



Policy Briefing

25 January 2022

What's happened to workers on the National Minimum Wage and the Real Living Wage with the rise in inflation?

Many workers in the rail industry, such as cleaners, are paid either at the legal minimum wage, the National Minimum Wage, or the Real Living Wage, set by the Living Wage Foundation. This includes cleaners employed by Churchill who are balloting for strike action in pursuit of decent pay on Thameslink, Southern and Great Northern, Southeastern, Eurostar and HS1, and those employed by Atalian Servest currently taking strike action on Avanti West Coast services.

January's inflation figures showed that RPI inflation had reached 7.5% for the year to December 2021.

RMT analysed the impact of this soaring inflation on the wages of these workers. The National Minimum Wage (NMW) was set at £8.72 an hour up to the end of March 2021 whereon it was uprated to £8.91 an hour, outside of London. The Real Living Wage (RLW) is uprated in November each year. Between December 2020 and November 2021, the RLW was set at £9.50 an hour and then uprated to £9.90 per hour.

Assuming that these workers got this uprating at the time, as the graphs and tables below show, workers on the NMW and RLW are cleaners are much worse off now than they were at the beginning of the year.

A worker on the National Minimum Wage working the average working week of 35.8 hours over 52 weeks would earn £16,568 a year. But over the year the earning power of that money has decreased sharply so that they would need to be earning £17,839 a year now to be able to afford the same living standards as a year ago, a difference of £1,252 a year or £104 every month. Over the course of one year, a worker on the National Minimum Wage lost a cumulative figure of £538 in real terms, with the worst months obviously being toward the end of the year.

A worker on the Real Living Wage working the average working week of 35.8 hours over 52 weeks would have earned a salary of £17,734 for most of the year, rising to £18,481 for the last two months of the year. But to keep track of the cost of living and maintain their spending power, they would have to be earning £19,876, a difference of £1,395 or £116 per month. Over the course of one year, a worker on the Real Living Wage lost a

cumulative figure of £435 in real terms. Again, the worst months were at the end of the year as inflation spiked.

Graphs and Tables

Figure 1: NMW salaries and salaries uprated for inflation

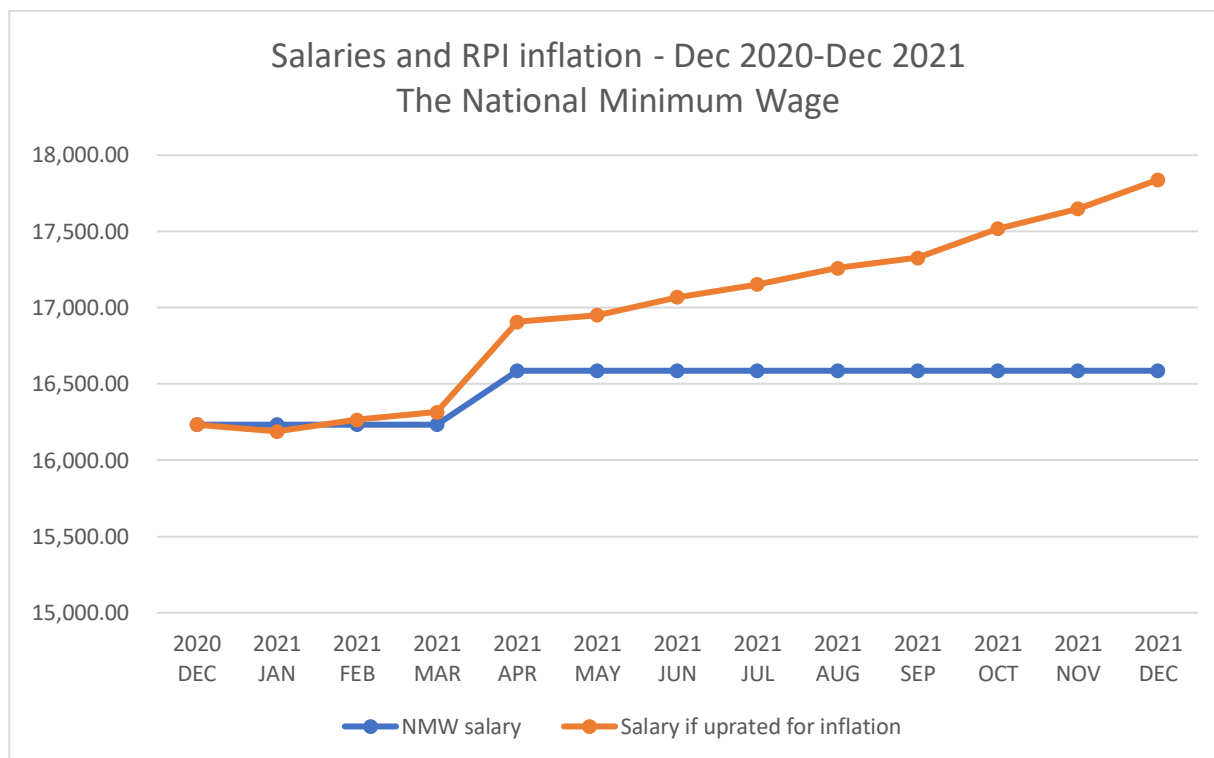


Table 1: Salary levels on the National Minimum Wage

	RPI inflation	RPI Index change	NMW (£)	NMW salary (£)
2020 DEC	295.4	100.0	8.72	16,233.15
2021 JAN	294.6	99.7	8.72	16,233.15
2021 FEB	296.0	100.2	8.72	16,233.15
2021 MAR	296.9	100.5	8.72	16,233.15
2021 APR	301.1	101.9	8.91	16,586.86
2021 MAY	301.9	102.2	8.91	16,586.86
2021 JUN	304.0	102.9	8.91	16,586.86
2021 JUL	305.5	103.4	8.91	16,586.86
2021 AUG	307.4	104.1	8.91	16,586.86
2021 SEP	308.6	104.5	8.91	16,586.86
2021 OCT	312.0	105.6	8.91	16,586.86
2021 NOV	314.3	106.4	8.91	16,586.86
2021 DEC	317.7	107.5	8.91	16,586.86

Table 2: Effect of inflation on NMW salary and monthly earnings

	NMW salary (£)	If uprated for inflation	Loss of value	Monthly earnings	If uprated for inflation	Monthly loss of value
2020 DEC	16,233.15			1,352.76		
2021 JAN	16,233.15	16,189.19	-43.96	1,352.76	1,349.10	-3.66
2021 FEB	16,233.15	16,266.12	32.97	1,352.76	1,355.51	2.75
2021 MAR	16,233.15	16,315.58	82.43	1,352.76	1,359.63	6.87
2021 APR	16,586.86	16,906.91	320.06	1,382.24	1,408.91	26.67
2021 MAY	16,586.86	16,951.83	364.98	1,382.24	1,412.65	30.41
2021 JUN	16,586.86	17,069.75	482.89	1,382.24	1,422.48	40.24
2021 JUL	16,586.86	17,153.98	567.12	1,382.24	1,429.50	47.26
2021 AUG	16,586.86	17,260.66	673.81	1,382.24	1,438.39	56.15
2021 SEP	16,586.86	17,328.04	741.19	1,382.24	1,444.00	61.77
2021 OCT	16,586.86	17,518.95	932.10	1,382.24	1,459.91	77.67
2021 NOV	16,586.86	17,648.10	1,061.24	1,382.24	1,470.68	88.44
2021 DEC	16,586.86	17,839.01	1,252.16	1,382.24	1,486.58	104.35

Figure 2: RLW salaries and salaries uprated for inflation – trends over the year

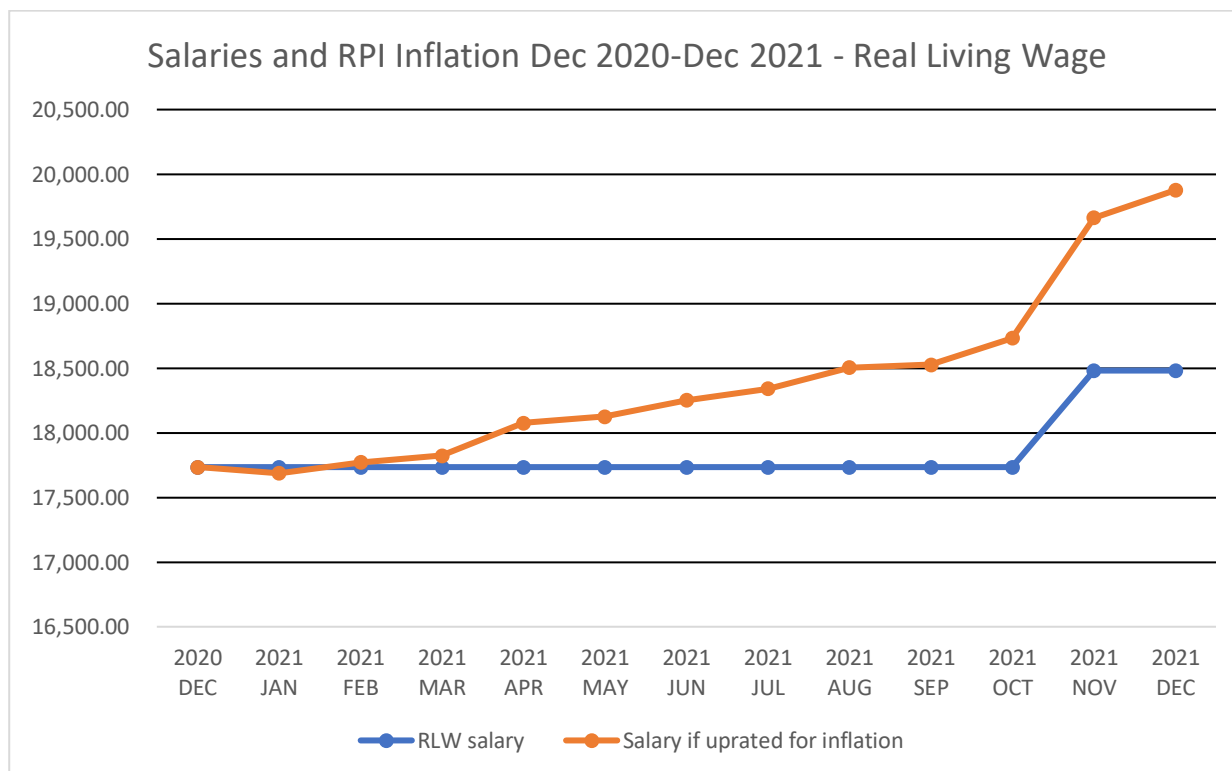


Table 3: Salaries on the Real Living Wage

	RPI inflation	RPI Index change	RLW	RLW salary (£)
2020 DEC	295.4	100.0	9.50	17,734.60
2021 JAN	294.6	99.7	9.50	17,734.60
2021 FEB	296.0	100.2	9.50	17,734.60
2021 MAR	296.9	100.5	9.50	17,734.60
2021 APR	301.1	101.9	9.50	17,734.60
2021 MAY	301.9	102.2	9.50	17,734.60
2021 JUN	304.0	102.9	9.50	17,734.60
2021 JUL	305.5	103.4	9.50	17,734.60
2021 AUG	307.4	104.1	9.50	17,734.60
2021 SEP	308.6	104.5	9.50	17,734.60
2021 OCT	312.0	105.6	9.50	17,734.60
2021 NOV	314.3	106.4	9.90	18,481.32
2021 DEC	317.7	107.5	9.90	18,481.32

Table 4: Effect of inflation on RLW salaries and monthly earnings

	RLW salary (£)	If uprated for inflation	Loss of value	Monthly earnings	If uprated for inflation	Monthly loss of value
2020 DEC	17,734.60			1,477.88		
2021 JAN	17,734.60	17,686.57	-48.03	1,477.88	1,473.88	- 4.00
2021 FEB	17,734.60	17,770.62	36.02	1,477.88	1,480.89	3.00
2021 MAR	17,734.60	17,824.65	90.05	1,477.88	1,485.39	7.50
2021 APR	17,734.60	18,076.80	342.20	1,477.88	1,506.40	28.52
2021 MAY	17,734.60	18,124.83	390.23	1,477.88	1,510.40	32.52
2021 JUN	17,734.60	18,250.91	516.31	1,477.88	1,520.91	43.03
2021 JUL	17,734.60	18,340.96	606.36	1,477.88	1,528.41	50.53
2021 AUG	17,734.60	18,505.15	770.55	1,477.88	1,537.92	60.04
2021 SEP	17,734.60	18,527.07	792.47	1,477.88	1,543.92	66.04
2021 OCT	17,734.60	18,731.20	996.60	1,477.88	1,560.93	83.05
2021 NOV	18,481.32	19,663.77	1,182.45	1,540.11	1,488.78	51.33
2021 DEC	18,481.32	19,876.49	1,395.17	1,540.11	1,656.37	116.26