



# BARGAINING UPDATE

## FEBRUARY 2010

### NEWS – ESTIMATES: AVERAGE WEEKLY EARNINGS

The Office of National Statistics has started to publish estimates of Average Weekly Earnings. The AWE will replace the Average Earnings Index (AIE) as the preferred measure of earnings economy. It is believed that that improved methods of collecting information on pay will make the AWE morrowth in the ece reliable than the AIE. AWE is a monthly measure of the average weekly earnings per job in Great Britain and will give users a regular monthly statistic that sets out average pay, both as a measure of growth and as an actual figure in cash terms.

“Average Weekly Regular Pay” refers to pay *excluding* bonus payments. Average Weekly Total pay” refers to pay *including* bonuses.

The AWE earnings in the whole economy, excluding bonuses and arrears, grew by 1.1% in the year to November 2009.

### FIT NOTES

The “fit note” system is to replace the current medical certificate on 6<sup>th</sup> April 2010.

A new medical statement will be used by GPs which will assess a patient’s fitness to work and allow them to indicate if that a person is able to do certain work. The changes will apply in England, Wales and Scotland. The doctor will also be able to suggest changes in the workplace that would assist a return to work. The regulations state that the criteria for the assessment should be the *medical outcome for the individual patient*, not just getting the person back to work.

### INFLATION

In the year to December 2009, RPI inflation was 2.4%, up from 0.3% in November. This is the largest single month rise in RPI since July 1979. The steep rise is largely the result of the announcement of changes to VAT and a drop in the price of oil in December 2008.

CPI annual inflation – the Government’s target measure – was 2.9% in December, up from 1.9 per cent in November. CPI excludes housing costs, which can make up half of peoples’ expenditure, and so should not be used in bargaining.

IRS's panel of expert economic commentators expect RPI to average 2.8% in the first quarter of 2010, and to remain above 2.5% for the rest of the year.

## AVERAGE WEEKLY EARNINGS AND LATEST PAY SETTLEMENTS

In the three months to November 2009, the average total pay across the whole economy (including bonuses) rose by 0.7% on a year earlier. In the three months to November 2009, average regular pay (excluding bonuses) rose by 1.1% on the previous year.

In the private sector, average total pay fell by -0.1% in the three months to November 2009. In the public sector (excluding financial services) average total pay grew by 2.8% in the three months to November 2009 compared with a year earlier.

The IRS measure of pay awards - the midpoint in the range of basic pay deals - stands at 1.2% in the three months to 31 December 2009, down slightly on the revised figure of 1.3% for the previous rolling quarter.

## UNEMPLOYMENT

The number of people claiming Jobseeker's Allowance in December 2009 fell by 15,200 on the month to reach 1.61 million. This is the second consecutive monthly fall in the claimant count and the largest monthly fall since April 2007.

The unemployment rate for September to November 2009 was 7.8 per cent, unchanged on the quarter. The number of unemployed people fell by 7,000 over the quarter to reach 2.46 million.

The number of people in employment fell by 14,000 on the quarter to reach 28.92 million, the number of people in full-time employment fell by 113,000, and the number of people in part-time employment increased by 99,000 to reach a record high of 7.71 million.

	Retail Price Index (Jan 1987=100)	Headline RPI (% increase on year ago)	Consumer Price Index (CPI)	Average Weekly Earnings total pay (including bonuses)	Average Weekly Earnings regular pay (excluding bonuses)
Dec - 09	218.0	2.4	2.9		
Nov - 09	216.6	0.3	1.9	0.7	1.1
Oct - 09	216.0	-0.8	1.5		
Sept - 09	215.3	-1.4	1.1		
Aug - 09	214.4	-1.3	1.6		
July - 09	213.4	-1.4	1.8		
Jun - 09	213.4	-1.6	1.8		
May - 09	212.8	-1.1	2.2		
Apr - 09	211.5	-1.2	2.3		
Mar - 09	211.3	-0.4	2.9		
Feb - 09	211.4	0.0	3.2		
Jan - 09	210.1	0.1	3.0		
Dec - 08	212.9	0.9	3.1		

## SUMMARY – February 2010

The median pay settlement level for the whole economy for the three months the end of December 2009 was 1.2%

In the three months to November 2009, whole-economy average total pay (including bonuses) rose by 0.7% on a year earlier. In the three months to November 2009, whole-economy average regular pay (excluding bonuses) rose by 1.1% on a year earlier.

In the year to December 2009, RPI inflation was 2.4%, up from 0.3% in November. This is the largest single month rise in RPI since July 1979. RPI Inflation for December 2009 was 2.4%, up from 0.3 per cent in November. The steep rise is largely the result of announced changes to VAT and a drop in the price of oil in December 2008.

IRS's panel of expert economic commentators expect RPI to average 2.8% in the first quarter of 2010, and to remain above 2.5% for the rest of the year.

SECTOR/ORGANISATION	INCREASE %	STAFF COVERED	COMMENTS	EFFECTIVE DATE
<b>PUBLIC AND VOLUNTARY SECTOR</b>				
Local Authority Chief Fire Officers NJC	0	150		01/01/2010
Forestry Commission	3.9	3200		01/10/2009
Mencap	1	6900		01/10/2009
<b>PRIVATE SECTOR</b>				
Ford	2	8000		24/11/2009
Thermal Insulation Contracting NJC	6	6000		01/01/2010
Rayovac	3	100		04/01/2010