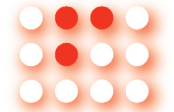


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Inflation is at 19-year high on dearer housing

Inflation rose sharply to its highest level since July 1991, according to official figures. Under the Retail Prices Index (RPI), inflation was running at 5.3% in April, against 4.4% the previous month.

Dearer housing costs, which rose by 0.6% this year but fell by 7.7% last year, was one of the factors in the rise of almost one percentage point. It was also the month when the Budget duty rises on the likes of tobacco and alcohol kicked in.

Under the Consumer Prices Index (CPI), inflation rose to 3.7% last month from 3.4% in March. This measure does not include housing costs.

It leaves the government's preferred measure of inflation well above the target 2% set under the previous Labour administration. It also means that Mervyn King, the governor of the Bank of England, will have to write to the new chancellor George Osborne as to what action the Bank's Monetary Policy Committee is taking to get the inflation figure down.

TUC general secretary Brendan Barber said the figures were "disappointing", but called on the Bank to "resist calls to raise interest rates. Inflation

is still forecast to fall below its two per cent target in 2011".

"To raise interest rates while the economy faces a £6 billion spending cut would increase the risk of plunging us back into recession," he warned.

	RPI	% increase on a year earlier		
		RPI	RPIX ¹	CPI
Jan 1987=100				
2009				
April	211.5	-1.2	1.7	2.3
May	212.8	-1.1	1.6	2.2
June	213.4	-1.6	1	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
March	220.7	4.4	4.8	3.4
April	222.8	5.3	5.4	3.7

¹ RPI except mortgage interest payments

Four of the 14 groups that make up the RPI posted increases above the overall rate of 5.3%.

The motoring expenditure group's 17.6% rise included a 25.3% rise in petrol and oil prices and a 24.8% rise in tax and insurance.

LABOUR RESEARCH DEPARTMENT

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The 5.2% rise in the fares and travel costs group was just under the overall rise but included a 7.7% rise in rail fares.

Although food prices only rose by 2.6% overall, the price of tea rose by 19.6%. Butter was 11.8% dearer and imported lamb 10.0% while fruit prices rose by 9.9%.

The 3.3% rise in the housing group included a 4.7% rise in mortgage interest payments.

The fuel and light group showed an overall fall of 2.8% fall, including cuts in gas and electricity prices of 6.6% and 2.7% respectively, offset by a 35.9% rise in "oil and other fuel" prices.

More than 5.3%	%	Less than 5.3%	%
Motoring expenditure	17.6	Fares etc	5.2
Tobacco	9.1	Alcoholic drink	4.4
Clothing & footwear	6.7	Household services	4.3
Leisure services	5.5	Personal goods & services	3.6
		Housing	3.3
		Household goods	3.2
		Catering	2.9
		Food	2.6
		Leisure goods	1.3
		Fuel & light	-2.8

www.statistics.gov.uk/pdffdir/cpi0410.pdf

Outsourcing firms are rubbing their hands

Companies that provide privatised or outsourced business services are rubbing their collective hands in anticipation that the coalition government will move towards outsourcing in attempt to cut public spending.

Richard Cousins, chief executive of Compass, said: "In fields such as healthcare, education and defence, governments are under pressure to fix their balance sheets. It may take time; nothing is going to happen next week, but there are opportunities out there that we intend to exploit."

Compass is expanding beyond contract catering to build a new business based on "soft support services" such as the provision of receptionists, cleaners and office managers. The operation could account for 20% of Compass's business in a few years.

Rival Capita insisted that outsourcing prospects were good, "as there remains an imperative to address the fiscal deficit". Serco also said that the global demand to provide essential services for less was boosting income.

Robert Morton of financial service group Investec told the *Guardian* newspaper: "Governments know that if they delay tackling their financial problems, they could end up with the sort of debt crisis that we have seen in Greece. Outsourcing is a way to protect front-line services by reducing costs elsewhere in government. There is scope for Compass to win more business as less than 50% of the global contract catering market is outsourced."

Dave Prentis, general secretary of the public sector union UNISON, said: "There are huge transactions costs associated with selling off services, which the public purse has to pay for. The shareholder premium leeches off more money that could be pumped back into giving the public better services."

"Privatisation also means public bodies get locked into long-term contracts. When unexpected events, such as the credit crunch happen, where the cost of borrowing shot up, it's impossible for councils and health authorities that have outsourced contracts, to respond. What they have ended up with, are far more expensive contracts."

Brian Caton, the outgoing general secretary of the POA prison officers' union, said: "These companies are not about providing services, they are about privatisation. The more they lust after profit the more the standard of service is driven down."

"Serco is bidding for the next tranche of private prisons and is a prime example of this. These companies are privateers and racketeers and they are all about making a profit."

www.guardian.co.uk/business/2010/may/12/contract-caterer-compass-optimistic
www.morningstaronline.co.uk/index.php/news/content/view/full/90250

New website aims to help trades councils

A brand new website dedicated to the vital work of trades councils has been set up by the TUC.

UnionsintheCommunity has been created to help trades union councils exchange information and build coalitions. It will also act as a contact point for those wishing to know more about trades union councils, and unions, and their work in the community.

With the threats of racism and fascism, changes in the labour market and the effects of the recession and debates over the future of public services, the union voice in the community is as important as ever.

The capacity of trades councils to provide a local response and to organise trade unionists into coalitions with other progressive forces is crucial. They do this by providing services which keep local trade unionists up to date with developments within the wider trade union movement, and by taking up relevant local industrial and community issues.

The link to the website is: <http://unionsinthecommunity.org.uk/>

www.tuc.org.uk/the_tuc/tuc-17928-f0.cfm

Age campaigners want U-turn on retirement

The coalition government is facing calls from the leading age campaigner the Employers Forum on Age (EFA) to reconsider its decision and commit fully to removing the outdated retirement rule of a default retirement age of 65.

Despite commitments to abolish the DRA in both manifestos, the Conservative/Liberal Democrat coalition agreement states that the default retirement age will be "phased out".

Rachel Kryz, EFA campaign director, said it was a missed opportunity for the new government.

"The default retirement age is fundamentally discriminatory, based on the assumption that age affects someone's ability to do their job. To phase out this policy is not sufficient," she said.

www.efa.org.uk/press_releases.php/159/conlib-coalition-government-pulls-back-on-retirement-commitments.

Earnings growth stays above 5%

The recovery in the growth of average weekly earnings for some continues, although at a slightly smaller rise than the previous month, the latest official figures from the Office for National Statistics show. Manufacturing earnings³ continue to show strong growth.

Average weekly earnings for the whole economy rose by a provisional 5.1% in the year to March—down from the revised annual rise of 5.8% for February. This is according to the average weekly earnings figures now used as the standard by the Office for National Statistics.

Manufacturing earnings showed 8.5% growth, while the service sector posted a 5.1% rise and the private sector a 5.8% rise.

In contrast, public sector earnings (excluding financial services) rose by just 3.1%—a cut in real terms as inflation in March was running at 4.4%.

Headline earnings (the latest rolling three-month average) for the whole economy showed provisional growth of 4.0% in the three months to March against the February rise of 2.5%.

In the manufacturing sector, the rise was up to 6.1% from 4.3% in the three months to February.

Earnings growth in the services sector was up to 3.5% in the three months to March from 2.0% in the previous three-month period, while earnings in the private sector rose by 3.6% in the latest three-monthly period against 1.8% previously.

In the public sector (excluding financial services), earnings growth was up to 2.8% in the three months to March compared to a 2.5% rise in the previous three-month-period.

Average weekly earnings¹

	Whole economy	Manufacturing	Services	Private sector	Public sector ²
£ a week					
2009					
March (r)	436	501	423	438	443
April	448	507	434	450	447
May	448	502	433	447	446
June	449	505	434	447	449
July	448	499	432	443	448
August	449	506	433	445	449
September	450	507	436	447	452
October	451	509	436	448	452
November	449	512	435	447	453
December	447	517	436	449	451
2010					
January (r)	446	522	414	426	455
February (r)	453	522	439	453	456
March (p)	459	544	445	463	457
% annual change					
Single month	5.1	8.5	5.1	5.8	3.1
3-month average ³	4.0	6.1	3.5	3.6	2.8

¹ Average weekly earnings in Great Britain, seasonally adjusted, including bonuses, but excluding arrears. ² Excludes financial services. ³ Average of the seasonally adjusted data for the latest three months compared with three months a year earlier. (p) provisional, (r) revised

The table over gives estimates of full-time average weekly earnings by occupation. It is based on figures from the Annual Survey of Hours and Earnings 2009, uprated by the 2.5% increase in the average

weekly earnings figures between April 2009 and March 2010.

Full-time average weekly earnings by occupation	
	£ a week
All employees	602.00
All male	659.10
All female	513.70
Managers	884.60
Professionals	803.50
Associate professionals	621.80
Admin & secretarial	422.00
Skilled/craft	496.60
Services	357.90
Sales	332.60
Operatives	455.10
Other manual jobs	355.40

www.statistics.gov.uk/pdfdir/lmsuk0510.pdf

CBI calls for two-year public sector pay freeze

It did not take them long. An immediate pay freeze in the public sector and a reform of public services to tame the economy has once again been the call from the leading business group the Confederation of British Industry (CBI).

The CBI has set out its plans for the new government to get public finances under control in its new report, *Time for action: reforming public services and balancing the budget*, which calls for a public sector pay freeze and private sector growth and job creation.

Their report claims that freezing the total public sector pay bill from 2010-11 for two years through selected pay and recruitment freezes could save £18 billion. But it also maintains that far bigger savings could be achieved through a fundamental re-shaping of public service provision, including using the private and third sector to deliver better outcomes more efficiently.

The CBI argues that unlike the private sector, where pay freezes have been commonplace during the recession, public sector pay has continued to increase. Average pay grew by 2.8% in the public sector in 2009, while it fell by 0.9% in the private sector. It also advises an exemption from the pay freeze for front-line staff and the lowest-paid workers.

John Cridland, CBI deputy-director general, said: "The new government will need to show strong political will to contain public sector labour costs. It needs to slam on the emergency brake now."

Richard Lambert, CBI director-general, added: "Experience suggests that the best way of bringing down a substantial deficit without damaging growth is through spending restraint rather than raising taxes."

Commenting on its report, TUC general secretary Brendan Barber said: "This is special pleading from the CBI, who is calling for the full brunt of spending cuts to fall on public sector staff rather than the billions spent by government on private sector goods and services, such as consultants. The economy is still very fragile and any cuts could send us into a double-dip recession."

Dave Prentis, general secretary of the public services union UNISON, said: "Let's not forget, the public sector didn't cause this crisis, and it is wrong for the CBI to expect them to pick up the bill with pay cuts."

www.personneltoday.com/articles/2010/05/19/55619/two-year-public-sector-pay-freeze-called-for-by-cbi.html

www.tuc.org.uk/publicsector/tuc-17946-f0.cfm

www.unison.org.uk/asppresspack/pressrelease_view.asp?id=1863

Tories won donations battle during election

Over £13.3 million was received by the three main political parties during the 31-day general election period, according to the independent party funding regulator, the Electoral Commission.

The Conservative Party won the election money stakes by over £2 million. In the election period it received 171 donations worth a total of £7.3 million. The Labour Party received £5.3 million from 38 donations, while the Liberal Democrats got £724,000 from 20 donations.

The latest commission figures show that nearly £2.8 million of these donations were received from 4-6 May, the last of five special reporting periods.

In final period, the Conservatives received £1.6 million from 35 donations, Labour was given £1.1 million in six donations, while the Liberal Democrats had to make do with one donation of £20,000 from the health supplements company Vitabiotics.

www.electoralcommission.org.uk/party-finance/uk-general-election-donations-and-borrowings