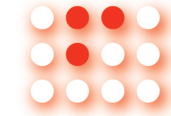


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## Pre-Budget Report

The economy contracted by 0.5% in the three months to September, chancellor Alistair Darling said, introducing his second Pre-Budget Report. And economic growth, as measured by GDP, is forecast to be 0.75% overall this year – down from the 2.5% he predicted in March.

The chancellor also slashed economic growth forecasts for 2009 from 2.75% to a contraction of between 0.75% and 1.25%. In 2010, growth is forecast at between 1.5% and 2%.

Inflation is forecast to come down sharply, reaching 0.5% by the end of next year.

Public sector borrowing will be taken to record levels, reaching £78 billion this year – up from the £43 billion he predicted in the March Budget – and up to £118 billion next year – equivalent to 8% of GDP. Darling said that was the “right choice for the country”.

He said borrowing would fall from 2010 to £105 billion, then to £87 billion, £70 billion and then £54 billion, so by 2016 Britain would once again be borrowing only to invest. UK net debt as a share of GDP will be 41% this year, 48% next year, then 53% and 57% in subsequent years.

Capital spending of £3 billion is to be brought forward from 2010-11. The money will be used to increase motorway capacity, improve and build new social housing, renew primary and secondary schools and invest in energy efficiency measures. But there will be a sharp cut in the rate of growth in public spending, now expected to grow by 1.2% a year, a sharp decrease from the 1.8% previously planned. In addition, the government has pencilled in £5 billion in efficiency savings by 2011.

**Tax and national insurance** A new 45% higher income tax rate is proposed for earnings above £150,000, but only from April 2011. Darling said it will impact on 1% of people. The £120 rebate for basic rate taxpayers, introduced in the wake of the 10p tax row, is made permanent and increased to £145 from April benefitting 22 million households “not just this year but for good”.

From April 2011, all rates of national insurance (NI) contributions are to be increased by 0.5% for employees and employers. The starting point is to be raised to that of income tax – no-one on less than £20,000 will see their NI contributions increase.

VAT is to be cut from 17.5% to 15% from 1 December 2008 until 31 December 2009.

**Pensioners** The Basic State Pension is to rise in line with inflation, from £90.70 to £95.25 for a single person but the increases will take effect in January, three months early, and every pensioner

**LABOUR RESEARCH DEPARTMENT**

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gets a one-off payment of £60 from January, while couples get £120.

The Pension Credit will be increased in April by 4.8% to £130 a week from £124 for individuals and to £198 from £189 for couples.

[http://news.bbc.co.uk/1/hi/uk\\_politics/7746188.stm](http://news.bbc.co.uk/1/hi/uk_politics/7746188.stm)

[www.hm-treasury.gov.uk/prebud\\_pbr08\\_index.htm](http://www.hm-treasury.gov.uk/prebud_pbr08_index.htm)

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## Drug & alcohol policies – new LRD booklet

Employers' attitudes towards drug and alcohol use at work have become a significant issue for trade union representatives to deal with in recent years. Many employers, including high profile private firms and public sector organisations, have introduced drug and alcohol policies and used them in disciplinary cases against individual workers.

As such union and safety reps need to understand the issues relating to drugs and alcohol at work. LRD's new 48-page guide, *Drug and alcohol policies at work – a guide for union reps*, provides reps and negotiators with positive examples of union action and intervention, using the law and good practice guidance.

The booklet shows that union involvement can make a difference to outcomes for members. It explains the law and government guidance on drugs and alcohol at work and examines employers' policies on drugs and alcohol, particularly around disciplinary procedures and testing. It also looks at rehabilitation and support for affected workers.

*Drug and alcohol policies at work – a guide for union reps* is published by the Labour Research Department, 78 Blackfriars Road, London SE1 8HF, price £5.10. [www.lrd.org.uk](http://www.lrd.org.uk)

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## Union reaction to the Pre-Budget Report

Unions gave a generally favourable response to Alistair Darling's Pre-Budget Report, but warned against public sector job cuts.

TUC general secretary Brendan Barber said: "The chancellor was right to inject this extra money into the economy. We welcome the significant extra cash that he has put into the pockets of low and medium paid workers, and the extra help for pensioners.

"It is absolutely right that the top 1%, who have done so well in recent years, should pick up the bigger part of the bill for today's boost. Indeed the chancellor could have gone further. Cracking down on tax avoidance through new minimum tax rates on those earning more than £100,000 would probably make the planned national insurance increases unnecessary."

However, both Mark Serwotka, general secretary of the public and commercial services union PCS, and Dave Prentis, leader of the biggest public sector union UNISON, cautioned the chancellor over public sector job cuts.

"The government must hold firm to its commitment for increased public investment to create and sustain jobs. However, efficiency drives in the public sector should not equate to job cuts – now is not the time to add public sector workers to the unemployment figures," Prentis said.

Serwotka said that further efficiency savings of £5 billion "should not be a prelude to yet more job cuts, office closures and privatisation".

Tony Woodley, joint general secretary of the largest general union Unite, said: "The government has shown that it is listening to people's fears and is helping the people of this country weather the economic storm."

Meanwhile, GMB general secretary Paul Kenny cautioned that: "People need to wake up to understand that the UK must either invest to keep people in work or else spend money on unemployment."

[www.tuc.org.uk/economy/tuc-15656-f0.cfm](http://www.tuc.org.uk/economy/tuc-15656-f0.cfm)

[www.unison.org.uk/](http://www.unison.org.uk/)

[www.pcs.org.uk/en/news\\_and\\_events/news\\_centre/index.cfm/id/970D3B36-F259-4AF2-BE3A5F4D17D026D7](http://www.pcs.org.uk/en/news_and_events/news_centre/index.cfm/id/970D3B36-F259-4AF2-BE3A5F4D17D026D7)

[www.amicustheunion.org/Default.aspx?page=9645](http://www.amicustheunion.org/Default.aspx?page=9645)

[www.gmb.org.uk/Templates/Internal.asp?NodeID=97855](http://www.gmb.org.uk/Templates/Internal.asp?NodeID=97855)

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## Transport dominates family spending in 2007

Transport costs took the lion's share of families' household spending during 2007, new figures from the Office for National Statistics reveal.

*Family Spending*, the annual publication of UK household expenditure, found that families spent an average of £61.70 a week on transport, equivalent to 13.4% of total average household expenditure of £459.20 a week.

Personal transport, which includes the costs of fuel and servicing for family vehicles, accounted for the largest proportion of expenditure on transport at £28.80 a week (47% of all transport expenditure). Spending on rail and tube fares rose to an average £2.50 a week, while spending on bus and coach tickets fell to £1.20.

The second highest category of family spending was on recreation and culture, which includes expenditure on items such as televisions, computers, books and leisure activities. Total spending in this category was £57.40 a week, representing 12.5% of total average weekly spending.

Housing, fuel and power was the third-largest category – £51.80 a week or 11.3%.

However, the housing element excludes mortgage capital and interest repayments, under internationally-agreed classifications of expenditure.

Of the £48.10 spent a week on food and non-alcoholic drinks, £12.80 was spent on meat and fish, £3.70 on fresh vegetables, £3.00 on fresh fruit, and £4.00 on non-alcoholic drinks.

Of the £14.60 spent a week on alcohol, £6.60 (45%) was spent on alcohol to be consumed at home with the remainder – £8.00 or 55%— spent on alcoholic drinks bought and consumed on licensed premises, such as pubs and clubs.

Family spending by category 2007

	£ a week	%
Transport	61.70	13.4
Recreation and culture	57.40	12.5
Housing, fuel and power	51.80	11.3
Food and non-alcoholic drinks	48.10	10.5
Restaurants and hotels	37.20	8.1
Miscellaneous goods and services	35.30	7.7
Household goods and services	30.70	6.7
Clothing and footwear	22.00	4.8
Communication	11.90	2.6
Alcoholic drinks, tobacco and narcotics	11.20	2.4
Education	6.80	1.5
Health	5.70	1.2
Other expenditure items	79.30	17.3
Total expenditure	459.20	100.0

[www.statistics.gov.uk/pdfdir/fs1108.pdf](http://www.statistics.gov.uk/pdfdir/fs1108.pdf)

## Trade unionists murdered in 2007

Nearly 100 trade union members were murdered in 2007 for daring to campaign for better working rights in countries with violent histories of anti-union activity, according to an international survey.

Ninety-one trade unionists met violent deaths last year, according to the International Trade Union Confederation's (ITUC) 2008 survey of trade union rights violations. Thirty-nine of them were killed in Colombia – once again the most dangerous place in the world to belong to a union – closely followed by Guinea, where 30 were killed by President Lansana Conte's regime.

An increasingly hostile attitude to trade union members saw four people killed in Guatemala. Elsewhere there were fatal attacks on people active in unions in Ethiopia, Zimbabwe and Mozambique. Murders were also reported in a number of other countries, including Argentina, Chile, Peru, Cambodia and the Philippines.

TUC general secretary Brendan Barber said: "There are many parts of the world where simply belonging to a union is enough to make someone the target of extreme violence and intimidation. In countries where governments take a highly unfavourable view of anyone who stands up for decent pay and safe working conditions, trade unionists are putting their lives at risk on a daily basis."

The ITUC survey also points to migrant workers in every part of the world suffering continued exploitation and abuse, and frequently being denied any right to union membership.

Many of the worst cases occurred in the Middle East. Several construction workers were reported to have died in Qatar as a result of their terrible living and working conditions.

[www.tuc.org.uk/international/tuc-15646-f0.cfm](http://www.tuc.org.uk/international/tuc-15646-f0.cfm)

## Retail misery

Two big names in shopping have gone into administration threatening tens of thousands of jobs. Woolworths brought in administrators after the firm said its retail stores could no longer operate as a going concern.

The stores will stay open for now, but 30,000 jobs are at risk in both the stores and its distribution arm after the group buckled under its £385 million debt.

Furniture retailer MFI has also gone into administration – citing falling demand for big ticket items, cash-flow problems and the withdrawal of credit.

Some stores will continue to trade, but 26 will close. More than a thousand jobs are at risk.

Usdaw, the shopworkers' union, which represents thousands of members in both groups, said it was "devastating news" for their members.

The GMB general union said that MFI employees would not have been surprised at the development, saying the firm had been "badly managed for some years".

<http://news.bbc.co.uk/1/hi/business/7751714.stm>  
<http://news.bbc.co.uk/1/hi/business/7750250.stm>  
[www.usdaw.org.uk/retailnonfood/news/1227730986\\_14781.html](http://www.usdaw.org.uk/retailnonfood/news/1227730986_14781.html)

## Payline pay settlements are down

Pay settlements for full-time workers were averaging 3.8% in the three months to October – down from the 4.0% recorded for earlier months, according to the latest figures from Labour Research Department's Payline database. The average used is the median or mid-point figure.

There is some variation between sectors with the biggest between the private sector at 3.9% and the public sector at 2.9%. While manufacturing had a median increase of 3.9% the service sector's rise was slightly lower at 3.8%.

Inflation as measured by the Retail Prices Index (RPI), which is the most popular measure for negotiators, fell to 4.2% from the 5.0% in September, so the gap between inflation and settlements narrowed sharply.

Members and officials of Community, GMB, PCS, Prospect, RMT, TSSA, UCU, UNISON and UNITE are entitled to access the database. Contact your union head office or Lewis Emery at LRD ([lemery@lrd.org.uk](mailto:lemery@lrd.org.uk)) for more details.

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

## Manufacturers freeze pay in downturn

The extent of the squeeze on manufacturing companies created by the economic downturn is now clear, with the number of companies deferring their settlement, or freezing pay, having risen sharply to nearly one in four of all settlements in the last three months, according to figures from EEF, the manufacturers' organisation.

According to the EEF's latest pay data for the three months to end of October, nearly 12% of companies reported that they had deferred their pay settlement, the highest level since November 2001, and nearly 13% of them had frozen pay, the highest level since December 2003.

This has resulted in the average level of pay settlement falling sharply to 2.8% for the three months to the end of October, down from the revised figure of 3.1% for the three months to the end of September. After a prolonged period when settlements have remained just above 3%, this was the lowest figure reported since June 2006.

David Yeandle, EEF head of employment policy, said: "The severity of these changes over such a short period of time indicates the extent to which companies are having to take immediate action to control their costs.

"It seems hard to believe it is only a few months since fears about wage inflation were so prevalent."

[www.eef.org.uk/UK/mediacentre/Press+Room.htm](http://www.eef.org.uk/UK/mediacentre/Press+Room.htm)

## Blair gives to the Labour Party

Former prime minister Tony Blair has joined the ranks of wealthy donors to the Labour Party, according to the latest quarterly donation figures from the political finance watchdog, the Electoral Commission.

Blair dipped into his large personal fortune and gave £7,500 to the party in September this year. And former cabinet minister David Blunkett gave £5,000 to the Scottish Labour Party while another, Stephen Byers, gave £2,000 to his North Tyneside constituency party.

Those sums are nothing to the £2.5 million given by former minister Lord Sainsbury, who converted a £2.5 million loan and interest on it into a gift, and the £1 million given by the best-selling author of the Harry Potter books, JK Rowling.

More details, including trade union money going to the Labour Party, will be in next week's issue of *Fact Service*.

<http://registers.electoralcommission.org.uk/regulatory-issues/regdpoliticalparties.cfm>