FACT SERVICE



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# New workplace-related benefit levels announced

The new levels at which leave for working parents, sick pay and tribunal awards are paid have been announced.

As of April 2012 the following workplace-related benefits are being uprated:

■ statutory sick pay (due after three consecutive days away from work due to illness) is increasing from £81.60 to £85.85;

■ statutory maternity pay and statutory adoption pay are increasing from £128.73 to £135.45. Maternity and adoption pay are paid for 39 weeks: six weeks at 90% of normal earnings uncapped, and 33 weeks at the statutory rate (unless you earn less than the lower earnings limit – see below);

■ maternity allowance (paid to pregnant women/ mothers who don't qualify for statutory maternity pay) and statutory paternity pay (both ordinary and additional – where a mother transfers maternity leave to her partner) are also increasing from £128.73 to £135.45;

■ the lower earnings limit (which is the minimum amount that someone must earn in order to claim most workplace-related statutory benefits) is increasing from £102 to £107 per week.

As of 1 February 2012 the levels of tribunal awards (mandated under the *Employment Rights (Increase of Limits) Order 2011*) are increasing too:

■ the maximum amount of "a week's pay" (a concept used in calculating the value of statutory redundancy payments as well as the basic award in tribunal claims) increases from £400 to £430. By extension this means that the maximum amount of statutory redundancy pay that an employee could receive increases from £12,000 to £12,900 (1.5 weeks' pay at £430 x 20 years);

■ in automatically unfair dismissals, the minimum basic award (as opposed to the compensatory award which deals with loss of earnings) that tribunals must award increases from £5,000 to £5,300. In unfair dismissal claims, the maximum compensatory award increases from £68,400 to £72,300;

■ the amount of the award for unlawful inducement relating to trade union membership or activities, or for unlawful inducement relating to collective bargaining (prohibited under section 145E(3) of the *Trade Union and Labour Relations Consolidation Act 1992* – TULRCA) is increasing from £3,300 to £3,500; and finally

LABOUR RESEARCH DEPARTMENT
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- the amount of the guarantee payment due under section 31(1) of the *Employment Rights Act 1996* (when someone is on lay-off) increases from £22.20 to £23.50.

http://www.dwp.gov.uk/docs/benefitrates2012.pdf
http://www.legislation.gov.uk/uksi/2011/3006/made

# Government u-turns on tax relief for taxis

The government has backtracked on its decision to scrap tax relief for late night taxis – a decision which would have affected businesses with employees who work late.

In Autumn 2010, George Osborne commissioned a review of tax reliefs. The Office of Tax Simplification (OTS) which was tasked with this review, subsequently identified over 1,000 tax reliefs, allowances and exemptions – 155 of which it examined in detail.

Following on from the OTS review, the government decided to abolish 43 of the tax reliefs. One that was identified for culling related to the use of late-night taxis. Essentially some businesses with employees working late (defined as at least 9pm) reimburse the cost to staff of them taking taxis home. When the tax relief was granted in the 1980s, the presumption was that public transport might no longer be running a good service for the full extent of someone's journey home – or at least that it would be unreasonable to expect the employee to travel home using their usual method of transport at that time of night.

The government, accepting the OTS review on this tax relief, considered that the benefit was "used predominantly by those who work late in large cities such as London and in highly paid employments, such as financial services". It reasoned that as it believed that tax relief only benefited certain professional staff (rather than other individuals working late such as cleaners and restaurant staff) it did not "promote fairness and creates a distortion in the tax system". At that point, it therefore had earmarked the tax relief to be scrapped.

However, in December 2011, the government backtracked. It has now decided not to scrap the tax relief for late night taxis after all. It argues that it was mistaken and that in fact the tax relief on late night taxis benefits a broad cross section of the workforce. That may be the case, or perhaps the u-turn is partly a response to intense lobbying. *Fact Service* understands that one City of London law firm alone orders close to 25,000 late night taxis a year. Good to see that we're still "all in this together".

http://www.hm-treasury.gov.uk/d/condoc_responses_tax_reliefs.pdf

# Employment restrictions extended

The government is extending employment restrictions on Bulgarian and Romanian nationals, while making it easier for employers to check individuals' right to work in the UK .

Since 2007, when Bulgaria and Romania acceded to the EU, individuals from those countries have been able to freely enter the UK. Normally, the only restriction on nationals of countries within the European Economic Area settling in the UK , is that they demonstrate that they can support themselves (and their families) without becoming an unreasonable burden on public funds.

However, a Romanian or Bulgarian wishing to establish him or herself here was not permitted to legally compete for employment in the UK (although s/he might lawfully have been self-employed). The decision to exclude Romanians and Bulgarians was at particularly stark variance with the way nationals from other countries were treated by the UK . Specifically, people from the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia, were all given free access to the UK labour market as of 2004.

At the end of 2011 the Conservative-led government announced that it had chosen to perpetuate this different approach to Romanian and Bulgarian nationals. Specifically, individuals from those two countries will continue to be prohibited from working (other than in the agricultural and food processing sectors or as self-employed people) in the UK until the end of 2013. Ignoring the point that this will keep those nationals in unsafe work in the black economy, Damian Green, immigration minister, said that: "...we will always introduce transitional controls on all new EU member states as a matter of course".

While the government is not making life easier for Romanian and Bulgarian migrants, it is trusting employers with private information.

Biometric residence permits (documents containing a record of an individual's fingerprints as well as their photo) are already carried by non-EEA nationals, but as of 29 February 2012 they will be more widely issued. The new categories of people that will have to hold these permits is to be extended to cover anyone planning on remaining in the UK for more than six months.

At around the same time, companies will be able to access this data online (with the intention that they can check prospective workers' biometric residence permit details). However, it is unclear what safeguards will be in place to protect these vulnerable people's sensitive information.

http://www.homeoffice.gov.uk/media-centre/press-releases/extension-labour-market
http://www.homeoffice.gov.uk/media-centre/press-releases/Illegal-Worker

# Employees unhappy over pay

A survey by the HR professional body the Chartered Institute of Personnel and Development (CIPD), has found that 48% of people saw their pay frozen in 2011 and a further 5% suffered a pay cut. The survey of 3,000 people found that of those that did receive a pay rise in 2011, only 19% felt their pay rise reflected their performance. Of those surveyed, 26% worked for organisations that award cash bonuses, and of those, 68% actually received a bonus. The median pay increase was 2.5% but 70% of respondents in the public sector suffered a pay freeze compared with 48% in the voluntary sector and 42% in the private sector.

In a separate report, the CIPD predicted that unemployment will reach 2.85 million in 2012 and that real earnings will continue to fall. They forecast that most of the job losses will be in the public sector, with private sector job creation failing to offset them. Meanwhile, GDP growth for the year is forecast to be just 0.4%.

However this forecast rests on the assumption of a "relatively benign outcome to the eurozone crisis".

http://www.peoplemanagement.co.uk
http://www.thegrapevinemagazine.com/retention/?id=5062

# Public sector pensions

Much reporting on the dispute over public sector pensions has suggested that civil service union PCS is alone in rejecting the government's current offer. However, statements from the other unions involved make clear that this is not the case.

For example, NIPSA the main public sector union in Northern Ireland, has stated that it will "be working with our colleagues in PCS to determine if further action in respect of civil service pensions is possible". Prospect, the union for technical and management staff, says that "while it has suspended industrial action for the duration of the talks, it has reserved the right to take further action if the talks break down". The FDA senior civil servants' union has a similar position. The Prison Officers' Association stated that they would not endorse the "Heads of Agreement" (the agreement in principle) until "there has been a suitable conclusion to our negotiations on the normal pension age".

The country's largest union Unite in a statement on the civil service pension scheme said that "we felt we were being bounced into an artificial deadline by the government"; they have not signed the Heads of Agreement and have not suspended their industrial action mandate. They have a meeting on 11 January to discuss the issue further.

The NUT teachers' union stated that "the NUT was not able to sign up to the headline proposals. There was insufficient progress in terms of the government's position that teachers should work longer, pay more and get less". The NUT national executive is to meet this month. The NASUWT teaching union said they are "committed to a negotiated settlement on pensions, but it is important that any agreements are based upon sound evidence and that decisions are made in light of critical information being made available". They have not signed the Heads of Agreement and their national executive is to consider the matter further this month.

The UCU lecturers' union said it has reserved its position and "is then committed to balloting our members in the Teachers' Pension Scheme on whether to accept or reject any final offer".

The GMB general union said that the agreement on the Local Government Pension Scheme "means that the local government trade unions and the Local Government Association, with the Department for Communities and Local Government will conduct detailed negotiations in the New Year". UNISON, the largest union in local government, said "we are pleased that the agreement on principles and the timeline for more talks on the local government pension scheme are back on track".

Meanwhile, PCS general secretary Mark Serwotka, said that unions "now have to make a decision of enormous significance; accept the government's proposals on pension age, contributions and the value of pensions, or demand real negotiations on the real issues".

http://www.unison.org.uk/acrobat/LGPS_PoP_Campaign9.pdf
http://www.prospect.org.uk/news/id/2011/01397
http://www.fda.org.uk/Media/Whats-new/FDA-backs-further-talks-on-pensions.aspx
http://www.teachers.org.uk
http://www.gmb.org.uk/newsroom/latest_news/local_government_pensions_deal.aspx

# Private sector pensions

A new report from the Association of Consulting Actuaries (ACA) says that nine out of 10 private sector defined benefit schemes are now closed to new members.

While automatic enrolment will widen private sector pension coverage when it begins later this year, the ACA does not believe this is enough. ACA chair Stuart Southall said "the fact that recently the government had to delay its introduction for smaller employers, because of the deteriorating economic climate, is discouraging".

The ACA states that less than two million workers in the private sector belong to defined benefit schemes which are still open to new members. They surveyed 468 employers and found that 40% of private sector schemes are also closed to future accrual by existing members.

In a separate survey, the National Association of Pension Funds (NAPF) found that 23% of pension schemes are closed to future accruals, and 81% are closed to new members.

The ACA found that only a quarter of employers had budgeted for the cost of auto-enrolment and argues in favour of easing regulatory controls.

However, Dave Prentis general secretary of public services union UNISON, said that "the real pensions timebomb is in the private sector. Already two-thirds of these workers get nothing from their employers towards their pensions – this could cost the taxpayer billions in the future. The situation will spiral even further out of control, if more schemes are shut down and the taxpayer has to step in to cover the cost of supporting even more workers in their retirement".

Prentis said that the government "must take urgent action to make sure more schemes in the private sector are not lost or weakened.The new regulations coming in later this year will be too little too late for many who will still have to rely on the state in retirement – the minimum contributions are insufficient to give people enough to live on in their old age."

http://www.bbc.co.uk/news/business-16385381
http://www.unison.org.uk/asppresspack/pressrelease_view.asp?id=2560

# Attack on health and safety challenged

The European Trade Union Confederation (ETUC) has renewed its opposition to the European Commission's proposed weakening of health and safety rules.

In December 2011, the ETUC held a conference on *The role of trade unions regarding the community strategy on health and safety at work*. More than 100 trade unionists who attended the conference, held in the Polish city of Krakow, heard troubling news about the European Commission's suggested downgrading of health and safety protections.

A particular concern was the proposed relaxation of the rules in relation to small- and medium-sized enterprises (SMEs). The proposals, contained in the European Commission's report *Minimising regulatory burden for SMEs* had already drawn heavy fire from the ETUC. ETUC general secretary Bernadette Segol told the conference: "The ETUC will not accept a reversal of the burden of proof for small and medium enterprises ... on the need for risk assessment when we know that workers are often more at risk in smaller workplaces."

Instead, the confederation proposes reinforcing rather than weakening prevention structures, and that there be a focus on encouraging worker participation in health and safety matters. It says that the emphasis should not be on deregulation, but on tackling musculo-skeletal and psycho-social disorders, together with addressing the long-term impact on health from exposure to chemicals and hazardous substances.

The ETUC points out that, far from being a justification for rolling back health and safety rules, the financial crisis is making work more hazardous – for example, through increased pressure to meet targets with a smaller workforce. .

www.etui.org/Topics/Health-Safety/News/Crisis-is-not-an-excuse-to-reduce-health-and-safety-protection.-It-s-time-for-a-new-strategy-says-ETUC

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