

United Kingdom: Industrial relations profile

Facts and figures

Area: 244,820 square kilometres

Population: 62,262,000 (ONS, 2011)

Language: English

Capital: London

Currency: British Pound (€1 = GBP 0.80 as at 11 May 2012)

Economic background

GDP per capita (2010) (in purchasing power standards, index: EU27=100)	112
Real GDP growth (% change on previous year) (2011)	0.7%
Inflation rate (2011) (annual average rate of change 2010–2011)	4.5%
Average monthly labour costs, in € (2007)	€3,737.9
Average labour productivity (% change on previous year) (2011)	0.2%
Gross annual earnings, in € (2010)	€38,112
Gender pay gap (2010)	19.5%
Employment rate (15–64 years) (2011)	69.5%
Female employment rate (15–64 years) (2011)	64.5%
Unemployment rate (15–64 years) (2011)	8%
Hourly minimum wage (Oct 2011)*	Aged 21 and over: GBP6.08 Aged 18–20: GBP4.98 Aged 16–17: GBP3.68 Apprentices under 19 or 19 or over and in the first year of their apprenticeship: GBP– 2.60

Sources: Eurostat; * [DirectGOV](#)

Industrial relations characteristics, pay and working time

Trade union density (%) (2012)* (Trade union members as a percentage of all employees in dependent employment)	26%
Employer organisation density (%) (Percentage of employees employed by companies that are members of an employer organisation)	30–40% (estimate)
Collective bargaining coverage (%) (2011)	37%

(Percentage of employees covered by collective agreements)	
Number of working days lost through industrial action per 1,000 employees (2011)	47.6 days (Nov 2010 – Nov 2011)
Collectively agreed pay increase (%) (annual average 2010–2011)	1.75%
Actual pay increase (%) (annual average 2010–2011)	1.1% (including bonuses) or 1.6% (regular pay)
Collectively agreed weekly working hours	37.5
Actual weekly working hours	40.5

* Department for Business, Skills and Innovation

Background

The system of industrial relations in the United Kingdom (UK) is traditionally characterised by voluntary relations between the social partners, with a minimal level of interference from the state. In the context of very early industrialisation and a liberal political culture in which the state seldom intervened in the affairs of private actors, trade unions gradually consolidated their membership and power base throughout the 19th century. Various legislative developments also allowed trade unions the right to organise workers and engage in industrial action. In 1868 the UK Trades Union Congress ([TUC](#)), the umbrella body for UK trade unions, was formed. The 1871 Trade Union Act recognised trade unions as legal entities as corporations and granted them the [right to strike](#). Subsequently, the 1875 Conspiracy and Protection of Property Act allowed the right to peaceful picketing, while the 1906 Trade Disputes Act allowed UK trade unions to engage in industrial action without the threat of being sued for damages. In addition to this body of legislation, a minimal level of legal regulation that stipulated basic [health and safety](#) conditions in workplaces was also built up during the 19th century.

The economic context throughout this time was also favourable to the development of trade unionism. Owing to the pace of industrialisation and the existence of substantial colonial markets for UK industry, the 19th century and early 20th century were characterised by extensive economic growth. This economic climate facilitated the development of a system in which some of the fruits of economic development could be designated for collectively bargained wage increases. In terms of the role of the law, [collective bargaining](#) was far more important than the influence of legal regulation. For employers and trade unions, the role of statute law was to support and extend collective bargaining rather than to comprehensively regulate the system. Notably, the law provided trade unions with a series of ‘immunities’ from UK common law. These immunities covered the right of trade unions to engage in industrial action with employers, which would otherwise have been unlawful under UK common law.

The membership of UK trade unions grew markedly in the post-war years. The era also represented the golden age of British ‘pluralism’, where the role of trade unions in securing industrial peace and efficiency was emphasised. In the private and public sectors, sectoral level [collective agreements](#) that covered whole industries were also typically reached. By the late 1960s, however, concerns emerged about the efficacy of a system in which shop floor industrial unrest appeared to be rising. This led to the Donovan Commission, a government commission that attempted to investigate the causes of workplace disputes. Industrial conflict grew markedly in the 1970s, partly as a result of the economic crisis that affected western countries after the 1973 ‘oil shock’. The era was characterised by trade union militancy and high levels of industrial

action, and attempts by successive left-wing and right-wing governments to regulate the system largely met with failure. The period culminated in the 1978–1979 ‘winter of discontent’, where public sector trade unions engaged in regular and lengthy industrial action over the incumbent Labour government’s policy of public sector pay restraint.

A conservative government, led by the then Prime Minister Margaret Thatcher, was elected in 1979 on an anti-trade union, neo-liberal platform. Successive governments of this political stripe pursued a legislative programme that placed legal restrictions on trade unions’ ability to engage in industrial action, and that privatised many areas of the public sector, while managing the public sector in an anti-union fashion. During this period, trade union membership also declined markedly, and the majority of sectoral collective agreements in the private sector were dismantled as companies abandoned them. A ‘New Labour’ government, led by Prime Minister Tony Blair, was elected in 1997, offering a moderately conciliatory approach to the trade unions. The cornerstone of the Blair government’s approach to employment relations was the use of legal individual employment rights to protect workers. Most notably, a national minimum wage was introduced. Many of these legal rights emanated from the level of European Union, and the post-1997 period saw a marked increase in the influence of legal regulation in the [employment relationship](#). Nonetheless, trade union membership continued to decline, and in 2011 trade union density stood at 26%. As of 2012, the UK system of industrial relations would appear to exhibit a mixture of characteristics. While the old tradition of the state not intervening in relations between the social partners is still manifest in the non-legally binding nature of collective agreements and in the fact that trade unions and employer organisations have little statutory involvement in public policy and little recourse to bipartite or tripartite forums at the national level, legally established employment rights would now appear to be a permanent feature of the UK system.

The global 2008 economic crisis particularly affected the UK. Unemployment rates have increased markedly and youth unemployment has reached its highest levels since the 1980s ([UK1101019Q](#)). Several financial institutions were rescued by the UK government. The effect of the crisis on the development of the UK system of industrial relations is unclear. Trade unions have responded to the crisis by calling for greater government intervention to support employment levels. At the same time, collective agreements have been concluded by the UK social partners at company level with the aim of reducing [working time](#) in order to preserve employment levels ([UK0811029I](#)).

The formation of a Conservative-Liberal Democrat coalition government in May 2010 presents a potential engine of change in the UKs industrial relations system. Although the precise nature of change is still to be seen, the coalition’s plans for reducing the national deficit has resulted in substantial public sector job losses and speculation over the impact of further cuts.

Throughout 2011, the government has phased out the statutory default retirement age ([UK1102039I](#)) and has increased the age at which citizens qualify for state pension provision to 66 years. The two governing parties traditionally have different policy views on the regulation of industrial relations, the Conservatives’ Euro-scepticism and the Liberal Democrat’s pro-European stance adds to the uncertainty for UK industrial relations ([UK1005019I](#)).

Main actors

Trade unions

Trade union density has fallen markedly in the UK from a peak of 56.3% in 1980. Despite occasional small rises in membership since 1997, statistics over the past decade would suggest that union density has reached one of its lowest levels at around 26%. A large difference in trade union density rates is evident between the private and public sectors. As of 2011, trade union density in the private sector was 14.1% and stood at 56.5% in the public sector (BIS, 2012).

Trade unions in the UK are organised both horizontally and vertically, with some organising particular occupations, such as teachers; others organise in particular industries, while a few operate in particular companies. A number, however, are ‘general’ unions, organising across a range of sectors and occupations. The sole trade union confederation in the UK is the [TUC](#). There are 6,135,126 members in TUC affiliated unions, down from a peak of 12,172,508 members in 1980. However, the TUC does not conclude or have the power to conclude collective agreements at any level. In response to declining membership figures, UK trade unions have engaged in many mergers in recent decades. In 2012, there were 58 trade unions affiliated to the TUC in the UK. In 2010 there were 180 trade union organisations compared with 226 in 2000 and 306 in 1990. In 2007, the UK trade unions [Amicus](#) and the [Transport and General Workers’ Union \(TGWU\)](#) merged to form [Unite the Union \(Unite\)](#). This is the UK’s largest union, with a membership of about 1,500,000 workers. The largest public sector trade union is [Unison](#), which has a membership of 1,375,000 persons and organises workers in all areas of the public sector.

Employers’ organisations

The TUC is paralleled on the employers’ side by the Confederation of British Industry ([CBI](#)). Like the TUC, the CBI has no mandate to collectively bargain and bind its affiliates. In general, the CBI represents companies in the private sector and is regarded by the government as its main interlocutor with business. Its membership comprises individual companies as direct members and many more via trade associations (around 150); the CBI claims to represent around 240,000 businesses in the UK. Other employers’ organisations operating in the UK include the British Chambers of Commerce ([BCC](#)), the Federation of Small Businesses ([FSB](#)) and the Forum of Private Business ([FPB](#)). These organisations provide smaller businesses with a link to national and regional government and provide business advice and support. Owing to the largely decentralised nature of employment relations in the UK, the role of employer organisations in the country’s industrial relations is not particularly prominent. Their role in collective bargaining declined notably during the 1980s, when many existing national sectoral level agreements ceased to function and companies began to negotiate with trade unions at lower levels. Some organisations disbanded, while others have stopped trying to regulate employment conditions. Current employer organisations that do engage in social and employment affairs include the Engineering Employers’ Federation ([EEF](#)) and the Local Government Association ([LGA](#)). Employer organisation density in the UK is estimated at around 30–40%.

Industrial relations characteristics

Collective bargaining

Levels of collective bargaining

	National level (Intersectoral)	Sectoral level	Company level
Principle or dominant level			X
Important but not dominant level		X	
Existing level		X	X

In the UK, the dominant level for the setting of pay and working time is the company or plant level in the private sector. In areas of the public sector – and in a small section of the private sector – sectoral level agreements are concluded. There are no national intersectoral agreements in the UK, nor is there any tradition of this, aside from a very brief period in the 1970s. In 2011,

the coverage rate of collective agreements in the UK was 31.2%. There is a large discrepancy between figures for the public and private sectors, with collective bargaining covering 67.8% of public sector employees in 2012, compared with 16.9% for the private sector (Department for Business, Innovation and Skills, 2012).

The provision of opt-outs in collective agreements does not apply in the UK system of industrial relations.

Compared with other western European countries, the UK is notable for the disorganised nature of its levels of collective bargaining and the lack of legal backing and promotion that collective agreements are subject to. In line with the UK voluntarist tradition, collective agreements are voluntary instruments that are ‘binding in honour only’. However, the terms of collective agreements are normally incorporated into individual contracts of employment that are then legally enforceable. Collective agreements are not subject to extension and so are subsequently never extended by legislation, and there are no voluntary mechanisms for doing so. Moreover, no formal mechanisms exist for the coordination of wage bargaining in the UK. However, in practice, trade unions in different companies and sectors often share information with one another, and agreements in certain companies and sectors often act as informal ‘benchmarks’ for negotiators in other areas.

Collective bargaining in the UK has become far more decentralised since the 1970s and 1980s. In this period, many companies in the private sector left sectoral agreements and, in the public sector, collective bargaining also became more decentralised. According to one study (Visser, 2004), the degree of bargaining centralisation in the UK stands at just 13%.

Other issues in collective agreements

Collective agreements on issues besides pay and working time are not widespread. While vocational education and training is strong in some professional and technical sectors, it has been historically weak in others. Recent attempts have been made to regularise [vocational training](#) through National Vocational Qualifications, and these have been supplemented by further moves to establish [lifelong learning](#) routes – especially through the ‘university for industry’ initiative. However, much of the provision of skills training is decentralised to the newly formed [Sector Skills Councils \(SSC\)](#). Currently, there are [23 SSCs](#) in the UK; all of the councils are employer-led, independent organisations, each covering a specific area of the UK.

Industrial disputes

The latest available official statistics show that in 2011 there were 134 stoppages recorded during which 1.3 million working days were lost. The sharp rise in working days lost and the number of workers involved can be attributed to large scale disputes in mainly the public sector over the effects of austerity measures, particularly cuts in government funding and pensions reform. The number of stoppages remained relatively stable, yet two large strikes by public sector workers in June–July and in November 2011 saw the highest number of working days lost in over 20 years. In July 2011, four trade unions staged one-day strikes over the UK coalition government’s proposed changes to public sector pension schemes. The strikes primarily affected schools and functions performed by the Civil Service ([UK1107019I](#)). On 30 November 2011, 30 unions held a further round of strike action involving 1.2 million workers over changes to public sector pensions.

Number of stoppages and working days lost, 1989–2011

General decline in stoppages over the previous 20+ years in the UK

Year	Working days lost	Workers involved	Stoppages
------	-------------------	------------------	-----------

Year	Working days lost	Workers involved	Stoppages
1989	4,128,000	172,000	701
1994	278,000	107,000	205
1999	242,000	141,000	205
2004	905,000	293,000	130
2009	455,000	209,000	98
2010	563,000	307,000	97
2011	1,380,000	1,515,000	134

Source: ONS 2009, 2010, 2012a

The general decline in the number of stoppages in the UK is likely to be attributable to falling trade union density rates, and to the restrictive trade union legislation of the 1980s and 1990s. The data indicate that while the number of stoppages is low, the number of working days lost and workers involved have not fallen in proportion. The figures for 2010–11 reflect disputes over government austerity measures and pensions reform culminating in two large strikes in the public sector on a scale not seen in the UK for many years. Compared with previous years, stoppages have not increased significantly, whereas working days lost for 2011 increased 60% since 2010 and the numbers of workers involved rose by 80% for the same period.

Although uncommon in the UK, 2011 saw two high-profile cases of attempted union derecognition ([UK1111029I](#)). In August 2011, Plymouth City Council derecognised the public services union Unison after it rejected a new collective agreement. The union gained recognition in September after it accepted a revised agreement. In the private sector, a group of employees at Honda applied to the independent Central Arbitration Committee ([CAC](#)) to ballot workers on whether Unite the union should be derecognised at one of their production plants. The CAC rejected the application on the grounds that it did not believe most workers in the unit would favour an end to the bargaining arrangements.

Conflict resolution and arbitration mechanisms

The Advisory, Conciliation and Arbitration Service ([ACAS](#)) is the main body involved in conciliation and arbitration in the UK. It is an autonomous, tripartite body established by statute and its task is to improve industrial relations. The largest part of ACAS's work is individual conciliation. The amount of individual litigations and employment tribunal cases has increased considerably within the UK in the past decade or so. Arbitration is a relatively small part of its work, mainly because it has no powers to arbitrate without the consent of both sides. Arbitration is neither compulsory nor legally binding.

Tripartite concertation

Owing to the UK voluntarist tradition, policy concertation has been uncommon, and there are currently few formal mechanisms or forums for [tripartite concertation](#) in the country. From 1962, a tripartite National Economic Development Council existed, in which the government and UK social partners discussed economic policy; however, this was abolished in 1992. In the late 1970s, consultation between government, employers and trade unions was also growing in importance. However, the Thatcher government, which was elected in 1979, sought to eradicate any forms of corporatism. Since then, tripartism or corporatism has not been re-introduced on a comprehensive or formal basis. However, the UK social partners are regularly consulted by the

public authorities on the direction of public policy in the country on an ad hoc basis; they are also represented in a series of committees of a tripartite nature. For example, the social partners are represented on the Low Pay Commission ([LPC](#)), an independent UK body that issues recommendations for increases in the national minimum wage. The LPC board consists of nine members – three trade union representatives, three employers and three labour market relations experts. At the sectoral level, the UK social partners are involved in the aforementioned SSCs, which seek to improve the skills of workers in the UK.

Workplace representation

Main channels of employee representation

	Works council type (WC)	Trade union (TU)	[Other body] Please specify, if needed
1 Most important body		X	
2 Alternative body	X		

The main channel of employee representation in the UK is via the recognition of trade unions by employers for the purposes of collective bargaining. According to the 2004 Workplace Employment Relations Survey (WERS), 30% of workplaces with 10 or more employees recognised at least one trade union (Kersley et al, 2006). However, the incidence of union recognition was much higher among larger workplaces, with 67% of workplaces with 500 or more employees recognising unions. Moreover, while recognition of unions was widespread in public sector workplaces (90%), it was much lower in private sector workplaces (16%). The extent of union recognition has declined continually from the early 1980s.

Another channel of employee representation in some workplaces is that of joint consultative committees (JCCs) – sometimes known as works councils or employee forums. These are broadly concerned with consultation rather than negotiation. Although in some cases JCCs are an alternative to, or substitute for, union representation, they are also prevalent in workplaces which recognised unions. WERS 2004 found that JCCs were present in 14% of workplaces (39% if workplaces covered by a higher-level JCC are included). Again, JCCs were more common in public sector workplaces and in larger workplaces. The proportion of workplaces with JCCs has been falling since the late 1980s, but between 1998 and 2004 the decline was primarily evident in workplaces with less than 100 employees: among larger workplaces, the incidence of JCCs was broadly stable.

The primary basis for both union recognition and the establishment of JCCs has traditionally been voluntary agreement. However, since 1999 in the case of trade union recognition and 2004 in the case of [information and consultation](#) arrangements, legislation has existed in the UK enabling unions and employees respectively to use statutory procedures to seek the introduction of representation arrangements where not established voluntarily.

Employee rights

Employee rights are enforced in the UK through a variety of mechanisms. Employees have access to employment tribunals that determine whether the rights of employees have been infringed. Trade unions are responsible for the monitoring of collective agreements, and the right of trade unions to engage in strike action is decided by the UK civil courts. Health and safety conditions in workplaces are monitored by the UK Health and Safety Executive ([HSE](#)), while compliance

with the national minimum wage is monitored by the country's [HM Revenue and Customs \(HMRC\)](#) department.

Pay and working time developments

Minimum wage

A national minimum wage has been in place in the UK since 1997. The rate is set by the Low Pay Commission ([LPC](#)), which advises the government on low pay and recommends appropriate rates. There are four tiers of national minimum wage rates: the full adult rate; a 'development' rate for younger adults; a rate for workers aged 16 and 17; and a rate for apprentices. Until 1 October 2010, the full adult rate applied from the age of 22, and the development rate applied to workers aged 18–21. From 1 October 2010, the full adult rate applies to workers aged 21 and over, and the development rate applies to workers aged 18–20.

The current minimum wage in the UK – as set in October 2011 – for adults aged 21 years or older is GBP6.08 (about €7.55 as at 11 May 2012) an hour. The hourly rate for workers aged between 18 and 20 is set at GBP4.98 (€6.20) and for workers aged between 16 and 17 GBP3.68 (€4.57). A rate for apprentices under the age of 19 and those aged 19 and over in the first 12 months of their apprenticeship was introduced in October 2010. This currently stands at GBP2.60 (€3.23) per hour.

Certain categories of workers are exempt from the national minimum wage, which includes au-pairs, share fishermen, members of the clergy, those in the armed forces, prisoners and some people working in family businesses. Moreover, the rate payable under the national minimum wage can, in all cases, be reduced where accommodation is provided to the worker

Pay developments

In April 2011 the median gross annual earnings for full-time employees stood at GBP26,810 (€33,626) (ONS, 2012b). The equivalent figure for April 2010 was GBP25,900 (€32,500). Across all workers in the UK, the full-time average weekly earnings in 2011 were GBP461 (€579) including bonuses (IDS, 2012). In the final quarter of 2011, there was a 3% median increase in pay settlements in the UK.

In the UK, the average gender pay gap has continued to narrow. Figures published for 2010 by Eurostat show a gender pay gap for all employees of 19.5%. National measures published by the Office for National Statistics (ONS, 2012b) based on median full-time earnings show that the gender pay gap fell again to a record level of 9.1% in 2011 from 10.2% in 2010. By contrast, in 1997 the gender pay gap in median earnings for full-timers was around 17% ([UK1101019I](#)). This gap is measured in the UK on the basis of median hourly earnings, excluding **overtime**. However, there is scepticism that the narrowing trend in the gender pay gap can be sustained during the current economic recession, where jobs in sectors with the lowest pay gap are anticipating substantial job losses.

Working time

Based on a study of 319 company and sector agreements, the average collectively agreed working time was 37.5 hours a week in 2011 (Incomes Data Services, 2011). This shows a small rise compared with 2008, which registered an average of 37.3 hours per week (Incomes Data Services, 2008). Although virtually all collective agreements deal with working time, because of the low collective bargaining coverage rate in the UK, few employees have their working time regulated by collective agreement.

Statutory regulation of working time has been a point of much debate, especially at EU level in recent times. The UK has implemented the statutory maximum working week of 48 hours, as set

by the EU 1993 Working Time Directive ([Council Directive 93/104/EC](#)) in a particular and restrictive way. The regulation allows for exemptions of large numbers of managerial and professional staff and permits individuals to opt out of the regulations.

Actual average working time in the UK is higher than the European average at 40.5 hours per week ([TN1106010S](#)); however, this is a decrease from 2007 when actual weekly working hours were 41.4 hours.

Bibliography and links

Department for Business, Skills and Innovation (BIS) (2012), 'Trade Union Membership 2011', Nikki Brownlie. <http://www.bis.gov.uk/assets/biscore/employment-matters/docs/t/12-p77-trade-union-membership-2011.pdf>

Incomes Data Services (IDS) (2008), 'Average earnings', IDS Pay Report, 995, IDS, London

Incomes Data Services (IDS) (2011), 'Review of basic working hours', IDS HR Studies, 950, IDS, London

Incomes Data Services (IDS) (2012), 'Average earnings', IDS Pay Report, 1095, IDS, London

Kersley, B., Alpin, C., Forth, J., Bryson, A., Bewley, H., Dix, G. and Oxenbridge, S. (2006), *Inside the workplace: Findings from the 2004 Workplace Employment Relations Survey*, Routledge, Abingdon.

Office for National Statistics (ONS) (2009), 'Labour disputes in 2008', *Economic and Labour Market Review*, Vol. 3, No. 6, available at

http://www.statistics.gov.uk/elmr/06_09/downloads/ELMR_Jun09.pdf

Office for National Statistics (ONS) (2010), 'Labour disputes in 2009', *Economic and Labour Market Review*, Vol. 4, No. 6, available at

http://www.statistics.gov.uk/elmr/06_10/downloads/ELMR-Jun10.pdf

Office for National Statistics (ONS) (2011), 'Background and methodology: 2010-based national population projections', available at http://www.ons.gov.uk/ons/dcp171776_232313.pdf

Office for National Statistics (ONS) (2012a), 'Labour market statistics: January 2012', Statistical bulletin, available at http://www.ons.gov.uk/ons/dcp171778_250593.pdf

Office for National Statistics (ONS) (2012b), '2011 Annual Survey of Hours and Earnings', available at http://www.ons.gov.uk/ons/dcp171778_256900.pdf

Visser, J. (2004), 'Patterns and variations in European industrial relations', in *Industrial relations in Europe*, Office for the Official Publications of the European Communities, Luxembourg.

Alex Wilson, IRRU, University of Warwick