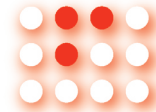
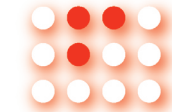


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Budget 2010

The economy contracted by 6.0% in the recession, according to chancellor Alistair Darling presenting his last Budget before the general election. However, the recovery will come in 2010 with growth predicted to be 1% to 1.25%, rising to 3% and 3.5% the following year.

The chancellor said public borrowing would be £167 billion in the 2009-10 financial year – £11 billion lower than predicted in December last year. Borrowing will fall to £131 billion in 2011-12; then £110 billion; in 2013-14 it will be £89 billion; and it will reach £74 billion in 2014-15 – that is £8 billion lower than forecast in December's Pre-Budget report.

As a share of the economy, borrowing is forecast at 11.8% of GDP this year. It will then fall to 11.1% next year; then 8.5%; in 2012-13 it will be 6.8%; before again falling to 5.2% in 2013-14 and then 4.0% the following year.

As a result of government support for the economy, public sector net debt is forecast to reach 54% of GDP this year and will then increase to 75% by the end of the forecast period in 2014-15. Net debt, as a share of GDP, will begin to fall the year after that.

Of course to get borrowing down, the chancellor is looking to make savings. And one way is by relocat-

ing civil servants from expensive London offices to elsewhere in the country. In the long-term, the number of civil servants in London will be reduced by a third and the chancellor said as a first step 15,000 posts will be relocated within the next five years, including a thousand posts at the Ministry of Justice.

In terms of tax and duties, it was the usual caning for smokers and drinkers. Alcohol duties rise by 2% from 29 March and will also increase by 2% above inflation for two further years from 2013. But the duty on cider will increase by 10% above inflation immediately and, in September, changes will be made to the definition of cider so strong ciders are "taxed more appropriately". Tobacco duty will increase by 1% above inflation and then increase by 2% in real terms each year until 2014.

However, the 3p rise in fuel duty is now to be phased in over three stages between April 2010 and January 2011 rather than in one hike next month.

Other announcements on taxes and allowances made by the chancellor included:

- tax allowances for those on over £100,000 gradually removed with no changes to allowances for everyone else;
- no changes to VAT or income tax planned;
- inheritance tax threshold frozen for four years; and
- a clampdown on tax avoidance to raise £500 million.

LABOUR RESEARCH DEPARTMENT

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There is one sop to pensioners with the winter fuel allowance rates kept at £250 for single person for a further year. Otherwise, they just have to be grateful for the "above inflation rise" of £2.40 a week in the single basic state pension from April.

On jobs and training, the six-month work or training guarantee for 18-24 year olds is extended to 2012; and to make it easier for those over 60 to receive Working Tax Credit, the minimum number of hours they need to work to be eligible will be reduced.

The chancellor confirmed that the government was still looking at options to allow people who want to work longer to do so, including scrapping the default retirement age of 65, raising it, or giving employees stronger rights.

www.hm-treasury.gov.uk/budget2010_documents.htm

Ill and disabled pushed into work

Grave concerns about how sick and disabled people are being assessed for benefits have been raised the national charity Citizens Advice.

Advisers in Citizens Advice Bureaux (CAB) across England and Wales have been reporting high numbers of seriously ill and disabled people being found "fit for work" under the new work capability assessment for people applying for Employment and Support Allowance (ESA).

Examples of CAB clients in this situation include people in the advanced stages of Parkinson's Disease and multiple sclerosis, people with severe mental illness, and some who are dealing with acute short-term health problems, such as awaiting open heart surgery.

ESA was introduced in October 2008 to replace the existing incapacity benefit for new claimants. It aims to give more help to those who might, with support, be able to work.

The CAB report, *Not working*, outlines concerns with the limited effectiveness of the assessment. Claimants undergo a medical test, which should assess what they can do, but the charity's evidence shows that the test doesn't account for the complexities of many illnesses and disabilities.

Citizens Advice is hearing numerous reports of hurried medicals, where medical examiners miss vital details, make unjustifiable assumptions and don't

place enough emphasis on the impact of mental health issues on the ability to work.

The report, which is backed by 18 other organisations such as mental health charity Mind, shows how, for these people, failing the work capability assessment can have an enormously detrimental effect. By being told they must find work, they face further hardship by either having to claim Jobseeker's Allowance which is a less supportive benefit, or, in many cases, receiving no benefit at all. Moreover, the stress of the test, and the prospect of fighting unfavourable decisions at a tribunal adds to the considerable pressure of their situations. In these cases, the system risks moving already vulnerable people even further away from a return to the workplace.

David Harker, chief executive at Citizens Advice, said: "The current test to determine eligibility for ESA isn't working. Seriously ill and disabled people are being severely let down by the crude approach of the work capability assessment.

"Our evidence shows that there are many more people who, by being moved off the benefit and away from any further support, are effectively being written off."

www.citizensadvice.org.uk/press_20100323

Average earnings data shows fall in growth

Earnings growth slipped back at the start of 2010, according to the latest figures from the Office for National Statistics. Headline average annual earnings growth for the whole economy was a provisional 0.9% in the three months to January from 1.5% in the previous three months to December.

However, earnings growth in the services sector was down to 0.6% from 1.1% in the previous three-month period. And in private sector services there was nil growth against a 0.7% rise in the three-months to December. Earnings growth for the private sector was down to 0.7% from 1.1% previously.

The manufacturing sector, however, showed continued recovery with a 4.2% rise – up from 3.3% in the three months to December.

In the public sector, earnings growth was down to 2.2% in the three months to January from 2.4% in the previous three months to December.

The above figures and those in the table relate to earnings including bonuses. The index figures excluding them show a better picture with headline growth for the whole economy steady at 1.4% in the three-months to January, while growth in the private sector was steady at 1.1%.

There was 1.4% growth in the services sector as a whole against the 1.5% rise previously, and in that private sector service growth was 1.0% against 1.1% in the three-months to December.

Average earnings indices ¹						
2000 =100	Whole economy		Manu- facturing	Services	Private sector	Public sector
	annual % rise					
2009						
January	133.3	-0.7	134.9	136.2	134.3	141.9
February	131.8	-2.3	135.1	131.1	129.5	142.1
March	138.0	1.5	135.4	138.8	137.0	142.1
April	138.5	3.3	136.5	139.4	137.7	142.8
May	138.4	2.3	135.7	139.3	137.4	142.9
June	138.5	2.0	136.3	139.4	137.3	143.5
July	138.3	1.2	135.7	139.1	137.0	143.2
August	138.8	1.6	137.5	139.5	137.6	143.7
September	139.0	1.4	138.0	139.8	137.8	144.2
October	139.4	1.7	138.5	140.1	138.3	144.3
November (r)	139.5	1.6	139.8	139.0	137.3	144.8
December (r)	139.6	1.2	141.0	138.8	137.2	144.2
2010						
January (p)	133.2	-0.1	141.9	136.2	134.5	144.9
% annual rise for January			5.2	0.0	0.1	2.2
% increase in headline rate for January ²			0.9	4.2	0.6	2.2

¹ Average weekly earnings in Great Britain, seasonally adjusted, including bonuses. ² The average of the seasonally adjusted data for the latest three months compared with a year earlier. (p) provisional, (r) revised

www.statistics.gov.uk/downloads/theme_labour/AEIPublicationdata-201001.xls

Skills academies for key industries unveiled

Key programmes to ensure the UK economy is supplied with the skills needed to fuel the growth of new industries in the coming years have been launched by the government.

Business minister Lord Mandelson announced that new National Skills Academies will be developed to cover five new sectors – rail engineering; logistics; green building services; biotechnology and composites – funded by £12 million of public investment matched by the private sector.

In addition, the National Skills Academy for Power is now ready to open for business, with a further £2.9 million government funding. Together, these

academies will aim to attract more than 300,000 learners to the training programmes they oversee over the next four years.

In the nuclear sector, the government will co-fund the delivery of up to 1,000 apprentices a year, subject to employer demand for places and the availability of training. This commitment is part of plans to deliver 35,000 advanced and higher apprenticeships to people aged 19 to 30.

The new academies announced bring the total of National Skills Academies in the UK to 18, benefiting from a combined employer investment of more than £130 million.

Mandelson's announcement came as experts warned that the benefits of economic recovery and growth will only be fully realised if there is continued investment in skills.

The first *National Strategic Skills Audit*, commissioned by the government and published by the UK Commission for Employment and Skills, shows that the last decade has seen unprecedented increases in the number of people with qualifications.

However, the report warns that if the economic recovery is to continue it is important that future skills development needs are correctly identified and prioritised. If this is not achieved then there is the risk of increased skills shortages and under-employment.

It also finds that:

- the number of people reported as "not fully proficient" at their jobs has increased by 400,000 from 1.3 million in 2005 to 1.7 million in 2009;
- leadership and management skills and technical skills are in need of particular improvement; and
- the UK's growth in highly skilled jobs is one of the lowest in the OECD bloc of the 30 advanced economies.

<http://nds.coi.gov.uk/content/detail.aspx?NewsAreaId=2&ReleaseID=412256&SubjectId=2>

www.ukces.org.uk/press-release/investment-in-right-skills-key-to-economic-recovery-warn-experts

RPI inflation sticks at 3.7% for another month

Inflation remained at its highest level for 16 months, according to official figures. Under the Retail Prices Index (RPI), the inflation rate was steady at 3.7% in February.

There was downward pressure on RPI inflation from motoring expenditure where the rise in oil and petrol prices this year was much lower than in 2009. And in the fuel and light section, average gas bills fell this year, but were unchanged a year ago.

Upward pressure on inflation included dearer women's clothing and higher fares.

Under the Consumer Prices Index (CPI), inflation fell to 3.0% last month from 3.5% in January. This measure does not include housing costs.

The fall suggests that the Bank of England was right in its view that inflation will fall sharply this year.

	Retail Prices Index (Jan 1987 =100)	% increase on year earlier		
		RPI	RPI except mortgage interest payments	CPI
2009				
February	211.4	0.0	2.5	3.2
March	211.3	-0.4	2.2	2.9
April	211.5	-1.2	1.7	2.3
May	212.8	-1.1	1.6	2.2
June	213.4	-1.6	1.0	1.8
July	213.4	-1.4	1.2	1.8
August	214.4	-1.3	1.4	1.6
September	215.3	-1.4	1.3	1.1
October	216.0	-0.8	1.9	1.5
November	216.6	0.3	2.7	1.9
December	218.0	2.4	3.8	2.9
2010				
January	217.9	3.7	4.6	3.5
February	219.2	3.7	4.2	3.0

Five of the 14 groups that make up the RPI posted increases above the overall rate of 3.7%. The motoring expenditure group's 17.1% rise included a 21.5% rise in petrol and oil prices; an 18.3% rise in car prices; and an 18.2% rise in tax and insurance.

The 3.8% rise in the fares group included an 8.0% rise in rail fares and 4.7% hike in the cost of bus and coach travel.

Food prices only rose by 0.9% overall, but pork and lamb rose by 7.2% and 5.7% respectively. Eggs were 8.4% dearer, soft drinks 5.4% and fruit 4.3% up in price.

The 7.4% fall in the fuel and light group included cuts in gas and electricity prices of 8.6% and 8.0% respectively, but "oil and other fuel" prices rose by 18.9%.

The 0.3% rise in the housing group included a 10.7% fall in mortgage interest payments.

More than 3.7%	%	Less than 3.7%	%
Motoring expenditure	17.1	Household services	3.6
Tobacco	7.0	Personal goods & services	3.2
Household goods	5.4	Catering	2.8
Leisure services	5.2	Alcoholic drink	2.7
Fares etc	3.8	Clothing & footwear	2.3
		Food	0.9
		Leisure goods	0.8
		Housing	0.3
		Fuel & light	-7.4

www.statistics.gov.uk/pdfdir/cpi0310.pdf

www.statistics.gov.uk/pdfdir/cpibrief0310.pdf

Acas helpline heads off tribunal claims

The number of employees and businesses trying to avoid employment tribunal claims continued to rise in recent months, the employment relations service Acas has revealed.

Monthly calls to the Acas helpline which have resulted in being referred to the early conciliation service – pre-claim conciliation (PCC) has almost doubled since September 2009. The free service aims to settle workplace issues which could escalate to an expensive tribunal.

By the end of February, 8,304 PCC referrals had been made from the Acas helpline since the service was launched to accompany changes to the *Employment Act* in April last year. Acas estimates that over 5,000 tribunal claims have been avoided already.

At the moment around 300 referrals are being received every week on average, and Acas expects this number to rise to about 400 during 2010.

Acas chair Ed Sweeney said: "The earlier issues can be sorted out, the more likely people will remain in productive employment in the workplace.

"We have a responsibility to support the economic recovery by resolving workplace disputes early on and in doing so, avoiding costly, stressful and time consuming employment tribunals."

The PCC service was launched in April 2009 alongside the new Acas Code of practice on disciplinary and grievance procedures following the government's dispute resolution review that started two years earlier.

www.acas.org.uk/index.aspx?articleid=2881