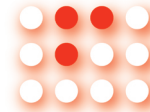
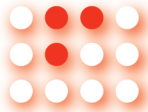


# FACT

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## Big Brother's boss is watching you at work

Electronic tagging of employees and the installation of cameras in workplace toilets are just two of the types of unreasonable surveillance by employers that the Labour Research Department (LRD) has uncovered in a survey of workplace representatives.

Technical developments have given employers a huge range of opportunities for monitoring and surveillance of employees in recent years. It is essential that unions negotiate workplace policies to protect workers from the worst abuses of their privacy by their employer.

*Monitoring and surveillance* explains the types of techniques being used including: CCTV, vehicle tracking devices, radio frequency identification and electronic tagging, performance monitoring and lie detection technology.

The law affecting human rights and data protection in this area is set out in the guide. Nevertheless, the employer can use a range of spying activities that are not banned including: CCTV recording, e-mail monitoring, phone and web use monitoring, use of performance monitoring equipment and accessing personal information from credit agencies.

The major focus of the booklet is to provide the information and guidance needed to negotiate a workplace policy that protects employees from having their privacy violated and their job unreasonably threatened.

*Monitoring and surveillance – a guide for union reps*, Labour Research Department, 78 Blackfriars Road, London SE1 8HF, price £4.65. Visit [www.lrd.org.uk](http://www.lrd.org.uk)

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## Setback over retirement age

Hundreds of workers who want to work beyond the age of 65 have suffered a blow in their campaign. Their age discrimination claim has been rejected by a European court adviser.

An advocate-general, a senior legal adviser to the European Court of Justice (ECJ), backed current UK rules – although the view is not binding.

The Age Concern charity is challenging UK laws, which since 2006 have allowed employers to compel workers to retire at 65. They argue that the law breaches the EU's Equal Treatment Directive.

Some 260 people in Britain have cases pending at employment tribunals, which depend on the European court's decision.

Age Concern described the latest decision as "a

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setback" but stressed that the case would run for some time, and they would go back to the UK's High Court for a final decision.

Ailsa Olgive, director of campaign group Heyday, said: "Denying people work because of their date of birth is grossly unfair, and in these tough times we expect more people will need to carry on working into 'retirement' in order to make ends meet."

The advocate-general's view could influence the ECJ which is expected to give a ruling in the case just before Christmas.

<http://news.bbc.co.uk/1/hi/business/7629384.stm>  
[www.ageconcern.org.uk/AgeConcern/mandatoryretirement.asp](http://www.ageconcern.org.uk/AgeConcern/mandatoryretirement.asp)

## Membership of pension schemes

The active membership of employer pension schemes fell between 2006 and 2007.

The number of employees paying in to a scheme (or having contributions made for them), dropped from 9.2 million to 8.8 million, according to the Office for National Statistics.

Active private sector members fell to 3.6 million, while public sector members rose to 5.2 million.

The private sector figure breaks down to 2.7 million members of defined benefit (also known as final salary) schemes and 0.9 million members of defined contribution (also known as money purchase) schemes.

[www.statistics.gov.uk/pdfdir/ops0908.pdf](http://www.statistics.gov.uk/pdfdir/ops0908.pdf)  
[www.statistics.gov.uk/statbase/Product.asp?vlnk=1721](http://www.statistics.gov.uk/statbase/Product.asp?vlnk=1721)

## Average weekly earnings

For four years now, the Office for National Statistics has been producing an experimental measure of average weekly earnings on a sector and industrial basis.

Estimates on a sector basis are shown below. Unlike the average earnings index figures and the updated occupational figures from ASHE, the figures cover part-time as well as full-time workers.

Average weekly earnings for the whole economy

rose by only 3.3% in July the figures show. The inflation rate for the same month was 5.0% meaning living standards were hit hard.

Average weekly earnings in July 2008

	£ a week	% annual rise
Whole economy	438.00	3.3
Private sector	437.70	3.0
Public sector	439.10	4.2
Manufacturing	501.20	3.7
Services	422.70	3.5
Private services	418.20	3.2
Production	517.20	3.9

[www.statistics.gov.uk/StatBase/Product.asp?vlnk=14015&Pos=&ColRank=1&Rank=272](http://www.statistics.gov.uk/StatBase/Product.asp?vlnk=14015&Pos=&ColRank=1&Rank=272)

## Privatising public services

The shift towards private companies providing public services is exposing the government and taxpayers to enormous financial risks, warns public sector union UNISON. It is calling on the government to cut out big business and call a halt to damaging privatisation.

UNISON's new report – *The rise of the public services industry* – says the public service industry is currently worth £79 billion. It examines the wider social, economic and political impact of the public services industry. It highlights the economic reality of the marketisation of public services that increases the government's financial exposure to the credit crunch and presents a potential personal catastrophe for vulnerable service users.

A number of key areas at risk from the global meltdown are highlighted by the report. In the care home sector, for example, private equity firms have borrowed heavily against over-valued property prices and are now running into difficulty re-financing because banks don't want to renew their loans. The report gives examples where councils have had to step in to protect residents following the collapse of firms, such as Sedgemoor.

A number of key concerns are expressed in the report:

- Public service delivery markets are undergoing a process of consolidation, creating risks of market dominance and manipulation
- Reliance on debt finance by Private Finance Initiatives (PFI), Public Private Partnerships (PPP) and private equity investors has heightened the exposure of key services and the Treasury to economic risk resulting from the "credit crunch", at a

time when government finances are under severe pressure.

- Public services are generating high levels of profits for PPP consortia and private equity houses – often far beyond what might be regarded as “fair” returns on investment.

- Although promoted as a means of avoiding capital expenditure, private investment generates additional costs through higher ongoing fees and charges for services.

- Transaction costs generated by the complicated process of tendering, bidding, contracting and monitoring are substantial.

- Pressure to extract profits and pay dividends to shareholders can persuade contractors to put cost-cutting before investment and service quality.

The report also points out that public service delivery contracts are inflexible and costly to alter, making it harder for services to respond to changing needs or revised policy priorities.

Failings by public bodies mean they can be poor clients, not properly monitoring contracts – undermining public service accountability

The claimed advantage for PFI and PPP of transferring the risk to the private sector is entirely notional, says the report, as contractor failures must ultimately be bailed out by the taxpayer, as major schemes cannot be allowed to fail.

Dave Prentis, UNISON general secretary, said the report shows that the Treasury is at risk of having tens of billions of pounds of liabilities heaped on it, because of the way public services are now delivered and funded.

“Much of the money used by the public services industry has been borrowed from the banks and, with borrowing costs rising, our schools and hospitals are being exposed to the credit crunch and financial bad weather.”

[www.unison.org.uk/asppresspack/pressrelease\\_view.asp?id=1251](http://www.unison.org.uk/asppresspack/pressrelease_view.asp?id=1251)  
[www.unison.org.uk/acrobat/PP8917.pdf](http://www.unison.org.uk/acrobat/PP8917.pdf)

## Pay settlements

The average rise for settlements was running at 4.0% in the three months to August – the same rise as for July, latest figures from Labour Research Department's Payline database show. The average figure quoted is the mid-point figure after ranking the pay rises and is also known as the median.

Settlements were averaging 3.3% in the public sector and 4.0% in the private sector.

Industry settlements were running at 4.1%, ahead of the 3.7% rise for the service sector.

Both manual and non-manual settlements showed an average rise of 4.0%.

[www.lrd.org.uk/index.php?pagid=18](http://www.lrd.org.uk/index.php?pagid=18)

## Fear over IT job cuts

There are fears that over 3,000 jobs could be cut in Britain as a result of the takeover of IT company EDS by its rival Hewlett-Packard (HP).

The public and commercial services union PCS has warned that it would vigorously oppose any moves to impose compulsory redundancies following an announcement by HP that it was to cut 24,600 jobs worldwide. EDS has major contracts with government departments, including Department for Work and Pensions (DWP) and Ministry of Defence, and recently attracted attention because of a loss of prison officers' data.

PCS national officer Jim Hanson said: “EDS has slimmed down the workforce over the last 18 months, and there's no fat left to trim.

“HP's track record is to cut jobs when they take over a business, and we don't expect anything different here.”

Mark Serwotka, PCS general secretary, added: “One of the dangers of privatisation is that government contracts can be bought and sold without any say from MPs.

“HP is getting massive DWP and defence contracts without having to go through a tendering process. It's not just former civil servants' jobs that are at risk, but the delivery of public services that rely on IT services provided by the former EDS.

“There is great uncertainty across the workforce, which is being fuelled by the company's unwillingness to engage with the unions. The company needs to provide assurances over job security in this period of massive economic uncertainty.”

[www.pcs.org.uk/en/news\\_and\\_events/news\\_centre/index.cfm/id/06A5F38E-FA7A-4B0E-8F551A2B32994211](http://www.pcs.org.uk/en/news_and_events/news_centre/index.cfm/id/06A5F38E-FA7A-4B0E-8F551A2B32994211)

## Inflation and earnings forecasts

Inflation forecasts for the 4<sup>th</sup> quarter 2008, as measured by the Retail Prices Index, range from rises of 3.4% to 5.9% with a mid-point average (median) of 4.8%.

For the same quarter 2009, the range is 0.4% up to 4.3% with a median figure of 2.1%.

Forecasts for average earnings growth range from 3.5% up to 5.3% in the 4<sup>th</sup> quarter 2008 with a median figure of 3.8%.

Fourth quarter 2009 forecasts range from 3.1% to 5.5% and 3.8% for the median.

[www.hm-treasury.gov.uk/media/A/2/200809forcomp.pdf](http://www.hm-treasury.gov.uk/media/A/2/200809forcomp.pdf)

## Recognition gains

Workers in the media and retailing have voted for union recognition at two companies.

The National Unionist of Journalists has won recognition at South West Wales Media. Journalists on the *South Wales Evening Post*, *Carmarthen Journal* and *Llanelli Star* voted in favour of recognition at the Northcliffe Newspapers titles.

General union Unite achieved recognition after a ballot of warehouse staff at Sports Direct International, the stock exchange-quoted retailer, where Mike Ashley, owner of Newcastle United football team, has a big stake.

[www.cac.gov.uk/recent\\_decisions/Decision\\_texts/finaldeclaration%20TUR1630%202008doc.htm](http://www.cac.gov.uk/recent_decisions/Decision_texts/finaldeclaration%20TUR1630%202008doc.htm)

[www.cac.gov.uk/recent\\_decisions/latestdecisions.htm](http://www.cac.gov.uk/recent_decisions/latestdecisions.htm)

## Retiring from the boardroom

Top directors can look forward to a comfortable retirement after a hard life in the boardroom, according to the *Guardian's* latest survey of executive pay and perks.

The generosity of the Royal Bank of Scotland (RBS) towards its US boss, Lawrence Fish, means he can retire with a pension of over £1 million a year.

Fish, who will retire next year from his non-executive role as chairman of RBS's Citizens Bank, has accrued a pension worth £1.04 million a year.

Cadbury Schweppes boss Todd Stitzer can look forward to a minimum annual pension of £882,000.

Jeroen van der Veer, the chief executive of Shell, has built up an entitlement of £829,000 a year.

The lucky trio benefit from defined benefit pension schemes that guarantee to pay two-thirds of their final salary when they retire.

A study by the TUC has put the average retirement payout for executives at the FTSE 100 companies at more than £200,000 a year, mainly thanks to their membership of final-salary schemes (see FS36).

The only woman to enter the top 20 pensions list was Linda Cook, Shell's gas and power boss and a frontrunner to take over the oil company as chief executive when Van der Veer retires. At the age of 48, she is already entitled to a minimum pension of £513,057 a year.

Other winners include the outgoing Unilever boss Patrick Cescau, who is entitled to at least £755,000 annually when he retires from the detergents to food group next year.

Some firms, including the advertising group WPP, have moved away from guaranteeing a two-thirds pension to their directors and workforce. Instead the companies pay huge sums into defined contribution or money purchase schemes to feather the nests of top executives in retirement.

At WPP, chief executive Sir Martin Sorrell can claim to be a member of a similar scheme to the firm's workers, but a £400,000 payment into his pension pot last year is far in excess of the payments to staff.

Mining company Xstrata have put huge sums into the pension pots of chief executive Mick Davis and finance director Trevor Reid. The company paid in £1.6 million for Davis last year, while Reid's retirement fund was given a £720,000 boost.

Bart Becht, chief executive of household products group Reckitt Benckiser, had £271,000 paid into his pension scheme last year.

[www.guardian.co.uk/business/2008/sep/12/executivesalaries.pensions](http://www.guardian.co.uk/business/2008/sep/12/executivesalaries.pensions)