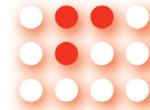


# FACT

S E R V I C E



13 Union reps add value to British economy

14 No movement in pay settlements end 2011  
Fudge on executive pay

15 Disgrace as blacklisted worker loses case  
Work programme slated

16 Bad news for economy  
Benefit cap based on myths, says campaign

Annual Subscription £77.50 (£65.75 for LRD affiliates)

Volume 74, Issue 4, 26 January 2012

## Union reps add value to British economy

The presence of unions in workplaces could be saving employers in the private and public sectors as much as £701 million a year or £2 million a day, according to a report from the TUC.

The report, *Facility time for union reps: separating fact from fiction*, says that in workplaces where there are union reps negotiating with employers on behalf of their colleagues, there are significant cost savings to be had.

These come in the form of more productive and better trained workforces and safer workplaces. They also mean fewer cases taken to employment tribunal – so as staff tend to stay in post for longer, less is spent on recruitment and retention.

The study demonstrates the value of union reps to the UK economy, not only helping improve workplace conditions but also enabling private and public sector employers to keep costs down, and so deliver huge savings to the taxpayer.

The TUC report says that a good deal of the work of union reps takes place in their own time – 16% of union reps said that less than a quarter of the time they spent on union work was paid for by their

employer. And it calculates that for every £1 spent on union facility time in the public sector, between £3 and £9 is returned in accrued benefits.

TUC general secretary Brendan Barber said: "The highly exaggerated and wholly inaccurate figures being bandied around by groups and individuals on the right as to the cost of unions in the public sector are supposedly borne out of a desire to save money. In reality they are nothing more than a thinly-veiled attack on unions and their ability to represent workers across the public sector.

"Yet our research shows that there are huge benefits to employers – in both the public and private sectors – to be had as a result of the funding of facility time for union reps.

"Successive governments have recognised the moral, legal and economic case for supporting workplace reps – ministers would be wise to do likewise and avoid what appear to be ideologically-driven announcements designed to appease right wing backbenchers."

Case studies from a number of union reps from across the public sector are included in the report. The facility time available to the reps varies, yet all talk of union work that takes place in their own time, and of good working relationships with employers, despite often having to deal with difficult issues.

**LABOUR RESEARCH DEPARTMENT**

Published weekly by LRD Publications Ltd, 78 Blackfriars Road, London SE1 8HF. 020 7928 3649 [www.lrd.org.uk](http://www.lrd.org.uk)

The report notes that the government is coming under pressure from right-wing backbench MPs and associated groups who want ministers to limit the amount of time reps can spend improving workplace conditions and negotiating with employers.

And communities secretary Eric Pickles is only too happy to oblige by sticking the knife in on facility time. In a speech to the so-called Trade Union Reform Campaign, Pickles spoke of Labour local authorities "waging class war with public funds" by giving an effective subsidy to unions that are opposed to government policies.

[www.tuc.org.uk/workplace/tuc-20520-f0.cfm](http://www.tuc.org.uk/workplace/tuc-20520-f0.cfm)

[www.thisislondon.co.uk/standard/article-24030495-crackdown-on-union-activists-on-the-payroll.do](http://www.thisislondon.co.uk/standard/article-24030495-crackdown-on-union-activists-on-the-payroll.do)

## No movement in pay settlements end 2011

Pay settlement figures from the Labour Research Department's Payline database show that, in the three months to December, the average was unchanged at 2.5%. While the private sector median was 2.5%, in the public sector it was only 2.0%.

There was an increase to 2.5% in the service industries and a similar rise for non-manual workers.

Early results from the Payline database show that negotiated pay settlements are centring around the 3% mark at the beginning of 2012, slightly higher than at the end of last year when they were hovering around 2.5%. Median pay rises of this sort, if sustained, would indicate a return to a settlement level last seen in the first half of 2011.

Details of recent settlements can be viewed by following the link below.

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

## Fudge on executive pay

Business secretary Vince Cable has come in for criticism from unions for rejecting calls to put employees at the heart of proposals to tackle soaring executive pay and instead putting the onus on shareholders to restrain multimillion pound deals.

Rejecting the idea of putting workers on remuneration committees, Cable called for a change in the mix of the people who sit on them, to include

academics for instance, and to try to prevent the "cronyism" caused when directors sit on multiple boards. He said the views of employees should be taken into account when directors' pay is set, pointing out that employees in large companies already have such rights under the Information and Consultation of Employees Regulations 2004.

Cable was forced to outline his plans on executive pay a day early because of intervention from his Labour shadow, Chuka Umunna.

The business secretary said he would give shareholders a binding vote on executive pay deals and try to clamp down on rewards for failure by requiring a vote on payoffs of more than a year's salary.

But while some City pay experts welcomed Cable's proposals, union campaigners against high pay were not convinced.

Paul Kenny, general secretary of the GMB general union, said: "Expecting fund managers, representing shareholders, who themselves are also on the gravy train, to sort this is putting hope before experience. Cable bottled putting an employee voice on the remuneration committee. He has produced a mouse."

Announcing his response to a formal consultation, Cable outlined plans for greater diversity on boards – including requiring boards to contain two people who had never had seats in boardrooms before – and to make remuneration reports, which he described as "impenetrable", easier to understand.

Companies will need to publish a single figure for what a director has been paid rather than the array of numbers now. The fees paid to remuneration consultants who advise boards will have to be disclosed.

Asked about bonuses for bankers at bailed-out Royal Bank of Scotland, Cable replied it was "above my pay grade".

He is asking the Financial Reporting Council to adopt some measures enforced on banks since the 2008 crisis, such as requiring all companies to be able to "withhold or recoup" pay awards to directors when companies have not performed as expected. But he stepped back from forcing wider disclosure on banks to publish the five highest paid staff outside the boardroom. Neither did he tackle the issue of how much pay is too much by requiring companies to publish the ratio of highest to lowest paid staff.

TUC general secretary Brendan Barber accused Cable of shying away “from the big decisions on all of the major proposed reforms, from worker representation to company pay ratios and open advertising for posts on remuneration committees”.

He said: “Through its many consultations and speeches, the government has made a compelling case for radical reform of executive pay. It’s very disappointing then to see that ministers have spectacularly failed to make any significant changes to the status quo.

“Overpaid and under-performing directors concerned about greater public scrutiny of their pay and bonus arrangements can rest easy.

“Any hopes of reversing the damaging and growing pay divide between top executives and the rest of their workforce have faded.”

[www.guardian.co.uk/business/2012/jan/23/vince-cable-shareholders-executive-pay](http://www.guardian.co.uk/business/2012/jan/23/vince-cable-shareholders-executive-pay)  
[www.tuc.org.uk/economy/tuc-20519-f0.cfm](http://www.tuc.org.uk/economy/tuc-20519-f0.cfm)

## Disgrace as worker loses blacklisting case

Agency workers have no legal protection against blacklisting by multinational firms, construction worker and trade unionist Dave Smith claimed after losing his employment tribunal.

The engineer failed to win damages against Carillion plc because he was classed as a “worker” rather than a direct “employee” due to his agency worker status.

Despite the verdict, the industrial court confirmed that Smith had been blacklisted by John Mowlem – a company acquired by Carillion several years ago.

Smith's barrister David Renton had argued that the blacklist breached the *Human Rights Act* and therefore the law should be interpreted in such a way as to protect all workers including agency workers.

Smith now believes that British employment law has failed to protect him and the millions of other agency workers by allowing the multinational construction firm to win on a technicality. He said he would be taking the case to Europe.

“The blacklisting conspiracy is a deliberate breach of human rights by big business. Human

rights are supposed to apply to everyone but Carillion and their subsidiaries have got away with systematic abuse of power simply because I was an agency worker,” he said.

The plan is to take the case to the European Court of Human Rights.

[www.morningstaronline.co.uk/news/content/view/full/114489](http://www.morningstaronline.co.uk/news/content/view/full/114489)

## Work programme slated

The government's projected figures for its Work Programme, the flagship scheme aimed at getting the long-term unemployed into work, are “over-optimistic”, according to the public spending scrutineers at the National Audit Office (NAO).

The NAO has said that, while the government had estimated that 40% of people in the programme would find work, its own projection was that only 26% would do so.

Perhaps most damningly, the NAO suggested that the government had implemented the programme without a pilot scheme or thorough consideration of alternatives. It also pointed out that some of the providers for the programme might encounter “serious financial difficulty” during their work on it.

The report said that the government's original estimate will be affected by regional variations in employment levels and job availability.

“The Department for Work and Pensions (DWP) has introduced the Work Programme quickly, in just over a year, and this has had benefits, but the speed with which it was launched has also increased risks,” the report says.

“The department and providers have made assumptions about how many people the programme will get back into work but there is a significant risk that they are over-optimistic.

“The NAO's analysis suggests that 26% of the largest group of job seekers in the programme will get jobs, compared to the department's estimate of 40%. Some contractors in areas of high unemployment may struggle to meet nationally set targets. It is possible that one or more contractors will get into serious financial difficulty during the term of the contracts,” the report continues.

<http://www.personneltoday.com/articles/2012/01/24/58284/government-over-optimistic-about-work-programme-says-national-audit-office.html>  
[www.nao.org.uk/publications/1012/dwp\\_work\\_programme.aspx](http://www.nao.org.uk/publications/1012/dwp_work_programme.aspx)

## Bad news for economy

The UK economy shrank at the end of last year. The bad news was published soon after the Bank of England and IMF warned of difficulties ahead.

The figures on gross domestic product (GDP) from the Office for National Statistics show the UK economy contracted by 0.2% in the fourth quarter of 2012, against 0.6% growth in the third quarter. Manufacturing showed a 0.9% fall in the final quarter of last year. The figures are preliminary estimates and open to revision.

Overall, the economy grew by 0.9% in 2011, way down on the 1.7% figure forecast by the Office for Business Responsibility in documents accompanying chancellor Osborne's March 2011 Budget.

The bad news came just a day after Mervyn King, governor of the Bank of England, warned that the path to economic recovery in the UK is "likely to be arduous, long, and uneven".

Earlier, the UN's International Labour Office piled on the pressure as it warned that the UK risked falling back into recession as the global jobs crisis continues unabated. Their study suggested economic activity had slowed across the eurozone, further lowering growth and increasing the chance of a double-dip recession in economies such as the UK, Germany and Spain.

[www.ons.gov.uk/ons/dcp171778\\_254088.pdf](http://www.ons.gov.uk/ons/dcp171778_254088.pdf)

[www.bankofengland.co.uk/publications/speeches/2012/speech541.pdf](http://www.bankofengland.co.uk/publications/speeches/2012/speech541.pdf)

<http://www.ilo.org/global/lang-en/index.htm>

## Benefit cap based on myths, says campaign

Six myths surrounding the coalition government's cap on benefits have been published by the Child Poverty Action Group (CPAG).

The CPAG says that 210,000 children will be affected and face the harsh realities of severe poverty and homelessness.

The benefit cap was announced by the chancellor George Osborne at the Conservative Party conference in October 2010. The government has explicitly defended the measure on grounds of its perceived popularity and has failed to explain how they will protect the well-being of the 210,000 children in the households that will be hit by the

cap, which are set to lose an average of £93 per week.

Ministers have fostered the impression that this is about ensuring working families get a fair deal compared to those who don't work, according to the CPAG. However, ministers confirmed in their impact assessment document that any couple working up to 23 hours a week will still be affected by the cap when it is introduced.

That means that many families not in receipt of any out-of-work benefits (such as Jobseekers' allowance (JSA), income support (IS) and employment and support allowance (ESA)) and receiving just earnings, tax credits and in work benefits (for example, housing benefit (HB) and council tax benefit (CTB)) will be hit by the cap too.

The House of Lords, including Liberal Democrat peers, in debating welfare reforms voted to exclude child benefit from the £26,000 cap.

The government has said it will reinstate the cap when the Bill returns to the House of Commons.

[www.cpag.org.uk/press/2012/230112.htm](http://www.cpag.org.uk/press/2012/230112.htm)

### Writer/Editor

#### - Ref 0112

- Internal and external
- Band 3, London, Spine points 33-29
- Salary: £33,846 p.a. rising to £37,958 p.a.



Public and  
Commercial  
Services Union

We are looking for a skilled Writer/Editor to join the busy PCS Communications Team to enhance and maintain the union's written and online communications. Duties will include producing a magazine for PCS members, participating in the continuing development of the PCS website and social media strategy, and generally supporting the union's written communications. The postholder will be required work with colleagues to produce a wide range of effective PCS publications for a number of purposes including campaigning.

Candidates will need to be both an accomplished writer and editor, in print and online media and will possess the skills to generate compelling copy together with the ability to work well under pressure. We are looking for a creative and flexible individual with excellent communication skills, who can get the most out of contributors, and work effectively with PCS members, activists and staff at all levels.

#### Closing date: 4pm, Tuesday 7 February 2012

Applications must be received by the closing date and time specified.

Interviews: Tuesday 21 February 2012

Candidates invited for interview are required to make themselves available on the date/s specified. Interview dates cannot be changed to accommodate candidates who are unavailable to attend on the specified date.

- CVs will not be accepted. Only PCS application forms will be considered.
- PCS offers a generous range of benefits including assistance with childcare, extensive family-friendly schemes, generous annual leave entitlement and pension scheme.
- PCS is working towards equal opportunities and is positive about disabled people.
- All posts can be considered on a full-time, part-time or job share basis

