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Poverty is linked to women's low pay

Tackling women's low pay is the key to ending child poverty in the UK, a new briefing from the TUC says. *The Iron Triangle* draws together research from itself, the End Child Poverty coalition and the women's pressure group the Fawcett Society and finds that women's low pay not only causes their poverty, but also has huge implications for their children's living standards.

The government is committed to halving child poverty by 2010, but the poverty of children is inextricably linked to the poverty of their mothers, with women's low pay completing the triangle.

Half of all poor children – 1.4 million – are being raised in working households, and a clear majority of children in poverty (57%) live in a family where one or more adults have jobs. But working women are far more likely than men to be in low paid part-time jobs.

The TUC briefing reveals that almost a third (30%) of working women have an income of less than £100 a week, compared to just 14% of men. The full-time work gender pay gap currently stands at 17.2%, with the average male hourly wage £14.98 compared to £12.40 for women.

Women are also far more likely to work in poorly paid part-time jobs – more than three-quarters of part-time workers are female – with an average hourly wage of £9.65, and a 35.6% pay gap with male full-timers and 14.1% with male part-timers.

Another link between low pay, women's poverty and child poverty is the employment discrimination that many mothers face. Mothers in Britain are far more likely to be poor than anywhere else in Europe and, from the moment they conceive a child, women face immediate financial penalties – thousands lose their jobs and many more face disadvantage and reduced opportunities in the workplace.

In addition, after having a child many mums become trapped in part-time, low-paid and low status work. They are more likely to be in insecure jobs as temps or homeworkers, where they have fewer employment rights.

TUC general secretary Brendan Barber said that its Commission on Vulnerable Employment had recently found that some of the country's most vulnerable workers were women and having a child puts a woman at an even greater risk of being poor.

"As 40% of households are now headed by single mothers, this has concerning implications for tackling child poverty.

"The government has promised to end child poverty by 2020. But the number of children in poverty

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has risen over the last two years. It's vital the government tackles low pay and takes action to stop discrimination against mothers now."

www.tuc.org.uk/economy/tuc-14973#0.cfm
www.tuc.org.uk/extras/irontriangle.pdf

Carry on fat cats

Treasury minister Kitty Ussher has ruled out any government action on top executive pay. She told the British Bankers' Association Conference that they would resist the calls that have been made for direct regulation of executive pay.

"Of course, remuneration packages should be strongly linked to effective performance, and incentives should be aligned with the long-term interests of the business and of shareholders – and we don't support rewards for failure", she told happy bankers.

And warming to the message, she said, "I'm clear that executive pay is a matter for boards and shareholders – not for governments." So it's cream as usual for the fat cats.

Following the rescue of US finance group Bear Stearns in February, the Institute of International Finance – it represents nearly 400 of the world's largest financial companies – promised a code of conduct for better self-regulation of the finance industry in future. Significantly it said it would cover conflicts of interest over bankers' pay. And, while pay should be left to individual banks, there should be greater deferral of bonuses and setting pay "on a risk-adjusted basis", implying paying less to bankers who have simply taken big risks and struck lucky. We'll see.

www.hm-treasury.gov.uk/newsroom_and_speeches/press/2008/press_56_08.cfm

Scotland to act on pleural plaques

A new bill that overrules the decision taken by the House of Lords last October that asymptomatic pleural plaques do not give rise to a cause of action under the law of damages, has been published by the Scottish government.

The provisions in the bill will mean that people negligently exposed to asbestos who are diagnosed with pleural plaques will continue to be able to raise an action for damages.

Community safety minister Fergus Ewing said: "Industries such as shipbuilding and construction contributed to our nation's wealth in the past. Sadly however these industries have also given many Scots a legacy which still impacts on their lives today through exposure to asbestos."

The bill has been widely welcomed by asbestos groups and other bodies including the Faculty of Advocates. And surprise surprise, most of the opposition to the bill is from insurers and business interests.

Ewing said he was aware of their concerns, but believes that fears about wider effects of the bill are exaggerated. The bill will be concerned only with three asbestos-related conditions – pleural plaques; symptomless pleural thickening; symptomless asbestosis – and will have no effect beyond those conditions.

The House of Lords judgement in *Johnston v NEI International Combustion Ltd* last October ruled that symptomless pleural plaques do not give rise to a cause of action under the law of damages. Prior to this judgement, pleural plaques had been regarded as actionable for over 20 years.

The provisions of the bill would take effect from the date of the judgement. This means that people whose cases have not been settled or determined by a court, before the date the bill comes into force will be covered by the provisions of the bill.

Although the Lords' judgement was restricted to pleural plaques, other indicators of significant exposure, such as asbestosis and pleural thickening can also both be detected while symptomless. In contrast with pleural plaques, they are usually (but not always) progressive and impairment will occur.

However, so as to reduce the risk of a narrow interpretation of the case giving rise to the anomaly that people with symptomless pleural plaques may claim because of the bill, while people negligently exposed to asbestos who have developed symptomless forms of other asbestos-related conditions can't, the Scottish government intend to include provisions to cover these other asbestos-related conditions.

Jim Moohan, senior organiser of the GMB general union in Scotland and chairman of the Shipbuilding and Engineering Unions of Scotland, said the action on pleural plaques would reverse a "serious injustice to the thousands of male and female workers" in the shipbuilding, engineering and associated

industrial sectors who have been affected by this "terrible strain of asbestosis".

"Nothing can ever compensate for those individuals and their families who have suffered the tragedy of asbestosis. The recognition of pleural plaques gives some comfort and hopefully some limited compensation for the pain being suffered at the present time," he said.

www.scotland.gov.uk/News/Releases/2008/06/24095151
www.gmb.org.uk/Templates/Internal.asp?NodeID=971179

Economic forecasts

The economy is forecast to grow on average (median) by 1.7% in 2008, according to forecasts collated by the Treasury from around 40 forecasters – the range is from 0.7% to 3.0% growth. The Treasury's own forecast, made in the March 2008 budget, was for growth of between 1.75% and 2.25%.

Inflation forecasts for the 4th quarter 2008, as measured by the Retail Prices Index, range from rises of 2.3% to 4.5% with a mid-point average of 3.7%. The range for the same quarter next year is 1.3% to 4.4% with an average rise of 2.4%.

Forecasts for average earnings growth range from 3.6% up to 4.7% in the 4th quarter 2008 with an average of 3.9%. In the same quarter next year, forecasts are for growth of between 3.2% and 4.7% with an average rise of 4.0%.

www.hm-treasury.gov.uk/media/6/F/200806forcomp.pdf

Final salary pensions

A growing number of UK companies are closing defined benefit (DB or final salary) pension schemes to future accrual for existing employees as well as looking to buyout their pension schemes, according to the third PricewaterhouseCoopers (PwC) *Pensions Survey*.

The survey, covering 86 respondents, raises big questions about the future of pensions provision – 16% of participants have now closed their final salary pension scheme to future accrual for existing employees and another 11% expect to do so in the future.

Just a year ago, all of the respondents' schemes were still providing accrual to existing members, while six months ago just 3% had ceased to do so. In the last six months, the number of schemes

closing to existing employees has risen by some 13 percentage points.

In addition, the closure of DB schemes to new employees continues to gather pace – with just one in five (20%) respondents' schemes now open to new members, compared with one in three (33%) last year.

Marc Hommel, partner at PwC, said that companies continue to close their defined benefit schemes to new employees is no surprise, "but the trend towards ceasing to provide future accrual of benefits to existing employees shows just how far UK companies are prepared to go to address their exposures to defined benefit pension provision".

Interestingly, nearly nine out of 10 (88%) respondents report that pensions are equally or more important than three years ago in attracting, retaining and motivating employees.

The survey also shows that over a third (35%) of companies are looking to buyout some or all their pension liabilities compared to just over a quarter (27%) in the summer of 2007. Almost one in five (19%) respondents is looking to do so in the next five years compared with over one in 10 (11%) last year.

Larger companies – those with more than 5,000 employees – are more likely to take this kind of action with just over two-fifths (43%) considering a buyout in the future, and more than a quarter (27%) indicating they wished to achieve this within the next five years.

Of companies where the pension scheme liability exceeds the sponsoring organisation's value, three-quarters (75%) are considering a buyout. Some two-fifths (44%) of respondents are not prepared to pay more than the value of liabilities reported in the company's accounts to facilitate a buyout. Fewer than 10% of respondents would pay more than 120%.

TUC buyout call A review of pensions buyouts models – where a finance company takes over a pension scheme from an employer – is needed to anticipate any threats to members' interests.

The Powers of the Pensions Regulator – the TUC's submission to a works and pensions department consultation – welcomes the additional powers proposed for the Pensions Regulator, which it says will help protect pension schemes from poorly funded buyouts or unscrupulous investors that put pensions at risk.

The TUC believes that the principles-based approach to regulation, as proposed in the consultation, is the most effective way to give the Pensions Regulator the flexibility it needs to adapt to the constantly developing buyout market. But in order to keep up with any new business models, it is calling for a full review of buyouts to ensure that the regulatory regime is fully up-to-date.

Its submission also says that member-nominated trustees (MNTs) play a crucial role in ensuring that schemes are run in the interests of members and urges the government to require schemes to have 50% MNTs. The TUC believes this will help to prevent trustees from being bypassed in any buyout decisions.

www.ukmediacentre.pwc.com/Content/Detail.asp?ReleaseID=2794&NewsAreaID=2
www.tuc.org.uk/pensions/tuc-14976-f0.cfm

New move on training

Unions have welcomed government proposals that will help millions improve their skills. Employees in England will have the legal right to ask their employer for time away from their mainstream duties to undertake relevant training, under the proposals outlined in a consultation document – *Time to Train* – from the innovation, universities and skills government department.

They are free to *ask* now, but the new scheme would *require* employers in future to seriously consider the requests they receive. The training would have to help improve business performance and productivity, but could range from accredited to unaccredited training, addressing immediate needs or longer-term potential.

The key proposals up for consultation are:

- Employees can ask their employer for time to train, where the training will benefit both them and the employer;
- Requests do not have to be about accredited programmes, but might simply be for short, unaccredited, training;
- The employer must consider a request carefully, but could decline it for a good business reason; and there will be no requirements on employers where an employee was recruited less than 26 weeks previously;
- Employers agreeing a request can agree to meet the employee's salary during training if they wish, but are not obliged to do so if it is "off the job" training; employers agreeing to a request can organise the training if they wish, and indeed pay for it, but there is no obligation to do so. Work-based

training would naturally count as "time to train";

- Alternatively the employee may need to arrange their own training, perhaps through a local college, but will benefit from being released from work. The employer would not be expected to pay towards this if they did not wish to do so; and

- The practical arrangements which employers would follow would be modelled on the existing right to request flexible working, with which many employers are by now familiar. Appeals to employers, and tribunal arrangements, would also follow that system.

Unions have responded favourably: TUC general secretary Brendan Barber said that "decent, high quality and regular training" in all workplaces is key to achieving a highly skilled workforce that can compete in the global economy.

"Sensible employers know that providing their staff with training makes business sense," he said, "but unfortunately there are still far too many employers who don't think training is their concern, and who never give their employees the chance to learn new skills."

www.dius.gov.uk/consultations/documents/TimeToTrain.pdf
www.tuc.org.uk/skills/tuc-14977-f0.cfm

Uncollected council tax in Scotland

Scotland's local authorities failed to collect more than £111 million in council tax in the financial year ending March 2008, figures have shown. In 2007-08, for Scotland as a whole, the total amount of council tax billed was £1.94 billion. Of this total, £1.83 billion was collected by 31 March 2008.

Scottish government figures show that the overall collection rate for council tax in the billing year was 94.2% in the last financial year – up from 93.8% in 2006-07. Collection rates ranged from 97.7% in the Orkney Islands to 88.0% in Glasgow.

The provisional figures show that 25 out of 32 councils have improved on their 2006-07 in-year collection rate figures; three councils showed the same collection rate. The remaining four councils which showed slight decreases were Argyll and Bute, the Orkney Islands, Perth and Kinross, and the Scottish Borders.

www.scotland.gov.uk/Resource/Doc/229002/0061984.pdf