

The ONS on Friday morning, 27th October 2017 released the provisional data set for ASHE 6145 & 6146 (6115 equivalent). This is the second year in a row that the data has been made available before mid-November. This will certainly help with the recalculation process for all Periodical Payments due to be paid on or before 15th December 2017.

The noticeable headline for 2017 is the fact that from the 70th percentile the % increase in median wages has not been as high as the rate of inflation measured by both RPI and CPI. Having spoken to the ONS I have confirmed that that the 12 month increase for these measures of inflation are 3.9% and 3.0% respectively.

Interestingly and noteworthy is that the CPIH measure of inflation over the same period is 2.8%, that being the same data for CPI but with the inclusion of owner occupiers housing costs.

The table below shows the relevant percentiles and their respective hourly rates coupled with a percentage increase annually.

Tab 1.

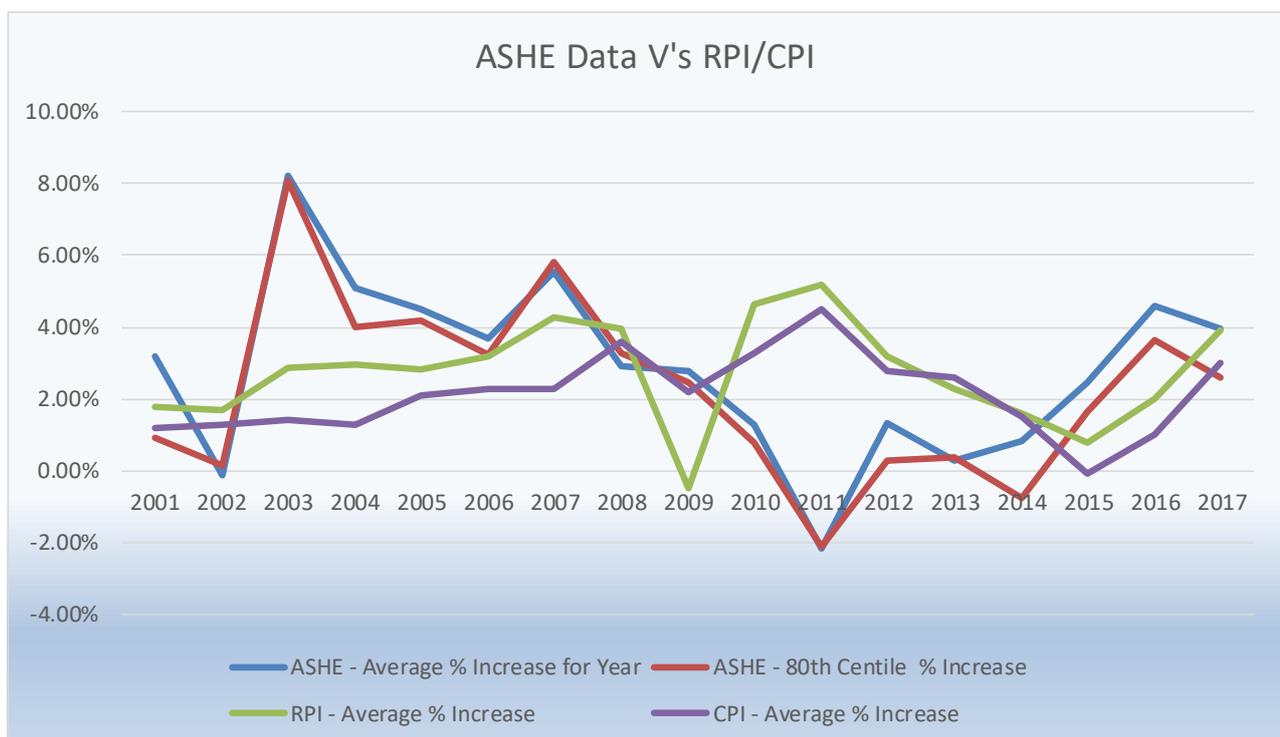
Year Released	% Increase	10th	20th	25th	30th	40th	60th	70th	75th	80th	90th
2015		£6.64	£6.98	£7.11	£7.30	£7.72	£8.73	£9.45	£9.88	£10.38	£12.21
	% increase 14/15	3.59%	3.56%	2.45%	2.53%	2.52%	2.11%	2.38%	1.65%	1.67%	2.18%
2016		£7.20	£7.36	£7.50	£7.70	£8.08	£9.02	£9.77	£10.20	£10.76	£12.55
	% increase 15/16	8.43%	5.44%	5.49%	5.48%	4.66%	3.32%	3.39%	3.24%	3.66%	2.78%
2017		£7.50	£7.76	£7.93	£8.07	£8.42	£9.36	£10.05	£10.50	£11.04	£12.91
	% increase 16/17	4.17%	5.43%	5.73%	4.81%	4.21%	3.77%	2.87%	2.94%	2.60%	2.87%
	Average increase from 2000 - 2016	3.79%	3.36%	3.35%	3.03%	2.96%	2.47%	2.30%	2.20%	2.27%	2.67%

Whilst it is clear that the increase in the lower percentiles has again skewed the average increase across the 2017 provisional results the publication reveals an average increase of 3.94% for all datasets.

Please note however that the publication of the data from ONS for ASHE are based on 'median' and not 'mean' values. The significance of this is that the distribution of the of earnings are indeed skewed with more people earning lower salaries than higher. The issue with using the 'mean' approach when calculating the average of a skewed data set is that the results are highly influenced by those values at the upper end of the distribution. It has long been the approach of the ONS to use the median to identify the middle value of the data and is considered as a better indicator of 'typical' average earnings.

The table below shows the % change in ASHE data v's inflationary measures over the last 16 years.

Tab 2.



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ASHE Provisional Data release

In April 2017 median gross weekly earnings for full-time employees were £550, up 2.2% from £539 in 2016. Historically, between 1997 (the first year for which Annual Survey of Hours and Earnings (ASHE) data are available) and 2008, growth was fairly steady, averaging approximately 4% each year. However, since the start of the economic downturn, growth has been slower, with the annual increase averaging 1.6% per year between 2009 and 2017. The 2.2% growth seen this year is the joint highest growth in earnings since the economic downturn (matching that seen in 2013 and 2016).

For any further information on the latest release from the ONS and to discuss how this might affect your clients and their respective periodical payments (PPO's) then please feel free to contact our offices.

For specific assistance with the recalculation of your clients periodical payments in light of the release of the data from ONS please contact mark.holt@frenkeltopping.co.uk

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