delays before getting what they are rightfully owed.

To provide a genuine long-term solution, the Commission is calling for a radical change to the law. It is proposing the introduction of representative actions, where hundreds of cases could be heard at the same time.

This would unclog the tribunal system and could reduce the number of cases by more than 90% – from as many as 150,000 down to a more manageable figure of 11,000.

Sarah Veale, head of equalities and employment rights at the TUC, said: "Prevention is the best cure for Britain's equal pay crisis. Collective agreements with employers address both the pay structures and the policies that cause discrimination.

"But where employers are unwilling to take action, trade unions have taken the fight for equal pay to the courts. Sadly, this process is unnecessarily expensive and time-consuming, and leaves underpaid women in limbo for far too long. The equal pay act is out of date and in urgent need of reform."

<http://www.equalityhumanrights.com/en/newsandcomment/Pages/Equalpaybainbridgecase.aspx>  
<http://www.tuc.org.uk/equality/tuc-14190-f0.cfm>

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