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## Charities asleep over minimum wage law

A number of British charities are believed to be flouting the law by not paying the national minimum wage (NMW) when staff "sleep-over", says the Unite general union.

Many of the 60,000 Unite members in the not-for-profit sector are required to work shifts which incorporate a residential element, often known as "sleep-ins", according to Unite.

If, during sleep-in time, a member is working or at the employer's disposal, that is, available to work should an emergency occur or work has to be carried out, this will constitute working time for the purposes of the *Working Time Regulations 1998*.

Rachael Maskell, national officer for the not-for-profit sector, said: "Some employers continue to ignore this, despite the case law that clearly sets out the position.

"Members who are working such shifts are entitled to receive the NMW, currently £5.80 an hour – if the employer is not paying the NMW a claim for unlawful deduction of wages can be brought."

She gave an example of a Scottish mental health

charity which paid an allowance for sleeping over, but if staff had to wake up and deal with residents, they were not paid, but offered time off in lieu instead.

"This is clearly unacceptable and flouting the law," Maskell said. She believes that a number of the 170,000 or so UK charities are copying the poor practices of this Glasgow-based mental health charity.

Unite is also concerned about the amount of rest breaks its members are getting – a worker has to have 11 consecutive hours rest in every 24 hours.

The union has produced a briefing for members and urges them to contact the union's regional officers about any abuses.

[www.unitetheunion.org/pdf/Job%202759%20working%20time%20brief.pdf](http://www.unitetheunion.org/pdf/Job%202759%20working%20time%20brief.pdf)

## Wealthy see revival in their fortunes

The collective wealth of Britain's 1,000 richest people has increased by almost a third in the past year despite the uncertain economy, according to research by Philip Beresford for the *Sunday Times Rich List 2010*.

The multimillionaires are worth a collective £335.5 billion, up £77.3 billion or 30% on last year. The rise

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is easily the largest annual increase in the 22 years that the survey has been carried out.

Top of list again is Lakshmi Mittal, the steel tycoon, whose fortune has more than doubled from £10.8 billion last year to £22.45 billion. Mittal and his family are worth three times more than the second ranked – Chelsea owner Roman Abramovich. The top 20 are listed in the table below.

The only new entries to the top five are brothers David and Simon Reuben, whose fortune is based on their property and internet empire. Their property holdings include Millbank Tower in London, and more than a third of the country's racecourses, including Uttoxeter, Bath and Chepstow.

The highest new entry, at number 12, is Joseph Lau, the Chinese property tycoon who made his money as one of Hong Kong's corporate raiders, and who recently bought a £33 million house in Eaton Square, London.

The question the *Rich List* cannot answer is how much do these people pay in UK taxes?

The UK's top 20 richest		
Name	Source of wealth	£ million
Lakshmi Mittal & family	steel	22,450
Roman Abramovich	oil & industry	7,400
Duke of Westminster	property	6,750
Ernesto & Kirsty Bertarelli	pharmaceuticals	5,950
David & Simon Reuben	property, internet	5,532
Alisher Usmanov	steel and mines	4,700
Galen & George Weston	retailing	4,500
Charlene, Michel de Carvalho	inheritance, brewing	4,400
Sir Philip & Lady Green	retailing	4,105
Anil Agarwal	mining	4,100
Hans Rausing & family	packaging	4,000
Joseph Lau	property	3,825
Kirsten & Jorn Rausing	inheritance, investment	3,500
Vladimir Kim	mining	3,160
Leonard Blavatnik	industry	3,000
John Fredriksen	shipping	2,750
Joe Lewis	investment	2,700
Sir Richard Branson	transport, internet	2,600
Earl Cadogan & family	property	2,300
Alan Parker	duty-free shopping	2,074

[www.telegraph.co.uk/finance/personalfinance/7624159/Sunday-Times-Rich-List-2010-Britains-richest-see-wealth-rise-by-one-third.html](http://www.telegraph.co.uk/finance/personalfinance/7624159/Sunday-Times-Rich-List-2010-Britains-richest-see-wealth-rise-by-one-third.html)

## Manufacturing pay settlements rise

The average level of pay settlements in manufacturing has risen very slightly, according to the latest figures from the EEF manufacturers' organisation.

EEF's pay data for the three months to the end of March 2010 shows that the average pay settlement

has risen very slightly to 1.0% from the figure of 0.9% for the previous three-month period to the end of February. While this is now the highest level since April 2009, it remains at a relatively low level by historical standards.

The number of manufacturers freezing pay fell very slightly to just under a half of all reported settlements during the same period, while those deferring their pay settlement also fell very slightly to just under 20% of all reported settlements.

[www.eef.org.uk/policy-media/releases/uk/2010/Manufacturing-pay-settlements-rise-very-slightly-to-highest-level-for-nearly-12-months.htm](http://www.eef.org.uk/policy-media/releases/uk/2010/Manufacturing-pay-settlements-rise-very-slightly-to-highest-level-for-nearly-12-months.htm)

## Income inequality

Income inequality was much worse under the last Conservative government in the 1980s and early 1990s, according to an election briefing by the respected Institute for Fiscal Studies (IFS).

The latest data show that in 2007-08 income inequality was slightly higher than when Labour came to power and higher than in any year since at least the 1950s, the IFS says.

However, the rise in income inequality under Labour is far smaller than the rise observed under the Conservatives during the 1980s.

The small increase in income inequality under Labour between 1996-97 and 2007-08 was largely driven by trends at the extremes of the income distribution: above-average growth amongst the richest 10% and below-average growth amongst the poorest 5%. Income growth was relatively even over the rest of the distribution.

Under the Conservatives between 1979 and 1996-97, income growth increased with income right across the income distribution, with the lowest growth at the very bottom of the income distribution and the fastest growth at the very top.

In terms of government policy, Labour's tax and benefit reforms have reduced income inequality compared with what would have happened if benefits and tax credits had simply been uprated in line with prices, the normal practice of the previous Conservative government. Labour's tax and benefit reforms thus seem to have prevented a larger rise in income inequality.

Given that high-income individuals are more dependent on financial markets for their income, the recent financial crisis is likely to have led to lower

growth or even reductions in top incomes. This may well have acted to reduce income inequality since 2007. Increases in income tax for the very rich from 2010 onwards are also likely to exert downward pressure on income inequality.

But offsetting that of course, which the IFS does not mention, is the recovery in the financial markets this year and the return of the obscene bonus culture at the top of the City.

The briefing covers a wide range of policy areas, such as poverty as well as public spending.

[www.ifs.org.uk/election/ebn\\_summary.pdf](http://www.ifs.org.uk/election/ebn_summary.pdf)

## It is the principal who matters on pay

Principals' pay increased seven times more than lecturers in last year alone, latest figures show.

And the average pay of college heads has risen by more than 56% in the last eight years to nearly £120,000, according to figures from the university and college lecturers' union UCU.

The union said the figures made "a mockery of the oft-repeated claim that we are all in this together" as they show that college heads enjoyed a 7.1% pay rise in the last year (2008-09) while only awarding teaching staff a rise of 1%.

Between 2001-02 and 2008-09 the mean average pay of further education college principals increased by 56.2% from £76,506 to £119,482. In the same period of time college lecturers' pay increased by just 23.4%.

UCU said further education colleges must be more transparent over pay and warned that the trend of principals enjoying bumper rises while offering staff minimal rises risked exposing the sector to ridicule.

General secretary Sally Hunt said: "UCU is not against people being properly rewarded for jobs well done. However, we believe colleges need to be upfront about why principals are enjoying such bumper pay rises compared to teaching staff.

"It is no use trying to pretend we are all in this together when the facts show us that those at the top are continuing to enjoy whopping pay increases."

### Pay in Further Education Colleges

Year <sup>1</sup>	Teachers <sup>2</sup> £	% rise	College principals' pay <sup>3</sup> £	% rise
2001-02	27,615		76,506	
2002-03	28,274	2.4	82,181	7.4
2003-04	28,774	1.8	88,087	7.2
2004-05	30,149	4.8	95,236	8.1
2005-06	30,889	2.5	99,227	4.2
2006-07	32,683	5.8	104,935	5.8
2007-08	33,769	3.3	111,574	6.3
2008-09	34,090	1.0	119,482	7.1
% change 2001-02 to 2008-09		23.4		56.2

<sup>1</sup> Teachers' pay is a snapshot in April of the second year. For example, teachers' pay in 2001-02 was taken at April 2002. Principals' pay is the total earned between August and July.

<sup>2</sup> Full-time gross mean average annual pay. Source: Office for National Statistics Annual Survey of Hours & Earnings, Table 14.7a.

<sup>3</sup> Mean average, excluding sixth form colleges; excludes benefits in kind and pension contribution. Source: LSC College Accounts, series; UCU calculations.

[www.ucu.org.uk/index.cfm?articleid=4559](http://www.ucu.org.uk/index.cfm?articleid=4559)

## Economic recovery still on course

The UK economy grew in the first quarter of 2010 confirming that the recovery is still on course, according to early official estimates.

The economy, as measured by gross domestic product (GDP), increased by 0.2% in the first quarter against the final quarter of 2009. The increase in output was due mainly to increases in business services and finance and manufacturing, the Office for National Statistics (ONS) said.

The production industries increased by 0.7% on the previous quarter, and in that figure, manufacturing also increased by the same figure. However, mining and quarrying decreased 0.7%, while the utilities – electricity, gas and water supply – increased 2.5%.

Howard Archer, chief economist at IHS Global Insight, argued that the lower-than-expected growth figure was "not in itself overly worrying".

"Overall growth in the first quarter was clearly dragged down appreciably by the very bad weather in January, and most indicators suggest that there has been a marked pick up in activity since then," he said.

As more detailed economic information becomes available to the ONS, they will release further es-

timates for first quarter growth. For example, the initial estimate for the final quarter of last year was 0.1% growth, but this was gradually raised to 0.4%.

[www.statistics.gov.uk/pdfdir/gdp0410.pdf](http://www.statistics.gov.uk/pdfdir/gdp0410.pdf)

<http://news.bbc.co.uk/1/hi/business/8639160.stm>

## Equality Act gives new rights at work

The *Equality Bill* received Royal Assent before Parliament broke for the general election and so is now law.

The Bill was originally a tidying-up exercise designed to harmonise and consolidate the various strands of discrimination law and their associated distinct tests. But the *Equality Act 2010*, as it now is, does introduce important new rights. For example, in the area of pay, the Act seeks to raise awareness of gender pay gaps within organisations.

Detailed official guidance notes on the Act can be accessed by following the link below; there is also a second link to the complete Act itself for those so inclined to read the legislation.

The notes have been prepared by various government departments. For example, the Government Equalities Office and the Department for Work and Pensions produced the guidance in respect of provisions relating to disability and pensions.

[www.opsi.gov.uk/acts/acts2010/en/plain/ukpgaen\\_20100015\\_en](http://www.opsi.gov.uk/acts/acts2010/en/plain/ukpgaen_20100015_en)

[www.opsi.gov.uk/acts/acts2010/plain/ukpga\\_20100015\\_en](http://www.opsi.gov.uk/acts/acts2010/plain/ukpga_20100015_en)

## February sees spike in earnings growth

Average earnings showed as sharp rise in February, according to the latest figures from the Office for National Statistics.

The average earnings index (AEI) showed annual growth of 5.4% in February, against a 0.2% fall the previous month. The AEI has been replaced as the official earnings measure by the average weekly earnings (see *Fact Service*, issue 16).

The sectoral figures show annual growth to February of 5.7% in manufacturing against 4.9% the previous month. Services showed 5.5% growth against no change in January and the private sector figure was 5.8% against 0.1%. However, in the

public sector growth was flat at 2.2% in both of the last two available months.

Headline average annual earnings growth (the three-month rolling average) for the whole economy was a provisional 2.1% in the three months to February – up from 0.9% growth in the previous three months to January.

The recovery in earnings was centred on manufacturing, which posted a 5.0% rise against 4.1% in the three months to January.

There was also some recovery in the service sector with growth up to 2.0% from 0.6%. And in the private sector as a whole, growth was up to 2.2% from 0.7%.

In the public sector, earnings growth was down to 2.1% in the three months to February from 2.2% in the previous three months to January.

Average earnings indices <sup>1</sup>						
2000 =100	Whole economy					
	annual % rise	Manu- facturing	Services	Private sector	Public sector	
<b>2009</b>						
February (r)	132.2	-2.0	134.6	131.3	129.4	142.2
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	139.5	1.6	139.8	139.0	137.3	144.8
December (r)	139.4	1.2	141.0	138.9	137.4	144.2
<b>2010</b>						
January (r)	133.1	-0.2	141.6	136.7	135.0	145.0
February (p)	139.3	5.4	142.3	138.6	137.0	145.3
% annual rise for February			5.7	5.5	5.8	2.2
% increase in headline rate for February <sup>2</sup>		2.1	5.0	2.0	2.2	2.1

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

The above figures and those in the table relate to earnings including bonuses. The index figures excluding them give a more realistic picture as they strip out the effects of City bonuses – a regular distorting factor on the figures around this time of year. Headline growth for the whole economy was up to 1.5% in the three-months to February from 1.3% to January.

[www.statistics.gov.uk/downloads/theme\\_labour/aei-publication-data201002.xls](http://www.statistics.gov.uk/downloads/theme_labour/aei-publication-data201002.xls)