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Welfare-to-work

The role of the private and voluntary sectors in getting people off benefits and back to work is "here to stay and set to grow", the work and pensions secretary James Purnell has announced, as he took the first step towards creating a multi-billion pound welfare-to-work business in the UK.

Purnell announced a commissioning strategy that will see independent-sector providers, who already run employment zones and parts of the New Deals that help people find work, given longer and larger contracts. By far the biggest part of their payments will depend on keeping people in work for six months rather than the current 13 weeks, with this period extending to 18 months and in time perhaps to three years.

Moves will be made to tie the welfare-to-work programmes into the government's learning and skills agenda, so that people are moved off Jobseeker's Allowance and incapacity benefit not merely into entry-level positions, but to ones where training can lead to better jobs.

Prime contractors will take the financial risk, sub-contracting with voluntary-sector and smaller private providers, and will operate under a code of conduct that requires performance data to be published under a "star rating" system.

No new money will be initially involved, DWP officials conceded. Instead the five existing New Deals for the unemployed will be replaced from next year with a single, more flexible scheme using the new framework. The contracts, expected to be worth about £360 million a year, largely repack existing money, which is currently spent with private and voluntary-sector providers, officials said.

Job losses On the same day as Purnell's announcement, the DWP announced a further 12,000 job cuts along with the closure of an additional 200 offices. With 30,000 jobs already gone and over 600 offices closed in the DWP, the PCS civil service union expressed its deep concern of the impact that further cuts will have on service delivery.

Services to some of the most disadvantaged in society have already suffered as a result of job cuts and office closures, with access to benefits and job seeking help restricted and increasing waiting times for benefits resulting in food parcels being handed out in some parts of the UK.

Accusing the government of pursuing a dogmatic policy of privatisation, PCS warned that the welfare state was in danger of being run in the interests of shareholders rather than the people it was set up to help.

It went on to warn that further job cuts combined with privatisation would amount to a huge blow to

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the morale of staff, who are in a long running dispute over the imposition of a below inflation pay offer, which sees 40% of staff receiving a 0% pay rise this year.

PCS general secretary Mark Serwotka said: "This announcement comes as yet another blow to a workforce who have battled to provide a service in the face of swingeing cuts and below inflation pay increases. These plans for job cuts and privatisation are purely about crude cost cutting and will do nothing to improve service delivery to some of the most disadvantaged in society."

"The government, by planning to privatise large chunks of the welfare system, are effectively turning their back on vulnerable members of the public as well as its own public sector workforce, who have consistently outperformed private companies in delivering the lowest unemployment in a generation."

<http://www.ft.com>
<http://www.dwp.gov.uk/publications/dwp/2008/com-strategy/cs-rep-08.pdf>
<http://www.pcs.org.uk/Templates/Internal.asp?NodeID=917015>

Minimum wage to rise

The adult National Minimum Wage (NMW) rate will rise by 3.8% from £5.52 to £5.73 an hour, after the government accepted the recommendations of the Low Pay Commission (LPC), which advises them on the NMW.

However, the government has once again rejected the commission's recommendation that 21 year olds should be entitled to the NMW adult rate. The commission said in its report that; "Should the government maintain its opposition to this proposal, we would welcome an indication of the exact nature of its opposition and a specification of what would need to change for the government to adopt a positive approach to this recommendation."

The rate for 18-21 year olds will increase from £4.60 to £4.77 – a 3.7% rise, while the 16-17 year old rate will rise from £3.40 to £3.53 – a 3.8% rise.

Nearly one million low paid employees, two thirds of them women, will benefit from the increase.

Paul Myners, chair of the commission, said: "This increase means that the minimum wage will have risen by 59 per cent since it was introduced in April 1999 – almost double the expected growth in prices over the same period. Despite many predictions to the contrary, job numbers in the industries

most affected by the minimum wage have grown and grown significantly over the same period."

TUC general secretary Brendan Barber said: "We welcome this increase in the minimum wage, which will benefit more than a million low paid workers.

"The Low Pay Commission was right to withstand pressure from business warning of economic trouble ahead. The truth is that employers will be able to absorb these sensible increases without too much difficulty.

"The LPC must continue to recommend the highest minimum wage increases that can be sustained as it provides very important protection for low paid workers."

Tony Woodley, joint general secretary of the largest union Unite, said: "While we welcome the Low Pay Commission's efforts to stand firm against siren calls from the CBI for a freeze in the National Minimum Wage, a 3.8% rise is below current RPI inflation and projected pay increases which both stand at 4.1%.

"At a time when inequality is rising up the political agenda and business leaders are awarding themselves record pay rises, the lowest paid workers continue to slip back. This cannot continue."

http://www.lowpay.gov.uk/lowpay/report/pdf/2008_min_wage.pdf
<http://www.gnn.gov.uk/content/detail.asp?NewsAreaID=2&ReleaseID=357883>
<http://www.tuc.org.uk/economy/tuc-14397-f0.cfm>
<http://www.amicustheunion.org/Default.aspx?page=8078>

Mergers and takeovers

Spending abroad by UK companies was up by 152.9% to £25.8 billion in the fourth quarter of 2007 from £10.2 billion the previous quarter. The biggest deal was the £18.5 billion takeover of Canadian aluminium manufacturer Alcan by mining group Rio Tinto. That deal alone accounted for nearly three-quarters (71.7%) of such deals.

Spending on takeovers by foreign companies in the UK was down by 39.9% to £8.2 billion from £15.3 billion in the third quarter of 2007.

Spending on takeovers at home by UK companies was down two-thirds (-65.4%) to £2.7 billion from £7.8 billion the previous quarter.

The 2007 figure for spending on takeovers by foreign companies in the UK was the highest since Office for National Statistics records began in 1969. There were 259 deals worth £81.4 billion last year

compared with 259 deals worth £77.8 billion the year before.

Spending abroad by UK companies was up by over a half (55.3%) to £58.1 billion in 2007 from £37.4 billion the year before. The number of deals was also up from 405 to 441.

Takeover activity by UK companies here was slightly down, although the number of deals rose. There were 825 deals in 2007 worth £26.3 billion against 779 deals worth £28.5 billion the year before.

<http://www.statistics.gov.uk/pdffdir/ma0308.pdf>

PFI's move offshore

Billions of pounds of private finance initiative (PFI) projects approved by Gordon Brown, including the refurbished Treasury headquarters in Whitehall and the new Home Office, have been moved offshore by their City owners to avoid paying tax on their profits.

More than 50 PFI schemes have now been included in portfolios held in Channel Islands tax havens by three major PFI investment companies, HSBC Infrastructure, 3i Infrastructure and Babcock and Brown Public Partnerships.

Once the buildings have been completed, up to 90% of the ownership of the UK-registered company running the PFI is transferred to the companies which are based in the tax havens. This means that the income and profits from running the PFIs will be free of UK tax for up to 40 years, depending on the duration of the PFI.

The revelation brings more unwelcome attention to the controversial PFI system, which was dealt a severe blow in January when Metronet, the consortium that won a contract to refurbish two-thirds of the tube network in London, went bust at a cost of £2 billion to the taxpayer. The development is an embarrassment for Brown, who based his drive to rebuild Britain's infrastructure on the system, which is designed to transfer risk for the projects to the private sector.

Prem Sikka, professor of accounting at Essex University, said that the latest revelations should be the subject of an inquiry at Westminster.

"The disclosures of the way these contracts are being handled ought to be investigated by the Commons Treasury committee. The government

should put clauses into PFI contracts preventing them being transferred offshore for a set period.

"The only reason to move to the Channel Islands is to avoid taxes or to take advantage of less transparent auditing. The taxpayer is losing out. They are having to pay rent for these projects, but the tax base is declining."

<http://www.guardian.co.uk/politics/2008/mar/04/economy/print>

More women active in unions

The profile of women in the UK's biggest trade unions is on the up, according to a new survey by *Labour Research* magazine – but progress towards full representation is proving slow and patchy.

This year's survey reveals some obvious improvements. Two of the top 10 unions – one more than in 2006 – now have female general secretaries; union delegations to TUC Congress are becoming less male-dominated; and more unions are achieving a gender balance among their national officials.

When Chris Keates was elected general secretary of teachers' union the NASUWT in 2004, she became the first woman to ever lead a top 10 union. She has since been joined by Dr Mary Bousted of the ATL teaching union, which became the 10th-largest TUC-affiliated union last year following the merger of Amicus and the T&G to form the new union Unite.

Women are also featuring more prominently in the delegations sent by unions to the UK's biggest union event, TUC Congress. In 2005, only the GMB, T&G and Amicus general unions had delegations whose make-up reflected the gender balance of their overall membership – but last year the CWU communication workers' union and PCS civil service union also achieved proportionality for their women members. Eight of the top 10 unions increased the proportion of women in their TUC delegations between 2005 and 2007.

There has also been an increase in the number of unions whose female membership is reflected or exceeded in the number of their female full-time national negotiating officers – from one (retail union USDAW) in 2006 to three (USDAW, the CWU and the T&G section of Unite) this year.

However, in some areas the level of female representation has changed for the worse. Five of the top

10 unions have reported a decrease in the number of women on their national executives, and only the T&G section of Unite currently has an executive that is "at least as female" as its overall membership. (In 2006, three of the top 10 unions – Amicus, USDAW and the CWU – achieved this.)

Furthermore, none of the top 10 unions has yet attained gender proportionality among its full-time regional officials, although public services union UNISON, USDAW and the NUT teaching union have all managed to increase the proportion of their regional officers who are women.

In contrast, the proportion of female officials has fallen at regional level in the CWU, PCS and NASUWT unions, and at national level in UNISON, the GMB and PCS.

<http://www.lrd.org.uk/issue.php?pagid=1&issueid=1229>

Families worse off

Families are an average of £5 a week worse off this year following soaring petrol and food costs, research shows. The average household had just £138 a week left in January after meeting all their essential costs, such as food, clothes, housing, bills and transport, according to the Centre for Economics and Business Research (cebr).

The amount of money families had left for discretionary spending was 3.2% lower than in January last year – the equivalent of £5 a week less – despite average earnings being £21 a week higher.

The fall was driven by a 4.9% jump in the cost of living, with the average household now spending £388 a month on essential items.

The biggest increase was in the cost of petrol, which soared by 19% year-on-year to reach 103.9 pence a litre during January. This contributed to a 6.4% rise in transport costs, while food prices were 6.1% higher than a year ago as the ongoing demand for biofuels pushed up prices of basic ingredients.

Some of the rise in the cost of household essentials was offset by a 4.8% fall in the price of clothes.

But cebr, which carried out the research on behalf of supermarket group Asda, said even discounting during the January sales was not enough to offset the rising cost of living.

Overall, households had an average of £653 coming in each week during January, on which they paid £127 in tax, leaving them with £526.

Cebr claimed earnings were 3.8% higher in January than a year earlier, but taxation remained high, leading to a rise of just 2.6% in people's take home pay. The amount paid in income tax and National Insurance rose by 7.8% during the year, which the group attributed to more people falling into the higher income tax bracket.

http://www.channel4.com/news/articles/business_money/families+5+a+week+worse+off/1701462

Violence in the NHS

Almost a third of UK nurses suffer frequent violence at work, according to new research. Public sector union UNISON has condemned the findings, which reveal one of the highest rates in Europe. Only in France are more nurses attacked.

The study, published in the journal *Occupational Medicine*, found that 29% of UK nurses had suffered frequent violent incidents at the hands of patients or their relatives.

"These statistics should make people in the UK ashamed," said UNISON head of nursing Gail Adams. "It is totally unacceptable for nurses to face rising levels of violence, when all they are trying to do is help and care for their patients."

More needs to be done to protect staff, Ms Adams said. She stressed that prevention is the key, coupled with better training and tough penalties for anyone found guilty of assault. And she urged hospitals to review the support they offer staff, to ensure they offer good occupational health services.

"The survey shows many feel abandoned and depressed following an assault, which should not be allowed to happen."

The researchers surveyed 39,894 nurses in 10 countries. They found that violence had wide-reaching effects including recruitment and retention problems, increased amounts of sick leave and burnout.

http://www.unison.org.uk/news/news_view.asp?did=4074