

Trades Union Congress

Sir Andrew Dilnot CBE
Chair of the UK Statistics Authority
UK Statistics Authority
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date: 12 March 2015
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Dear Andrew,

Re: analysis on earnings of those in continuous employment

I am writing to you to set out the TUC's concerns about recent public discussion on earnings for those in continuous employment, following ONS analysis presented in the December 2014 Annual Survey of Hours and Earnings (ASHE) release and the latest ONS Economic Review (March 2015).

As ONS has helpfully clarified (<http://www.ons.gov.uk/ons/media-centre/statements/note-on-tuc-blog---ons-now-say-that-nominal-pay-growth-is-2-not-4-per-cent-for-those-in-continuous-employment---with-real-pay-stagnating-/index.html>) that the initial analysis represents the growth in the median level of weekly earnings, while the more recent publication reflects the median growth rate of hourly earnings. As the TUC has show, the rate of growth in the median is not a good indicator of how pay has changed for those in continuous employment (<http://touchstoneblog.org.uk/2014/12/misleading-claims-of-four-per-cent-earnings-growth/>). An accurate understanding of this trend requires analysis to be undertaken of the distribution of median growth rates (which ONS has now usefully published in their March 2015 Economic Review).

However, we are concerned that the December 2014 ASHE analysis has been subject to widespread misreporting, not least by the Treasury in the most recent Autumn Statement when they used the December 2014 analysis as the basis of their claim that 'those in continuous employment for the past year saw wage growth of 4.1%'. The Statement went on to claim that 'Chart 1.5 shows overall wage growth for full-time employees and that for those in continuous employment wage growth has exceeded CPI for the last 3 years.' (Autumn Statement 2014, page 15). The Prime Minister has also publicly stated that 'There's also been a 4.1 per cent pay rise for people who've been in work for more than a year. Our long term plan is working for Britain' (<http://www.dailymail.co.uk/news/article-2840753/Britain-gets-1-pay-rise-Weekly-earnings-just-0-1-unless-work-year.html>).

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Given the prominence of the living standards debate in the political arena, we think it imperative that the UKSA now issues a full explanation of the 4.1 per cent figure, along with the new ONS 2.3 per cent figure, and ensures that the Treasury corrects their interpretation of the underlying trends accordingly. The median growth in wages for those in full-time employment has been nowhere near as strong as the Treasury has reported and it is now clear that the claims that the Treasury have previously made on the subject are simply wrong.

I would be most grateful if you could pursue these concerns as quickly as possible.

Yours Sincerely

A handwritten signature in black ink that reads "Frances O'Grady". The signature is written in a cursive style with a horizontal line under the name.

Frances O'Grady
General Secretary