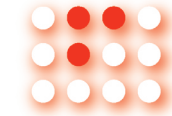


FACT

S E R V I C E



49 Minimum wage is set to rise in October
Increase in R&D spending in 2008

50 UK's trading position improves in 2009
Economy was in better shape at end of year

51 Firms to invest in wind turbine manufacture
Unite levies support for BA cabin crew

52 Blueprint set out for future of pensions
Time off to train gives chance for new skills

Annual Subscription £72.00 (£61.00 for LRD affiliates)

Volume 72, Issue 13, 1 April 2010

Minimum wage is set to rise in October

The minimum wage is set to rise from October after the government accepted the recommendations of the Low Pay Commission.

In October 2010, the adult rate will rise by 2.2% to £5.93 an hour from £5.80. In addition the adult rate becomes payable at aged 21 not 22 years of age.

For 18-20 year olds the rate rises by 1.9% to £4.92 an hour and the development rate for 16- and 17-year olds rises by 2.0% to £3.64 an hour.

In addition, apprentices currently exempt from the national minimum wage regulations become covered, although the starting rate is pitifully small at a £2.50 an hour rate. This is for apprentices who are under 19 or older workers in the first year of their apprenticeship. This change should make apprentice pay across the UK easier to administer and subject to better enforcement arrangements.

David Norgrove, chair of the Low Pay Commission, said the commission had paid particular attention to the vulnerability of young people in the labour market this year. "They have been affected more than anyone else in this recession and our recommendations reflect their vulnerability. We

shall be focusing research effort in this area in the coming year.

"We are pleased that apprentice pay will, for the first time, be brought within the National Minimum Wage framework. Our aim was that the apprentice arrangements should be simple, robust and straightforward to administer and enforce."

Brendan Barber welcomed the rises and "was pleased to see the confirmation that the age of eligibility for the adult rate of the minimum wage will fall as it "will be a significant benefit for the 40,000 21-year-olds in minimum wage jobs".

The apprentice rate was "a modest one" he said, but "it will end the worst cases of exploitation".

www.lowpay.gov.uk/lowpay/report/pdf/LPC_Report_2010.PDF

www.tuc.org.uk/newsroom/tuc-17756-f0.cfm

Increase in R&D spending in 2008

Spending on research and development posted an annual increase of 3% in 2008 to £25.6 billion.

In 2008, expenditure on R&D was the equivalent of 1.79% of gross domestic product, a small increase on the previous year's figure of 1.76%.

LABOUR RESEARCH DEPARTMENT

Published weekly by LRD Publications Ltd, 78 Blackfriars Road, London SE1 8HF. 020 7928 3649 www.lrd.org.uk

The sectors of the economy carrying out R&D in 2008 in cash terms were:

- business enterprise with £15.9 billion – an annual increase of 2%;
- higher education with £6.8 billion – a 4% increase;
- government where spending was £1.3 billion – up 4% on 2007;
- research councils spent £1.0 billion – up 1% on 2007; and
- the R&D spend of private non-profit organisations was £0.6 billion – an 8% increase on 2007.

In terms of source of funding, government departments, including Higher Education Funding Councils and research councils, funded a third (31%) of all R&D performed in the UK in 2008, the same as in 2007. Government also funded 29% of civil R&D and 47% of defence R&D.

Businesses funded 45% of all R&D, down marginally on the previous year.

www.statistics.gov.uk/pdfdir/gerd0310.pdf

UK's trading position improves in 2009

Britain's trading with the rest of the world improved last year, according to early estimates from the Office for National Statistics. The current account recorded a deficit of £18.4 billion in 2009 – this compares with a revised deficit of £22.0 billion for the year before.

The deficit with the EU widened while for non-EU countries there was a surplus. There was a £19.5 billion deficit recorded with the EU in 2009, compared with a deficit of £5.6 billion the year before. Meanwhile, there was a surplus of £1.1 billion with non-EU countries in 2009, against a deficit of £16.4 billion the previous year.

The deficit on trade in goods was £81.8 billion in 2009, compared with £93.4 billion in the previous year. The deficit for finished manufactured goods narrowed by £4.7 billion to £49.6 billion, compared to a deficit of £54.3 billion in 2008. The deficit on trade in oil was £3.2 billion in 2009, compared with a deficit of £5.9 billion in 2008.

The surplus for trade in services was £49.3 billion in 2009, a fall of £5.8 billion compared with 2008. Exports decreased by £9.6 billion between 2008 and 2009; imports decreased by £3.8 billion during the same period. The fall in exports was mainly from

financial and other business services. The fall in imports was mainly in travel, which was partly offset by an increase in other business services.

Current balance of payments ¹ (£bn)					
	Trade in		Investment	Transfers ³	Current
	goods	services ²	income		balance
2005	-68.6	25.7	21.9	-11.9	-32.8
2006	-76.3	34.8	9.6	-11.9	-43.8
2007	-89.8	44.8	20.8	-13.6	-37.7
2008	-93.4	55.1	30.3	-14.0.6	-22.0
2009	-81.8	49.3	28.7	-14.6	-18.4
2007					
Q1	-21.6	11.0	2.0	-3.0	-11.7
Q2	-20.4	10.5	4.1	-3.1	-8.9
Q3	-23.8	11.2	3.5	-3.0	-12.0
Q4	-24.0	12.1	11.2	-4.5	-5.2
2008					
Q1	-23.6	12.2	14.1	-4.1	-1.3
Q2	-23.7	13.6	7.7	-3.5	-5.9
Q3	-23.9	12.9	6.5	-3.5	-7.9
Q4	-22.3	16.4	1.9	-3.0	-6.9
2009					
Q1	-21.1	13.2	7.5	-3.8	-4.2
Q2	-19.8	11.7	5.6	-4.0	-6.6
Q3	-19.8	12.1	5.3	-3.4	-5.9
Q4	-21.0	12.4	10.3	-3.3	-1.7

¹ The figures show a positive balance unless preceded by a minus sign. ² The main items are financial and business services and insurance (normally in surplus) and transport and travel (normally in deficit). ³ Government contributions to the EU and other international organisations.

www.statistics.gov.uk/pdfdir/bop0310.pdf

Economy was in better shape at end of year

The economy grew faster than thought at the end of 2009, according to the latest figures from the Office for National Statistics.

The economy, as measured by gross domestic product (GDP), grew by 0.4% on the previous quarter – revised upwards from the 0.3% growth figure previously published.

GDP was down, however, by 3.1% on the same quarter 2008.

And the 4.9% decline for the calendar year 2009 on the year before, although better than previously thought, was the largest fall on record. In 2008 there was a rise of 0.5%.

The output of the production industries increased by 0.4% in the fourth quarter of 2009 but is down 5.9% compared with the same quarter of 2008.

For the calendar year 2009, output of the production industries declined by 10.2% compared with a fall of 3.1% in 2008.

Manufacturing output rose by 0.8% in the final quarter of 2009 compared with a fall of 0.3% in the previous quarter. Manufacturing output was down 4.9% on the same quarter 2008.

For the calendar year 2009, manufacturing output declined by 10.5%.

Services output rose by 0.5%, in comparison with a fall of 0.2% in the previous quarter. Services output is down 2.2% compared with the same quarter of 2008.

For the calendar year 2009, services output fell by 3.5% compared with a rise of 1.4% in the previous year.

www.statistics.gov.uk/pdfdir/qna0310.pdf

Firms to invest in wind turbine manufacture

German engineering firm Siemens has announced plans to invest £80 million in the UK for a new offshore wind turbine plant that could create around 700 jobs.

The company said it was considering sites along the east coast and in the North-East of England for a wind turbine manufacturing plant that could create around 700 jobs.

The announcement is the second promise of wind power investment since the Budget, which set out plans to provide £60 million to refit ports to meet the needs of offshore wind manufacturers. It follows General Electric's announcement of a £100 million investment in a turbine plant.

Siemens UK chief executive Andreas Goss said the government had created a stable framework to attract inward investment in renewables and offshore wind power in particular. He said the budget announcement had given the company "confidence that the appropriate UK port infrastructure can be made available".

Business secretary Lord Mandelson said: "Siemens are a world leader in wind technology and this is a fantastic endorsement of the UK as a destination for renewable energy businesses. Siemens' plans

will provide hundreds of manufacturing jobs and many more in the supply chain – confirming the UK as a world leader in offshore wind."

Siemens is the fourth offshore wind manufacturer in recent months to announce plans for investment in the UK. Along with GE, Clipper has also committed to build the world's biggest wind turbines employing up to 500 people, while Mitsubishi intend to invest up to £100 million in an offshore wind R&D facility creating up to 200 jobs.

General union Unite welcomed the announcement by Siemens to develop an offshore wind turbine production facility in the UK to meet future demand.

National officer Dougie Rooney said: "The creation of 700 jobs and the decision to build a fabrication facility in England can only be welcomed. However, I will be contacting the company to enter into discussions about ensuring that the engineering manufacturing work associated that is, the blades and turbines, with these offshore wind turbines is sourced in the UK.

"The UK government has decided that 25 gigawatts of electricity is generated from offshore wind turbines by 2020. We must ensure that this £20 billion programme results in UK engineering firms getting the majority of work."

Last year, the Vestas Blades plant on the Isle of Wight was closed after great opposition with the loss of over 500 jobs.

www.regen.net/news/ByLocation/Northern-Ireland/North-East/993310/Siemens-invest-80m-offshore-wind-turbine-plant/

www.uniteunion.com/news__events/latest_news/unite_welcomes_announcement_of.aspx

Unite levies support for BA cabin crew

Unite, has announced that it will raise £700,000 from its branches to support BA cabin crew in their fight to protect standards and jobs at the airline.

The news comes as the cabin crew took their sixth day of industrial action. The funds will be in addition to the money the union is paying to crew in strike pay.

Tony Woodley, Unite joint general secretary, said: "It shows that Unite is absolutely determined to give our members all the support they deserve in winning this battle against the BA bullies.

"We continue to search for a decent settlement in this dispute but cabin crew are not going to be driven back to work for lack of resources."

The proposal was agreed by the general executive of the union. A mandatory 2% levy will be placed on Unite's branches for the next quarter to support the strikers.

www.uniteunion.com/news_events/latest_news/unite_steps_up_financial_support.aspx

Blueprint set out for the future of pensions

Two million pensioners will be lifted out of means-tested benefits through a new simpler state pension system and workers will have the opportunity to retire on two-thirds average earnings, if new plans from the National Association of Pension Funds (NAPF) were taken on board.

The trade body's report, "*Fit for the future – NAPF's vision for pensions*", sets out a blueprint for the UK pension system that builds on the government's 2012 reforms and ensures the pensions system will provide people with an adequate retirement income far into the future.

The NAPF's proposals include creating a new simpler state pension, the Foundation Pension, worth £8,000 a year which will lift two million people out of means-testing and give them a pension worth one third of average earnings.

Strong encouragement should be given to creating large, low cost, Super Trusts which would offer benefits to savers and to employers, who will be able to provide access to high quality pension arrangements, NAPF says. The low costs of Super Trusts could add around 30% to the eventual size of someone's pension.

New forms of risk sharing pension schemes are proposed for both defined benefit and defined contribution should be developed. For defined benefit schemes this could include permitting employers to offer "core DB pensions" that would not require them to provide spouses pensions or inflation proofing.

A single regulator for pensions would provide clarity to scheme members and sponsors alike (responsibility for stakeholder pensions and group personal pensions would transfer from the FSA). The new regulator must also be the right regulator and have

a new statutory objective to ensure the health and longevity of workplace pensions.

NAPF also said that a permanent independent Retirement Savings Commission should be established to take the politics out of pensions and ensure a long-term and enduring political settlement.

TUC assistant general secretary Kay Carberry said that NAPF had produced "serious and constructive proposals for the future of pensions".

"Pensions policy is one area where stakeholders try and work by consensus, and we very much hope that this can be sustained after the election whatever its result," she said.

There is disagreement, however, in that the unions believe that public sector pensions are "perfectly sustainable," she added.

www.napf.co.uk/DocumentArchive/Press%20Releases/00_2010/20100329_29-03-2010%20-%20Pensions%20Fit%20for%20the%20Future.pdf

www.tuc.org.uk/pensions/tuc-17770-f0.cfm

Time off to train gives chance for new skills

From 6 April 2010 employees will have the right to request time to undertake study or training – also known as "time to train".

Initially the right will only apply to employees who work in an organisation with 250 or more employees you will have the statutory legal right to request time for study or training. From 6 April 2011 the right will apply to all employees working in organisations of all sizes, regardless of how many employees there are.

To make a statutory request for "time to train" you must be an employee and have worked for your employer continuously for at least 26 weeks before you apply.

Those not able to make requests include agency workers, members of the armed forces, and 16-18 years old and already expected to take part in education or training.

The link below provides more details, for example on how to make a request for time to train.

www.direct.gov.uk/en/Employment/Employees/Timeoffandholidays/DG_183635