

# FACT

S E R V I C E

45 City jobs to be axed  
De-recognition threat

46 Attack on biofuels plan  
State benefits – new LRD booklet

47 Gangmaster boss loses licence  
Tata takes over Jaguar Land Rover

48 Pay settlements lag  
Economy in for bumpy ride  
Average weekly earnings

Annual Subscription £67.50 (£57.20 for LRD affiliates)

Volume 70, Issue 12, 27 March 2008

## City jobs to be axed

The turmoil in the financial markets is likely to cost 10,000 jobs in the City this year as banks retrench, according to the Centre for Economics and Business Research (CEBR).

Their forecast is an upward revision from the 6,500 losses predicted by them just three months ago.

Doug McWilliams, chief executive of the CEBR, warned that the total could yet rise again. The economic research group publishes data on the City twice a year, and is due to report again early next month. "Obviously the world moves on. Previously we thought it would be a slightly more limited number of jobs that would be lost but confidence is rather weaker than we assumed. On what we can see now, the number of job losses will be higher. It is all to do with confidence, and confidence is one of these things which is tremendously fragile and volatile. The number could yet change."

Several thousand jobs have already been cut at banks including Citigroup, Morgan Stanley, Goldman Sachs, Deutsche Bank and Merrill Lynch. And nationalised bank Northern Rock recently announced around 2,000 job cuts (see *FS11*).

If the current projections are correct, they would still fall shy of some of the worst turbulence in the

City's history. About 40,000 banking jobs were cut in the recession of 1991-92 and 20,000 in the wake of the technology crash of 2001-02.

Official figures showed the first fall in financial sector employment for six years. The Office for National Statistics reported a drop of 5,000 jobs in the financial and business services sector in the final quarter of last year, with the bulk of them in the finance sector. That was the first drop since the second quarter of 2002.

<http://www.guardian.co.uk/business/2008/mar/17/economics.creditcrunch>

## De-recognition threat

The Environment Agency (EA) has told representatives of the GMB general union that it intends to go ahead and de-recognise it as a consequence of the union staging a lobby at the EA board meeting in Norwich and for issuing a public statement which set out concerns of GMB members who work as maintenance workers on the River Thames.

The protest in question was the GMB lobby at the Environment Agency Board in Norwich to protest at the outsourcing of jobs of GMB members who work for the agency as repair and maintenance workers on the River Thames and to protest at the selling off of its depot in Sunbury-on-Thames, Middlesex, for housing.

**LABOUR RESEARCH DEPARTMENT**

Published weekly by LRD Publications Ltd, 78 Blackfriars Road, London SE1 8HF. 020 7928 3649 [www.lrd.org.uk](http://www.lrd.org.uk)

GMB general secretary Paul Kenny said that the union had "received threats from the Environment Agency which are tantamount to illegal acts against trade union members".

"Threats and intimidation will not gag GMB in speaking out when our members consider there are matters of interest to a public that last year saw major flooding in the area affected by the outsourcing" he added.

<http://www.gmb.org.uk/Templates/PressItems.asp?NodeID=96814>

## Attack on biofuel plans

UK's biofuel policy risks doing more harm than good in the fight against climate change and global poverty, according to a warning letter sent to the government by a coalition of some of Britain's biggest environmental and development groups.

The intervention intensifies pressure on the government following a BBC interview in which Professor Bob Watson, DEFRA's chief scientific advisor, cast serious doubt on the plans and insisted that it would be "insane" if the policy ended up having the opposite effect to the one intended.

In the letter to transport secretary Ruth Kelly, the groups – including Oxfam, Friends of the Earth and Greenpeace – criticise the upcoming Renewable Transport Fuel Obligation (RTFO) and assert that "there is a very real risk that the RTFO will make climate change worse, not better".

The organisations are demanding that ministers delay the introduction of this legislation, which would see biofuels pumped into every tank in the country from 15 April.

The letter goes on to explain further problems connected to the production of biofuels. These include spiralling food prices in the developing world, increases in the incidence of land conflicts and human rights abuses, the destruction of tropical forests, savannah and grasslands for crop cultivation and the need for high levels of public investment to make biofuels economically viable.

Recent scientific evidence has shown that many biofuels – such as those made from palm oil grown on newly deforested land – are actually more damaging to the climate than their fossil fuel equivalents. Meanwhile using seemingly innocuous crops – like oilseed rape, grown far from rainforests – may not be a solution either. As the demand for oil produced from these crops will continue for other

purposes like food, it means that the industry will just replace them increasing the imports of other crops such as palm oil. This crop is heavily linked with deforestation in Indonesia which creates massive greenhouse gas emissions.

The groups demand that the legislation is postponed until safeguards are put in place to protect against these negative impacts. A government-led review into biofuels was announced only this month and the new Treasury-commissioned King Review of low carbon cars suggests that to deliver meaningful emissions reductions the focus of policy should be shifted away from biofuels and towards engine efficiency.

The letter claims that given these emerging views it would be illogical for ministers to press ahead at this moment in time.

Doug Parr, Greenpeace's chief scientific adviser said: "From next month British motorists will be forced to pump biofuels into their tanks with no way of knowing if the so-called green fuels they're using are actually worse for the climate than regular fossil fuels. For one of the government's top scientists to describe these plans as potentially insane suggests that something has gone seriously wrong here. The targets should be scrapped. Pressing ahead regardless of the consequences for the climate would be incredibly reckless."

Kenneth Richter, biofuels campaigner at Friends of the Earth said: "It would be irresponsible to press ahead with volume targets for biofuels in the UK and the EU while there is no scientific consensus about their climate impacts and at a time when experts are still scratching their heads about how to adequately safeguard against their potentially catastrophic impacts on people and the environment."

<http://www.greenpeace.org.uk/tags/biofuels>

## State benefits – new LRD booklet

The benefits system can be very complicated with the result that millions of pounds go unclaimed each year. The latest official estimates put that sum at between £5.80 billion and £9.38 billion.

*State benefits and tax credits 2008* includes the new rates effective from 6-7 April 2008 and any changes to the main rules for claiming benefits and tax credits over the last year. Two of the main

changes are: the introduction of Employment and Support Allowance to replace Incapacity Benefit and Income Support on the basis of incapacity for work for new claimants from October 2008; and the replacement of Housing Benefit with Local Housing Allowance for private tenants.

*State benefits and tax credits 2008* explains who can claim for what according to their circumstances, how to appeal against decisions and how to calculate means-tested benefits. It highlights the benefits available to those on low incomes in or out of work; benefits for those who are sick or injured at work or have a disability; and details benefits for parents and children.

The booklet also details other benefits such as retirement pension and pension credits; help with housing costs and different types of bereavement entitlement. It sets out who is eligible, how much is payable, how to claim and where to get further advice and information.

*State benefits and tax credits 2008*, £6.15, Labour Research Department, 78 Blackfriars Road, London SE1 8HF, 0207 928 3649  
<http://www.lrdpublications.org.uk/publications.php?pub=ALL>

## Gangmaster boss loses licence

A gangmaster supplying workers to high profile bread, chocolate and salad companies had his licence revoked by the Gangmasters Licensing Authority (GLA). The gangmaster's appeal against the decision was dismissed after failing seven licensing standards including three critical failures.

Robert Taylor, director of Morantus Ltd which trades as 247 Staff in Burton on Trent, supplied workers to British Bakeries, Thorntons and Florette in Leicestershire, Nottinghamshire, Derbyshire and Staffordshire. British Bakeries produce one third of the UK's daily bread under household names such as Hovis, Mother's Pride and Nimble. Thorntons produce confectionery and chocolate, while Florette are one of Europe's fastest growing producers of prepared salads.

Taylor forced migrant workers to live in run down and cramped houses whilst paying over the odds for the privilege, as a condition of finding them work.

GLA officers found:

- A room measuring 2.8 x 3.8 metres housed three adults, two children and a baby on a double mat-

ress, single mattress and a child seat;

- electricity or gas certificates for the accommodation provided were not shown to the tenants. For the 19 properties used to house the workers, only three certificates could be provided to the GLA;
- the gangmaster withheld money from the workers and forced them to sign standing orders under threats of not receiving any work;
- the workers were paid less than the national minimum wage after deductions were made for accommodation, which were over £24 per worker more than the legal maximum;
- the workers were not free to leave their employment without a penalty. If they left their jobs before their 12 month tenancy agreement was up they would need to pay the remaining rent in full;
- workers not allowed to find alternative accommodation even if a notice period was given. If they wanted to keep their jobs they had to use and pay for the accommodation provided;
- the workers had not given their consent for transport costs to be deducted from their wages and had no idea how much would be taken; and
- workers were charged for the protective equipment needed to carry out their job, despite previous warnings from the GLA.

Morantus Ltd trading as 247 Staff is the 49<sup>th</sup> gangmaster to have their licence taken away by the GLA and had a revocation points score of 122, which is four times more than the critical score of 30 needed to revoke a licence.

Paul Whitehouse, chair of the GLA, said: "I'm determined to take action to stop the worker abuse that has infested the flexible labour market. Yet again we see that the food on our plates on dinner tables across the UK could be there at the expense of exploited workers."

[http://www.gla.gov.uk/embedded\\_object.asp?id=1013344](http://www.gla.gov.uk/embedded_object.asp?id=1013344)

## Tata takes over Jaguar Land Rover

US car giant Ford has sold its luxury UK-based car brands Jaguar and Land Rover to Indian company Tata.

Tata, India's biggest vehicle maker, is paying £1.15 billion for the British brands after months of negotiations over price and supply relationships.

Jaguar and Land Rover employ about 16,000 staff at UK plants in Solihull and Castle Bromwich in the West Midlands and Halewood on Merseyside.

Following the takeover Ford is to contribute up to £300 million into the Jaguar Land Rover pension schemes.

Ford will also continue to supply Jaguar Land Rover for differing periods with powertrains, stampings and other vehicle components, in addition to a variety of technologies, such as environmental and platform technologies. Ford also has committed to provide engineering support, including research and development, plus information technology, accounting and other services.

Tony Woodley, joint general secretary of Unite the union, said that if Jaguar Land Rover had to be sold then Tata was the best option.

"We would have much preferred Ford to keep the companies in the family, so to speak, especially with Land Rover being so profitable," he said. "but with the commitments Tata have given to the future of Jaguar Land Rover and the long term supply agreements for components, especially engines from Bridgend and Dagenham, we're obviously pleased they are in the game."

<http://news.bbc.co.uk/1/hi/business/7313380.stm>  
[http://www.tatamotors.com/our\\_world/press\\_releases.php?ID=356&action=Pull](http://www.tatamotors.com/our_world/press_releases.php?ID=356&action=Pull)  
<http://www.tgwu.org.uk/Templates/News.asp?NodeID=42438>

## Pay settlements lag

Settlements recorded on the LRD Payline database showed an average (median) rise of 4.0% in the three months to February – the same as in the three months to January, meaning that pay settlements continue to lag slightly behind inflation.

The 4.0% median applies across all types of workers and sectors except the public sector, for which the median increase was 3.4%.

<http://www.lrd.org.uk/index.php?pagid=18>

## Economy in for bumpy ride

The CBI has downgraded its 2008 outlook for UK growth, and forecasts even slower growth in 2009 due to continued troubles in the credit markets, rising commodity prices and weak domestic and global demand.

In its latest quarterly economic forecast, the employers' group has lowered its figure for this

year's rate of GDP growth down 0.2% to 1.8%. This is against Chancellor Alistair Darling's revised forecast of between 1.75% and 2.25% in the March Budget.

The forecast for next year has also been downgraded and the CBI's figure of 1.7% GDP growth for 2009 contrasts with the Chancellor's more optimistic forecast of between 2.25% to 2.75%.

At the same time as the economy slows, inflation is due to rise. The CBI expects that the CPI rate of inflation will peak at 3.2% in the third quarter of 2008, forcing Mervyn King, the governor of the Bank of England, to write a letter to the Chancellor explaining the reasons for the increase.

Due to the slowing economy, however, inflation is expected to come down in the longer term. So, the CBI expects the Bank of England will be able to cut interest rates in the second and fourth quarters of this year, with one more reduction early next year. This would bring interest rates down to 4.5% by early 2009.

<http://www.cbi.org.uk/ndbs/press.nsf/awprdate?openview&start=1&Count=30&Expand=1#1#top>  
<http://www.hm-treasury.gov.uk/media/3/9/200803forcomp.pdf>  
<http://www.bankofengland.co.uk/monetarypolicy/framework.htm>

## Average weekly earnings

Since June 2005, the official government statistician, the Office for National Statistics, has been producing an experimental measure of average weekly earnings on a sector and industrial basis.

Estimates on a sector basis are shown below. Unlike the average earnings index figures and the uprated occupational figures from ASHE the figures cover part-time workers as well as full-time workers.

| Average weekly earnings — January 2008 |          |        |
|--|----------|--------|
|  | £ a week | % rise |
| Whole economy                          | 451.30   | 2.7    |
| Private sector                         | 457.60   | 2.6    |
| Public sector                          | 426.00   | 2.8    |
| Manufacturing                          | 486.70   | 2.8    |
| Services                               | 441.70   | 2.7    |
| Private services                       | 447.10   | 2.5    |
| Production                             | 501.60   | 3.2    |

<http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14015&Pos=&ColRank=1&Rank=272>