

GMB WAGES AND INFLATION REPORT

May 2020

Key figures (May 2020) - change on previous 12 months

Inflation rates		1%	0.5%	0.7%	
		RPI	CPI	CPIH	
Average pay settlements		2.5%	2.5%	2.2%	
		LRD	IDR	XpertHR	
Seasonal inflation – COVID-19	12.2%	7.7%	5%	3.6%	3.3%
	Pasta	Internet access services	Takeaway food	Chemists' goods	Tinned beans (since mid-March)

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Inflation rates

	All items (Headline rate) RPI	Consumer Prices Index (CPI) (Govt Target = 2%)	Consumer Prices Index CPIH (all items inc housing)
2018			
May 2018	3.3	2.4	2.3
June 2018	3.4	2.4	2.3
July 2018	3.2	2.5	2.3
Aug 2018	3.5	2.7	2.4
Sept 2018	3.3	2.4	2.2
Oct 2018	3.3	2.4	2.2
Nov 2018	3.2	2.3	2.2
Dec 2018	2.7	2.1	2.0
2019			
Jan 2019	2.5	1.8	1.8
Feb 2019	2.5	1.9	1.8
Mar 2019	2.4	1.9	1.8
Apr 2019	3	2.1	2
May 2019	3	2	1.9
Jun 2019	2.9	2	1.9
Jul 2019	2.8	2.1	2
Aug 2019	2.6	1.7	1.7
Sep 2019	2.4	1.7	1.7
Oct 2019	2.1	1.5	1.5
Nov 2019	2.2	1.5	1.5
Dec 2019	2.2	1.3	1.4
2020			
Jan 2020	2.7	1.8	1.8
Feb 2020	2.5	1.7	1.7
Mar 2020	2.6	1.5	1.5
Apr 2020	1.5	0.8	0.9
May 2020	1	0.5	0.7

Source: [ONS Consumer Price Indices Statistical Bulletin](#). Next published 15 July 2020.

WHAT CAUSED THE CHANGES TO INFLATION THIS MONTH?

- Falling prices for motor fuels and a variety of recreational and cultural goods resulted in the largest downward contributions to the change in the CPIH 12-month inflation rate between April and May 2020.
- Rising prices for food and non-alcoholic drinks resulted in a partially offsetting upward contribution to change.

Inflation this month – significant price rises by item (12-month change)

Retail Prices Index (RPI) – May 2020

Item	%
Vehicle tax and insurance	10.1
Processed fish	7.8
Women's outerwear	7.2
Potato products	5.6
Processed vegetables	5.6
Processed fruit	5.3
Postage	5.3
Tea	5.2
Foreign holidays	5.2
Take-aways and snacks	5.0
Pork	4.9
Other meat	4.6
Oils and fats	4.6
Coal and solid fuels	4.6
Biscuits and cakes	4.5
Sugar and preserves	4.4
Catering	4.1
Fruit	3.9
Council tax and rates	3.9
Telephones, telemessages, etc	3.9
Potatoes	3.8
Leisure services	3.7
Home-killed lamb	3.6
Restaurant meals	3.6
Chemists goods	3.6
Fresh fruit	3.4
Other clothing	3.3
Cigarettes	3.2
CDs and tapes	3.1
Clothing and footwear	3.0
Soft drinks	2.9
Household services	2.9
Childrens' outerwear	2.9
Purchase of motor vehicles	2.9
Toys, photographic and sports goods	2.9

Consumer Prices Index (CPI) – May 2020

Item	%
Binding services and e-book downloads	15.9
Clothing accessories	15.3
Pasta products and couscous	12.2
Fixed telephone equipment	10.6
Wireless telephone services	10.1
Motorized major tools and equipment	8.2
Other preserved or processed fish and seafood - based preparations	8.1
Internet access provision services	7.7
Dried vegetables, other preserved or processed vegetables	7.4
Irons	7.4
Fortified wines	7.2
Accessories for information processing equipment	7.2
Miscellaneous printed matter	6.8
Dried fruit and nuts	6.6
Jams, marmalades and honey	6.2
Garden products	6.2
Other stationery and drawing materials	6.2
Dried, salted or smoked meat	6.1
Crisps	6.0
Newspapers	5.7
Edible offal	5.3
Postal services	5.3
Health insurance and other insurance	5.3
Tea	5.2
Newspapers and periodicals	5.2
Fast food and take away food services	5.0
Museums, libraries, zoological gardens	4.9
Solid fuels	4.7
Misc. printed matter, stationery, drawing materials	4.7
Olive oil	4.6
Pork	4.5
Toys and celebration articles	4.5

RPI, CPI, and the case for using RPI

In 2011 the Government replaced RPI with CPI as its preferred measure of inflation. CPI tends to be about 1 percentage point lower than RPI. Trade unions, including GMB, often argue that RPI remains the best inflation index for measuring the true cost of living.

RPI costs

Many of our members' costs continue to rise by RPI: several taxes (including vehicle excise duty), mobile phone contracts, rents (where index linked), regulated rail fares, and Student Loans Company repayments are all still increased by RPI.

Problems with CPI

CPI was created in the early 1990s by the European Union as a technical measure to monitor Member States' compliance with the Maastricht Treaty. It was not intended to be the headline measure of consumer price changes.

Unlike RPI, CPI does not take account of housing costs (such as council tax, mortgage interest payments, house prices and buildings insurance). The only reason for excluding these items is that a pan-European approach to comparing these items could not be agreed. *There is no justification for excluding housing costs from inflation rates.*

CPI also includes items such as foreign students' tuition fees and foreign exchange rate commissions that are difficult to justify in a measure of domestic inflation.

Problems with CPIH

To address criticisms of CPI, the ONS introduced a new measure that included some housing costs – the CPIH. However, CPIH has been subject to significant criticism, including from the UK Statistics Authority which said that *'this degree of user scepticism and disagreement is, in our experience, unusual for an official statistic.'* The Royal Statistical Society [says that](#) CPI and CPIH are an *'unsatisfactory measure of inflation as it affects British households.'*

British Telecommunications PLC vs BT Pension Scheme Trustees Limited

BT attempted to amend its pension scheme's uprating from RPI to CPI. The company claimed that RPI had 'become inappropriate' following its de-designation as a national statistic.

In a landmark 2018 [judgement](#), the High Court rejected the company's case and concluded that *'jettisoning RPI would introduce a material risk that increases in pensions would not keep rate with increases in the costs of living likely to be experienced by pensioners.'* The Court also said that *'there are certain respects in which CPI might be said to underestimate inflation.'* BT failed to overturn the ruling at appeal.

The case for using RPI

It has been claimed that RPI has an in-built bias towards reporting higher inflation. However, it also appears that CPI underestimates inflation, and the RPI remains the inflation rate that most comprehensively measures housing costs. RPI is the most used index for pay-setting purposes. **RPI is an appropriate inflation measure to use for pay bargaining.**

For more information about inflation rates, see the appendix to this document '[Consumer price indexes explained.](#)'

Long term inflation forecasts

The Treasury regularly summarises recent inflation forecasts for the next twelve months. It should be noted that these figures only partially reflect the impact of the coronavirus outbreak at this point.

HMT 3-month average of new panel forecast prices & earnings, fourth quarter (percentage)

	RPI	CPI	Average earnings
End of 2020 (Q4)	1.3	0.9	-0.2
End of 2021 (Q4)	2.6	1.6	2.8
Source: Treasury, Forecasts for the UK economy: a comparison of independent forecasts Published 20 May 2020			

The Office of Budget Responsibility (OBR) also produces independent long-term estimates of prices and wages inflation twice a year.

IMPORTANT NOTE: The OBR (Office of Budget Responsibility) has warned that it is difficult to account for the effects of Brexit when projecting inflation rates.

The estimates were also produced before the coronavirus outbreak. For experimental estimates produced since the outbreak, see the [OBR reference scenario estimates \(page 7\)](#).

These figures should therefore be treated with caution when negotiating long-term pay deals.

OBR forecasts 2020 – 2024 (per cent)

Measure	2020	2021	2022	2023	2024
CPI	1.4	1.8	2.1	2.1	2
RPI	2.2	2.7	3.1	3	2.9
Average earnings	3.3	3.6	3.4	3.1	3.1
Wages and salaries	3.6	3.8	3.6	3.3	3.2
Source: OBR, Economic and Fiscal Outlook, March 2020 , page 59 Next release date: Expected November 2020					

For guidance on calculating cumulative inflation over several years, please see the [appendix to this report](#).

Coronavirus – faster economic indicators

Most published economic indicators largely reflect the period before the Covid-19 outbreak. Even figures for March onwards have a significant reporting time lag and may not fully reflect the fast-changing economic situation. This page summarises some more immediate published indicators.

HMRC Job Retention ('Furlough') Scheme statistics

- [As of 14 June 2020](#), 8 million jobs had been furloughed with the total value of claims under the Job Retention Scheme standing at £20.8 billion.

ONS - [UK economy and society, faster indicators](#): 11 June 2020

- Certain essential items have seen sharp online price changes since the start of the outbreak, of which tomato puree has seen the sharpest increase at a 5 per cent price rise

% changes to selected online prices between w/c 16 March and w/c 01 June ([source: ONS index](#))

Tomato puree	Spray cleaning	Tinned beans	Tinned soup	Antibacterial wipes	Handwash	Rice	Hand sanitiser	Flour	Paracetamol
5.1	4.1	3.3	3.1	2.6	2.4	2.2	2.1	1.9	1.9

- Employment paid through PAYE (not including self-employment and other arrangements) fell by an [estimated](#) 611,878 between March and May.
- 36 per cent of businesses had laid workers off, rising to 48 per cent of construction firms.
- A fifth of workers were estimated to be furloughed in companies that were still trading in the last two weeks, rising to 63 per cent in Arts, Entertainment And Recreation companies, and in Accommodation And Food Service Activities companies.
- A quarter of businesses that had paused trading intended to restart in the next month, rising to 52 per cent of manufacturing concerns.
- 62 per cent of businesses report that revenue has dropped in the last two weeks and just over a quarter of surveyed businesses say revenue has dropped by more than 50 per cent.
- 76 per cent of manufacturers report that they are exporting less than normal.
- 12 per cent of employers surveyed said the overall price of input goods, materials, and services had increased in the last two weeks compared to normal fluctuations – rising to 47 per cent of human health and social work employers.
- Shipping activity at UK ports fell by 23 per cent in the week commencing 01 June

compared to the first full week of March.

DWP [Universal Credit claimant statistics](#)

- 102,950 new individual Universal Credit claims were made in the first full week of June. This was higher than the 76,850 new claims in the first full week of March but lower than the 159,590 new claims in the first week of May.

OBR – coronavirus economic impact estimates

On 14 April 2020 the OBR published estimates of the economic impact of a three month lockdown. The OBR's models suggest that:

- UK GDP will shrink by 26.4 per cent in 2020 (this estimate is broadly in line with other countries) and consumer spending would fall by 37.2 per cent.
- UK GDP will contract at a sharper rate than at any time in at least the last century. The OBR assumes that the economy will then recover strongly, although other analysts are less optimistic.
- The OBR estimates that inflation will drop in 2020 before rising more sharply in 2021 and subsequent years. Average earnings will fall by 7.3 per cent and unemployment will rise by more than a million (from 1.3 million in 2019). Unemployment is not expected to recover to pre-Covid levels within the next five years.
- The economic damage will change if the lockdown extends beyond three months, and these estimates are by their nature highly experimental. Reference tables for estimating cumulative long-term inflation under this scenario are published in an appendix to this report.

OBR coronavirus reference scenario estimates (%s unless otherwise stated)

	2020	2021	2022	2023	2024
CPI inflation	1.2	2.3	2.4	2.3	2.2
RPI inflation	1.8	2.9	3.4	3.2	3.0
Employment (millions)	31.8	32.3	33.0	33.3	33.4
Average earnings	-7.3	18.3	1.6	2.5	3.1
Unemployment (millions)	2.5	2.1	1.6	1.4	1.4
Unemployment rate (per cent)	7.3	6.0	4.5	4.0	4.1

- The OBR [separately estimates](#) that the direct net cost to the public purse of business support measures announced amounts to £104 billion, of which the largest cost is the Job Retention Scheme (at a net cost of £39 billion).

Changes to employment rights and support during the COVID-19 outbreak

GMB has published a Coronavirus Hub which contains extensive guidance, which is subject to continued monitoring and revision in line with the latest official directives and advice. Advice covers topics including (but not limited to):

- [Coronavirus \(COVID-19\): what members need to know](#)
- [Coronavirus \(COVID-19\): your rights](#)
- [GMB Coronavirus Briefing on Personal Protective Equipment \(PPE\)](#)
- [Job Retention \('Furlough'\) Scheme FAQs](#)

The Treasury has announced that [£330 billion of interest free loan facilities](#) will be made available to support employers.

In addition, [the workers' support package](#) announced on 20 March 2020 included the following measures:

- Grants to cover 80 per cent of wages of employees retained on payroll but stood down from their duties ('furloughed workers') for an initial period of four months, up to a value of £2,500 per month, backdated to 01 March 2020
- Self-employed workers to be able to access Universal Credit at an equivalent rate to Statutory Sick Pay
- Increases to the Universal Credit and Working Tax Credit standard allowance worth an £1,000 a year

The UK Parliament has passed the [Coronavirus Act](#). If the Bill is passed in its current form, it will give effect to employment measures including:

- Suspension of the Statutory Sick Pay 'waiting days' provision for employees who are absent from work due to Covid-19, meaning that Statutory Sick Pay can be paid from day one
- Provisions to make changes to NHS pension schemes, to ensure that volunteers who return to NHS work and not placed at a detriment
- The power for Ministers to suspend port operations

Ministers have also ordered the closure of many kinds of business premises that involve public contact under regulations. The list of businesses (and exemptions) can be found [here](#) (links to a PDF).

GMB is engaging closely with the Government during this exceptionally difficult time to address issues as they emerge, and we are campaigning for more comprehensive guidance and worker support – including, in particular, for self employed workers, full PPE and cleaning resources provision, and for increases to Statutory Sick Pay.

Wage settlements

The ONS produces monthly estimates of changes to average earnings. The below figures do not account for factors such as progression pay and workforce changes, and as such are not a strict tracker of wage awards.

Official earnings estimates for regular pay (excluding bonuses) – April 2020

Average Weekly Earnings	Average weekly pay (£)	Annual percentage growth (three month average)
Whole economy	503	1.7
Private sector	491	1.3
Public sector*	554	3.3
Services	490	2.2
Manufacturing	572	0.1
Construction	564	-1.8
Wholesale, retail & restaurants	325	0.1

*Excluding nationalised financial services.
Source: All references in this section are from ONS, [Average Weekly Earnings](#)
Next release date 16 July 2020

Pay growth is falling sharply in all parts of the private sector (and on a three month average, pay is falling in construction). Future three month averages are expected to show a fall in overall pay in most parts of the private sector.

3 month changes to average regular weekly pay compared to the previous 12 months, percentage

Month	Whole economy	Private sector	Services	Public sector (excl. banking)	Manufacturing	Construction	Wholesale, retail, hotels & restaurants
Apr-19	3.4	3.6	3.5	3.0	2.3	4.4	2.5
May-19	3.6	3.7	3.7	3.5	2.4	4.5	2.7
Jun-19	3.9	4.0	4.1	3.9	2.5	5.2	3.1
Jul-19	3.9	4.0	4.0	3.6	2.5	5.4	3.2
Aug-19	3.8	3.9	3.8	3.3	2.6	5.5	3.1
Sep-19	3.6	3.7	3.7	3.3	2.7	5.6	3.1
Oct-19	3.5	3.5	3.5	3.4	2.8	5.4	2.5
Nov-19	3.3	3.3	3.4	3.4	2.7	4.6	2.1
Dec-19	3.2	3.2	3.3	3.4	2.8	3.5	1.5
Jan-20	3.1	3.0	3.2	3.3	2.4	2.7	2.0
Feb-20	2.9	2.8	3.1	3.3	2.1	2.3	2.2
Mar-20	2.7	2.5	2.9	3.3	1.5	2.0	2.3
Apr-20	1.7	1.3	2.2	3.3	0.1	-1.8	0.1

Adjusted for inflation (CPIH), average real wages fell in value by **0.9 per cent** in April 2020 compared to a year earlier.

Percentage monthly changes to whole economy weekly regular pay in real (CPI, 2015) prices

Month	Real AWE (2015 prices), £	1 month change	3 month average
May-19	469	1.9	1.7
Jun-19	470	2.1	2.0
Jul-19	470	1.8	1.9
Aug-19	470	1.8	1.9
Sep-19	471	1.9	1.8
Oct-19	472	1.6	1.7
Nov-19	472	1.7	1.7
Dec-19	473	1.8	1.7
Jan-20	472	1.0	1.5
Feb-20	471	1.2	1.3
Mar-20	471	0.9	1.0
Apr-20	464	-0.9	0.4

Average pay settlements – industry trackers

The Labour Research Department (LRD), Incomes Data Research (IDR), HR Inform (run by the CIPD), and Make UK (formerly the EEF, the manufacturing employers' association) track wage settlements within the last three months. The LRD also tracks agreements to apply over the forthcoming year (although these figures are based a smaller sample).

The LRD's figures tend to be higher than those of other organisations: this is because the LRD only tracks unionised workplaces. The ONS also tracks wage settlements and changes to average earnings.

Average pay settlements (percentage): Three months ending: April 2020

	Whole economy	Public sector	Private sector	Manufacturing / manual	Services
XpertHR	2.2	-	2	2	2.3
Make UK*	-	-	-	2.5	-
LRD	2.5	3	2.5	2.5	2.9
IDR	2.5	3	2.5	2.8	2.5
ONS**	2.7	3.4	2.5	1.5	2.9
<i>LRD (this pay round: Aug to Mar)</i>	2.6	2.7	2.5	2.6	2.8
* Figures are to the end of February					
** The ONS tracks changes to overall pay levels, including overtime and other payments					

2020 forecast pay awards – employers’ expectations

The consultancy firm XpertHR and the Chartered Institute of Personnel and Development (CIPD) survey employers on their intended wage awards. These surveys report that in 2019/20 employers expect wage awards to average **around 2 per cent**.

However, it should be noted that the OBR and the Bank of England forecast higher increases. The OBR estimates that average earnings will increase by 3.3 per cent in 2020. The Bank of England [reported in December 2019](#) that ‘pay settlements remained in a range of 2%-3%, though awards were higher for staff on the National Living Wage and roles where there were shortages of skilled labour.’

XpertHR, CIPD, and Bank of England surveys of expected wage awards for 2020

Source	Time period	Measure	Forecast	Updated
XpertHR pay forecasts survey	12 months to 31 August 2020	Median pay award (private sector only)	2.1%	Twice yearly
CIPD Labour Market Outlook	12 months to June 2020	Private sector median basic pay increase (excluding bonuses)	2%	Quarterly
Bank of England	Q4 2019	‘Average pay settlements’	2% to 3%	Annual

Sources: XpertHR pay forecasts survey, September 2019; Labour Market Outlook, CIPD, Summer 2019; BoE Agents' summaries of business conditions, December 2019

Detailed industry forecast pay settlements for 2020

XpertHR produces detailed industry pay award forecasts based on its own survey of employers. The pay intentions recorded by XpertHR tend to be less generous than those reported elsewhere (such as those reported by the Bank of England in the past).

2020 pay settlement employer intentions (XpertHR survey, published October 2019)

Industry sector	Median, %
Finance	3.0
Chemicals, Pharmaceuticals And Oil	2.5
Engineering And Metals	2.5
Information And Communication	2.5
Retail And Wholesale	2.5
Transport And Storage	2.5
Food, Drink And Tobacco	2.1
General Manufacturing	2.0
Not For Profit	2.0

Recruitment and retention pressures

The Bank of England’s regional agents regularly produce estimates of recruitment difficulties facing employers. These figures are based on interviews with a sample of around 700 employers and are used to inform the Bank’s decisions on interest rates. Recruitment pressures were easing at the point of the coronavirus outbreak but they remained relatively high.

Bank of England estimates of business pressures where zero is normal (and where -5 is very low and +5 is very high)

	Total labour costs per employee	Labour market
	All industries	Recruitment difficulties
Apr 19	2.5	3.1
Mar 20	2.2	2.1
Source: Bank of England, Agents' Summary of Business Conditions . Published 26 March 2020		

The most commonly cited factor by companies for increased wage pressures was their ability to recruit and retain staff, which was partly caused by a lack ‘of availability of foreign labour.’ Inflation, pension contribution changes and National Living Wage rises were the next most cited factors.

In September 2019, the Bank of England said that:

“Employment intentions for the next twelve months were very slightly negative. Contacts attributed this to slower economic growth, uncertainty about the economic outlook and a desire to improve productivity to protect profit margins. ...

“Recruitment difficulties remained at an elevated level, though they have eased slightly in recent months. This reflected the tight labour market, lack of candidates with appropriate skills and fewer EU workers coming to the UK, which had made it more difficult to fill vacancies in unskilled roles in some sectors. The issue was exacerbated by uncertainty about the economic outlook, which had reduced employment churn compared with a year ago.

“Contacts reported shortages of engineers, care workers, nurses, lorry drivers and experienced candidates in professional and financial services. Some employers said they planned to address labour shortages by training apprentices and graduates ...

“Pay growth steadied at between 2% and 3%. Contacts said this reflected a moderation in basic pay increases as well as an increase in deferred pay settlements and temporary wage freezes due to economic uncertainty.”

[Source – Bank of England Agents' summary of business conditions: 2019 Q3](#)

National Minimum Wage and Foundation Living Wage rates

GMB's policy as set by Congress is to campaign for a real Living Wage of at least £10 an hour.

National Minimum Wage rates

The Government announced in December 2019 that it accepted the recommendations of the Low Pay Commission for 2020. This means that from 01 April 2020 the headline over-20s National Minimum Wage increased by 6.2 per cent to **£8.72**.

Although the Government refers to the National Minimum Wage as the 'National Living Wage' for 25 year-olds and over, this rate is separate from the higher Foundation Living Wage which is set independently.

National Minimum Wage hourly rates

	April 2019	April 2020	Increase
NLW	£8.21	£8.72	6.2%
21-24 rate	£7.70	£8.20	6.5%
18-20 rate	£6.15	£6.45	4.9%
16-17 rate	£4.35	£4.55	4.6%
Basic apprentice rate	£3.90	£4.15	6.4%
Accommodation offset	£7.55	£8.20	8.6%

Source: [HMT press release, 31 December 2019](#)

Living Wage Foundation Rates

In November, the independent Living Wage Foundation sets a voluntary living wage standard based on its own analysis of cost of living pressures. The Foundation also publishes a separate Living Wage rate for London. 4,700 employers covering 180,000 workers reportedly pay the Foundation Living Wage. Subscribing employers should implement the new rates by May at the latest.

Independent Foundation Living Wage hourly rates – 2019/20 (from November)

	2019/20 rate	Increase
Foundation Living Wage	£9.30	3.3%
London Living Wage	£10.75	1.9%

[Source: Living Wage Foundation](#)

The Living Wage Foundation says:

“The real Living Wage rates are higher because they are independently-calculated based on what people need to get by. That's why we encourage all employers that can afford to do so to ensure their employees earn a wage that meets the costs of living, not just the government minimum.”

Statutory payments and key employment rights at a glance

Statutory rates are updated in April.

To qualify for Statutory Sick Pay and Statutory Parental Payments, average earnings must be equal to or above the Lower Earnings Limit of £120 per week (from April 2020).

Statutory Sick Pay

The weekly rate of Statutory Sick Pay is £95.85 per week, for up to 28 weeks, from April 2020.

The daily rate depends on the number of Qualifying Days worked per week. A calculator to work out the daily rate is available at: <https://www.gov.uk/calculate-statutory-sick-pay>

Statutory Redundancy Pay

An employee must have been employed for a minimum of two years on their dismissal date to be eligible for Statutory Redundancy Pay.

For employees made redundant on or after 06 April 2020, the rate is:

- half a week's pay for each full year you were under 22
- one week's pay for each full year you were 22 or older, but under 41
- one and half week's pay for each full year you were 41 or older

Length of service is capped at 20 years. Weekly pay is capped at £538, and the maximum statutory redundancy pay award you can receive is £16,140.

Parental Payments

All effective from 05 April 2020:

Type of payment	Current rate	Maximum period
Statutory Maternity Pay (Higher Rate)	90% of normal weekly earnings	6 weeks
Statutory Maternity Pay (Basic Rate)	£151.20 per week*	33 weeks
Maternity Allowance **	£151.20 per week*	39 weeks
Statutory Paternity Pay	£151.20 per week*	2 weeks
Statutory Adoption Pay (Higher Rate)	90% of normal weekly earnings	6 weeks
Statutory Adoption Pay (Basic Rate)	£151.20 per week*	33 weeks
Statutory Shared Parental Pay	£151.20 per week*	37 weeks

*or 90% of normal weekly earnings, whichever is lower.

** full rate, subject to eligibility

Redundancy Consultation Period

- 20-99 employees: 30 days
- 100+ employees: 45 days

Redundancy Notice Period

- 1 month – 2 years' service: 1 week
- Over 2 years' service: 1 week for each year of service up to a maximum of 12 weeks

Where this notice period has not been given, such as in the case of companies going into sudden liquidation or receivership, employees may be eligible for **Statutory Notice Pay** (sometimes called loss of notice pay) based on their average weekly earnings (capped at £538 per week). Please note that Statutory Notice Pay will be reduced in line with any income received during the Statutory Notice Period, including state benefits whether or not they have been claimed.

Unfair Dismissal

In most cases, employees must have completed 2 years' service before being able to bring a claim for unfair dismissal.

Working Time Entitlements

Please note these entitlements do **not** apply to professional drivers.

Regulation	Entitlement	Notes
Rest breaks	20 minutes if working day over 6 hours (30 minutes for 15-18 year olds)	Can be unpaid
Breaks between shifts	11 hours	Can be reduced by collective agreement
Weekly rest	24 hours	Can be averaged over 2 weeks
Maximum Working Week	48 hours	Averaged over 17 weeks. Individual can opt out
Holidays	5.6 weeks	Can include bank holidays. No opt out.

Other Entitlements

- **Time off for dependants:** Reasonable unpaid time off to deal with an unexpected emergency involving a dependant
- **Parental leave:** 18 weeks' unpaid leave in blocks of 1 or more weeks, for children up to the age of 18.

Housing costs

In response to the COVID-19 outbreak, the Bank of England has [reduced the interest rate](#) to 0.1 per cent. This is the lowest base rate since the Bank was founded in 1694. According to the RPI, the cost of council tax and rates rose by **3.9 per cent** in April 2020 compared to the year before. Overall housing costs rose by **2.1 per cent**.

	2019	2019	2019	2019	2019	2019	2019	2019	2019	2020	2020	2020	2020	2020
	May	June	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Apr	May
Council tax and rates	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	4.7	3.9	3.9	3.9
Dwelling insurance & ground rents	6.3	6.9	6.9	6.4	5.6	4.6	5.2	5.8	5.1	4.1	3.9	2.1	2.1	1.4
All housing	2.3	2.2	2.2	1.7	2.1	1.6	1.8	2.1	1.9	1.8	2.1	2	2	1.3

Source: ONS, [consumer price inflation tables](#), next published 15 July 2020

Average private rent growth in the UK was **1.5 per cent** in April (and rose to **1.6 per cent excluding London**). Average rent growth is strongest in English regions, with the exceptions of the North West and the South East. Rent growth is increasing strongly again in London after a long period of slow growth.

Percentage increase in private rent costs compared to the previous 12 months

	UK	England	Wales	Scotland	Northern Ireland	North East	North West	Yorkshire and The Humber	East Midlands	West Midlands	East	London	South East	South West	UK excluding London	England excluding London
Jun	1.3	1.3	1.1	0.9	1.9	0.5	1.3	1.8	2.1	1.5	1.3	0.9	1.6	2.0	1.5	1.6
Jul	1.3	1.4	1.0	0.9	2.1	0.7	1.4	1.9	2.1	1.6	1.3	0.9	1.6	2.0	1.5	1.6
Aug	1.3	1.3	1.2	0.9	2.2	0.6	1.3	1.6	1.9	1.5	1.3	0.8	1.6	2.0	1.5	1.5
Sep	1.3	1.3	1.2	0.8	2.2	0.6	1.3	1.8	1.7	1.5	1.2	0.9	1.6	2.1	1.5	1.5
Oct	1.3	1.4	1.2	0.7	2.2	0.4	1.2	1.8	1.9	1.4	1.2	0.9	1.7	2.2	1.5	1.6
Nov	1.4	1.4	1.0	0.9	2.2	0.5	1.3	1.9	2.1	1.3	1.4	1.0	1.7	2.3	1.6	1.7
Dec	1.4	1.4	1.2	0.6	1.6	0.5	1.2	1.9	2.1	1.3	1.5	1.2	1.4	2.2	1.5	1.6
Jan 20	1.5	1.5	1.3	0.6	1.6	0.6	1.1	2.0	2.2	1.6	1.6	1.3	1.4	2.3	1.6	1.7
Feb	1.4	1.4	1.2	0.6	1.6	0.7	1.0	1.9	2.2	1.5	1.6	1.1	1.2	2.3	1.5	1.6
Mar	1.4	1.4	1.2	0.6	1.6	0.7	1.0	2.0	2.3	1.6	1.6	1.2	1.1	2.4	1.5	1.6
Apr	1.5	1.5	1.0	0.7	1.6	0.7	0.9	2.0	2.4	1.7	1.8	1.3	1.0	2.6	1.6	1.6
May	1.5	1.5	1.2	0.6	2.6	0.8	1.0	2.2	2.5	2.2	1.7	1.2	1.2	2.5	1.6	1.7

Source: ONS, [Index of Private Housing Rental Prices](#), UK, monthly estimates, next published 15 July 2020

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Labour market update – February to April 2020

- There were an estimated 32.9 million people in work – 245,000 more than for a year earlier but 153,000 fewer than for the previous month.
- The employment rate (the proportion of people aged from 16 to 64 years who were in work) was estimated at 76.4% - down 0.2% on the previous month.
- The unemployment rate (the number of unemployed people as a proportion of all employed and unemployed people) was 4% - unchanged on the previous month.

For more information see [ONS, Labour market update: April 2020](#) (next published 16 July 2020).

Vacancies

There were 476,000 job vacancies in March to May 2020 – this was the lowest figure in eight years.

Estimated vacancies by selected industries (thousands)

	Vacancies	12 month change
All vacancies	476	-348
Total services	425	-311
Human health & social work activities	112	-27
Wholesale & retail trade	67	-68
Professional scientific & technical activities	43	-37
Administrative & support service activities	37	-11
Manufacturing	32	-22
Education	32	-20

Hours worked

In February to April 2020:

- People worked, on average, 29.1 hours per week (down 2.3 hours on the previous month)
- People working full-time worked, on average, 33.9 hours per week in their main job
- People working part-time worked, on average, 14.4 hours per week in their main job

Public sector

In March, there were an estimated 5.465 million people employed in the public sector. Between December 2018 and December 2019, public sector employment rose by 89,000.

Industrial disputes

In January 2020:

- There were 18,000 days lost from 7 stoppages and 7,000 people took strike action

For the 12 months ending January 2020:

- 242,000 working days were lost

Workforce jobs

In March 2020, there were 35.82 million workforce jobs – 290,000 more than for a year earlier

Growth in job numbers – March 2019 to March 2020

Job type	Changes over year (000s)
Total services	360
Real estate activities	78
Accommodation & food service activities	76
Professional scientific & technical activities	76
Human health & social work activities	67
Information & communication	55
Public admin & defence; compulsory social security	29
Electricity, gas, steam & air conditioning supply	11
Education	9
Transport & storage	8
Other service activities	7
Mining & quarrying	4
Financial & insurance activities	4
Arts, entertainment & recreation	4
Administrative & support service activities	-2
Private households	-4
Water supply, sewerage, waste & remediation activities	-7
Manufacturing	-9
Agriculture, forestry & fishing	-10
Wholesale & retail trade; repair of motor vehicles and motorcycles	-48
Construction	-61

Public sector pay

The Government claims that public sector workers are paid more than private sector workers.

However, the Treasury's own analysis found that, after seven years of pay freezes and caps, public sector pay was 0.6 per cent lower than in comparable private sector jobs.

According to the ONS's latest estimates, public sector pay was **5.7% lower** than comparable private sector rates in 2017 once workforce characteristics and organisation size were taken into account. This estimate includes a comparison of regular earnings and additional payments (such as bonuses) and does not include employer pension contributions.

More information regarding public sector pay can be found on GMB's [Pay Pinch campaign website](#).

Information on the 2018/19 to 2019/20 local government pay award can be found [here](#). The Staff Side NJC 2020/21 pay claim can be found [here](#). GMB also submitted [evidence](#) to the NHS Pay Review Body.

Official estimates of the public/private pay differential (percentage)

	Treasury	ONS – not adjusted for organisation size	ONS - adjusted for organisation size	ONS – comparison of regular wages and bonus + incentive payments *new series*
2008	0.6	0.1	-4.0	
2009	3.5	2.4	-2.0	
2010	5.8	4.3	-0.4	
2011	3.9	3.8	-0.7	1.7
2012	3.2	3.1	-1.0	2.0
2013	2.7	2.3	-2.1	0.3
2014	0.5	0.4	-3.8	-1.5
2015	0.9	1.0	-3.4	-0.8
2016	-0.6	-1.0	-5.5	-2.4
2017				-5.7

Treasury [Freedom of Information Act response to GMB](#), 18 October 2017 ; ONS, [Analysis of factors affecting earnings using Annual Survey of Hours and Earnings: 2016](#) (Figure 7), 26 October 2016; ONS, [Public versus private sector earnings in the UK: 2011 to 2017](#) (model B), 07 October 2019.

Annual Survey of Hours and Earnings (ASHE) results 2019

The Annual Survey of Hours and Earnings (ASHE) is an official publication that is based on a one per cent sample of HMRC records.

Although ASHE is not updated as regularly as other ONS publications, it is considered to be the most reliable official report on hours and earnings.

Detailed wage information can be drawn from ASHE on the basis of factors such as industry, occupation, gender and region.

Headline results

The key ASHE findings on gross earnings for adult full-time employees in April 2019 are:

- In April 2019, average weekly earnings for full-time employees in the UK were £585, up 2.9% compared to 2018.
- In real terms (after adjusting for inflation), median full-time employee earnings increased by 0.9% in the year to April 2019. However, median weekly earnings in real terms are still 2.9% lower (£18 lower) than the peak in 2008 of £603 in 2019 prices.
- Between April 2018 and April 2019, 35.7% of full-time employees experienced a real-term pay decrease or pay freeze, a reduction from 43.3% in 2018.
- The gender pay gap among full-time employees was 8.9% in April 2019, little changed from 2018, and a decline of only 0.6 percentage points since 2012.
- The highest earning full-time employee jobs were paid almost five times as much per hour (excluding overtime) as the lowest paid, although this has narrowed in the past five years.

For further information see [ONS: Employee earnings in the UK: 2019](#), [Gender pay gap in the UK: 2019](#), and [Low and high pay in the UK: 2019](#).

Regional wages

In April 2019 average weekly earnings were highest in London, the South East, the East of England, and Scotland – and lowest in the North East, Northern Ireland, Wales, and the East Midlands.

Wage growth was strongest in Wales, the North East, and the East of England – and lowest in Scotland, the West Midlands, and Northern Ireland.

Median full-time gross weekly earnings and percentage change from previous year, by region, UK, April 2019

	Median full-time gross weekly earnings (£)	Change from 2018 (%)
UK	584.9	2.9
London	736.5	3.3
South East	613.5	4.1
East	581	4.2
Scotland	576.7	2.4
West Midlands	552.5	3
South West	551.4	3.8
North West	549.8	3.7
Yorkshire and the Humber	538.1	3.4
East Midlands	535.1	3.8
Wales	535	5.1
Northern Ireland	534.6	3.3
North East	533	5.1

Gender pay gap

In April 2019, the gender pay gap (for median earnings) for full-time employees increased slightly to 8.9%. The ONS states that this increase is not statistically significant - although the gender pay gap has changed relatively little in recent years and has fallen by just 0.6% since 2012.

Gender pay gap for median gross hourly earnings (excluding overtime), UK, April 2011 to 2019 (percentage)

Year (April)	All	Full-time
2011	20.2	10.5
2012	19.6	9.5
2013	19.8	10
2014	19.2	9.6
2015	19.3	9.6
2016	18.2	9.4
2017	18.4	9.1
2018	17.9	8.6
2019	17.3	8.9

Note – Since April 2018 all large employers (those employing 250 or more) are [required to publish their internal gender pay gaps](#). Employer results can be found [here](#). ACAS has [published guidance on employers' pay gap reporting duties](#). Reporting enforcement was [suspended in March 2020](#).

Earnings by occupation

In April 2019 the highest paid occupational group was 'managers, director and senior officials'. The lowest paid group was 'caring, leisure and other service occupations.'

Real pay growth was strongest for ‘caring, leisure and other service occupations’ (at 2.9%). Average pay shrank by 1.2% in real terms in associate professional and technical occupations. These figures include factors such as overtime.

Median full-time gross weekly earnings and real-terms percentage change from previous year, by major occupation group, UK, April 2019

Occupation	Median 2019 (£)	Annual percentage change (%)
Managers, directors and senior officials	862.4	1.4
Professional occupations	768.4	1.2
Associate professional and technical occupations	623.9	-1.2
Skilled trades occupations	541.4	1.3
Process, plant and machine operatives	504	0.9
Administrative and secretarial occupations	458.2	0.9
Elementary occupations	395.6	0.8
Sales and customer service occupations	394.8	1
Caring, leisure and other service occupations	392.1	2.9

Source: Annual Survey of Hours and Earnings (ASHE) - Office for National Statistics

Average hours worked

The average number of total hours worked per week for full-time employees has been fairly stable since 2011 (and fell by only 2.3% in the 14 years prior to that), paid overtime hours worked have decreased more markedly. Mean paid overtime hours have fallen from 2.2 hours per week in 1997 to 0.9 hours in 2019.

In 2019, the industry in which paid overtime is worked by the highest proportion of employees was the transport and storage industry (37.8%), while for occupation it was process, plant and machine operatives (42.7%).

Latest from the Labour Research Department

The LRD Payline service contains information from over 2,000 agreements, including over 300 GMB agreements. If your agreement is not amongst them then please send details of the settlement to pay@lrd.org.uk so we can improve the service to GMB members.

To access the service go to www.lrd.org.uk/payline (contact laurence.turner@gmb.org.uk for login details).

GMB bargaining support

The GMB wages and inflation report is produced by industrial Sections’ research and policy officers. For further information, or if you want to know more about accessing company accounts and how to interpret them ahead of pay talks, please contact laurence.turner@gmb.org.uk or anna.barnes@gmb.org.uk.

Appendix – Consumer price indexes explained

CPI

The CPI is the UK's main domestic measure of consumer price inflation and is an internationally comparable measure. It forms the basis for the Government's target for inflation that the Bank of England's Monetary Policy Committee (MPC) is required to achieve. The official CPI series starts in 1996, but estimates for earlier periods are available back to 1988. The CPI excludes certain housing costs, such as owner-occupied housing and council tax.

CPIH

A new measure of inflation called CPIH was first published by the ONS on 19 March 2013, initially on an experimental basis. CPIH is the same as CPI except that it includes owner-occupier housing costs, an important omission from the CPI as these costs account for around 10% of total UK household expenditure. They are calculated using a "rental equivalence" approach, using the rent paid for an equivalent house in the private sector as a proxy for the costs faced by an owner-occupier.

RPI

The all-items RPI is the oldest measure of UK inflation still in use, with data going back to 1947. Unlike the CPI, the RPI includes housing costs, such as mortgage interest payments, buildings insurance and council tax. Spending by pensioner households is not included in the sample used nor is that of the top 4% of households by income. While it is used for a wide variety of purposes, the ONS has recently declared that the RPI does not meet international statistical standards because of a formula used in its calculation, called the Carli formula. Its status as a national statistic was removed on 14 March 2013, but the ONS has stated that it will continue to publish it in an annex to the official figures because of its uses in long-term indexation, such as for index-linked gilts and bonds.

HCIs

The ONS is currently developing a series of new inflation measurements – the **Household Costs Indices (HCIs)**. These will measure inflation as it is experienced by different households when they are differentiated on the basis of income or retirement status. The HCIs are still at an experimental stage and GMB is monitoring the ONS's progress and the potential impact of this new measure of inflation on our members.

Appendix – Employers’ duty to disclose information

Where GMB is recognised, employers have a legal duty to provide information where it would be in ‘accordance with good industrial relations practice to disclose’ (quotes are from the ACAS Code of Practice). This section is intended only as an initial guide and not as a substitute for the Code.

The information requested may relate to any aspect of collective bargaining and requests for information may be made outside of pay negotiation periods.

Information can be requested both of the central company ‘or [that] in the possession of any associate employer.’ The duty to disclose covers both public sector and private sector employers.

It is helpful if information obtained through this process is shared with GMB National Office.

Types of information that can be requested

ACAS provides examples of the types of information that can be reasonably requested from employers. The below list is not exhaustive, and it is not intended to act as a checklist, but it does provide examples of the kinds of information that can be obtained from employers.

Pay and benefits	Notes
Principles and structure of payment systems	
Job evaluation systems and grading criteria	
Earnings and hours analysed according to: work-group, grade, plant, sex, out-workers and homeworkers, department or division, giving, where appropriate, distributions and make-up of pay showing any additions to basic rate or salary	
Total pay bill	
Details of fringe benefits and non-wage labour costs	
Conditions of service	
Policies on recruitment, redeployment, redundancy, training, equal opportunity, and promotion	
Appraisal systems	
Health, welfare and safety matters	
Manpower	
Numbers employed according to grade, department, location, age and sex	
Labour turnover	
Absenteeism	
Overtime and short-time	
Manning standards	
Planned changes in work methods, materials, equipment or organisation	

Available manpower plans	
Investment plans	
Performance	
Productivity and efficiency data	
Savings from increased productivity and output, return on capital invested	
Sales and state of order book	
Financial	
Cost structures	
Gross and net profits	
Sources of earnings	
Assets and liabilities	
Allocation of profits	
Details of government financial assistance	
Transfer prices	
Loans to parent or subsidiary companies and interest charged	

Failure to comply

Action can be taken against employers that fail to disclose information through the Central Arbitration Committee (CAC). The CAC may ask ACAS to provide conciliation services. Should conciliation not succeed, the CAC can require the employer to disclose the requested information.

Duties on trade unions

Trade unions should not ask for information that is readily available (such as in company accounts). The employer may ask for requests in writing (and it is best practice to do so). Trade unions and employers should endeavour to reach an understanding on how any disclosed information is used.

It may be helpful to arrange for representatives to arrange an early meeting with the company's HR staff at the start of the process to understand what relevant information is collected and agree any potentially contentious issues.

Exemptions

Employers are not required to disclose information that would endanger national security, contravene data protection legislation or would cause 'substantial injury' to the company.

Notes

Further information can be found in the ACAS Code of Practice [Disclosure of information to trade unions for collective bargaining purposes](#). The original legislation can be accessed under clauses 181 to 185 of the Trade Union and Labour Relations (Consolidation) Act 1992 - [disclosure of information for purposes of collective bargaining](#).

The Act was later amended to cover the disclosure of 'information relating to use of agency workers in that undertaking.'

Appendix – Using long-term inflation forecasts

To estimate inflation over future years, the OBR’s projections should be index-linked to account for cumulative effects (adding projected inflation rates together will not produce correct results).

Reference tables for estimated inflation from 2019 and 2020 are below. To give an example, these tables show that the OBR estimates that RPI will increase by 14.7 per cent between 2019 and 2024.

Indexed reference table

Where 2019 = 100

	RPI	CPI
2019	100	100
2020	102.2	101.4
2021	105.0	103.2
2022	108.2	105.4
2023	111.5	107.6
2024	114.7	109.8

Indexed reference table

Where 2020 = 100

	RPI	CPI
2020	100	100
2021	102.7	101.8
2022	105.9	103.9
2023	109.1	106.1
2024	112.2	108.2

Source – GMB calculations based on OBR projections published in the *Economic and Fiscal Outlook*, March 2020

The figures in the above tables do not take account of the economic impact of the coronavirus outbreak. Alternative reference tables, based on experimental OBR estimates, are given below.

Inflation in the OBR coronavirus reference scenario

Where 2019 = 100

	RPI	CPI
2019	100	100
2020	101.8	101.2
2021	104.7	103.6
2022	108.2	106.1
2023	111.7	108.5
2024	115.0	110.8

Source – GMB calculations based on OBR coronavirus reference scenario projections, April 2020

These tables can be used to calculate changes between years within the series. This can be done by comparing values using an [online percentage calculator](#) or calculated in Excel using the below formula.

To give an example, if we wanted to estimate RPI inflation between 2022 and 2024 (using the pre-coronavirus tables), then we would get a result of 6% following the below calculation:

$$\frac{(114.7 - 108.2)}{108.2} * 100 = 6$$

In Excel, the formula would appear as `=(NewValue-OldValue)/OldValue*100`

Appendix – Key dates

Date	Measure or event
30 March 2020	Gender pay gap reporting deadline for public sector employers (note - enforcement now suspended)
April 2020	Right to parental bereavement leave and pay comes into force
01 April 2020	National Minimum Wage increases
04 April 2020	Gender pay gap reporting deadline for private sector employers (note - enforcement now suspended)
05 April 2020	Statutory rates increase
06 April 2020	Statutory Sick Pay uprated
06 April 2020	Employment tribunal awards limits increase
06 April 2020	Off payroll working to be extended to large and medium sized private sector employers
06 April 2020	Workers entitled to receive a written statement of employment terms (on or before first day of employment), including particulars of employment
06 April 2020	Lowering of threshold for workers' right to request information and consultation arrangements
06 April 2020	Abolition of the Swedish derogation relating to pay for agency workers
End of June 2020	Coronavirus Job Retention Scheme due to end
30 July 2020	Revised Posted Workers Directive to be transposed into UK law
'Autumn' 2020	UK Government Comprehensive Spending Review expected
November 2020	Living Wage Foundation rates published
31 December 2020	Freedom of movement is due to end

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Updated with: ASHE 2018; October Budget Treasury and OBR announcements; 2019/20 National Minimum Wage and Foundation Living Wage rates.
Dec-18
Updated key dates section
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Discontinued RPIX reporting following consultation
Jun-19
Added public sector pay awards tracking
Sep-19
Added new public sector pay differential estimates
Oct-19
Included new public sector pay differentials data series
Dec-19
Updated with 2020/21 National Minimum Wage rates
Feb-20
Added COVID-19 information & guidance on long-term inflation estimates; updated upcoming key dates.
Apr-20
New coronavirus faster economic indicators section & consequential changes