FACT SERVICE

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New timetable for auto-enrolment of pensions

Unions are disappointed with the government's decision to move back the dates for when small and medium-sized organisations have to comply with auto-enrolment for pensions.

Medium-sized employers — with between 50 and 249 employees — see their automatic enrolment start date pushed back by a year to 1 April 2015, the Department for Work and Pensions has announced.

For small employers the dates are moved back to between 1 October 2015 and enrolment now only has to be completed by 1 April 2017.

Large employers — those with 250 or more employees — will have to start enrolment from 1 October this year as originally planned and have up to 1 February 2014 to comply.

TUC general secretary Brendan Barber said the delay was "deeply disappointing".

"Everyone agrees that we face a pensions crisis, yet successive governments have delayed the introduction of auto-enrolment and the new system will not now be fully in place until three years after the next general election," he said.

"What's worse is that even workers auto-enrolled this year will now have to wait until the end of the staging process before they get their full contribution. This is because contributions are being phased in, with the final stage delayed until 2018 — 13 long years after the Pensions Commission recommended auto-enrolment.

"It all adds up to a classic case of 'make me good, but not yet'."

www.dwp.gov.uk/newsroom/press-releases/2012/jan-2012/dwp010-12.shtml
www.tuc.org.uk/economy/tuc-20525-f0.cfm

Huge cost of workers' shrinking wage pool

UK workers are taking home £60 billion a year less than workers did 30 years ago on the back of the falling proportion of national output that goes on wages, according to a new report by the TUC.

The latest TUC Touchstone Extra pamphlet, *All in this together?*, looks at how the recession and ongoing economic weakness has had an impact on different parts of the workforce.

The pamphlet, written by academic Stewart Lansley, documents the scale of the real terms pay cuts and downgraded terms and conditions that employees are facing, and warns that UK workers are at risk of a near-permanent lowering in the pattern and nature of their working conditions, with potential disastrous consequences for our economic health.

Earnings took a sharp hit during the recession – dropping from an average increase of 4.2% in 2007 to just 1.7% in 2009 – and there has been no post-crash rebound. In September 2011, nearly two years on from the end of the recession, 99% of pay deals were below RPI inflation – the measure most commonly used in setting pay.

At the same time, the pay gap between executives and their staff has continued to widen, the report shows. In 2000, the ratio of FTSE 100 top executive to typical employee pay stood at 47:1, by 2011 it had rocketed to 102:1.

But, while poor earnings growth and greater earnings inequality has been well-publicised in recent years, *All in this together?* shows that the UK's total wage pool has been shrinking for more than three decades.

In 1978, the total UK wage bill represented 58% of the economy, as measured by gross domestic product (GDP). By 2011 this "wage-output" ratio had dropped to 53.8%. The 4.2 percentage points fall in wages as a share of national output means that UK workers took home £60 billion less in 2011 than if the wage-output ratio had stayed at 1978 levels.

The falling share of wages as a proportion of national output has contributed to rising household debt, plastered over in good times by a housing boom and easy access to credit, that helped to cause the recent financial crash, says the TUC.

The falling wage share has been particularly acute for those on low and middle incomes. The wages of the poorest fifth of workers in 2011 are 43% lower than they would have been if the wage share had not fallen since 1978 and the distribution of earnings had not been skewed towards higher earners. Workers on middle incomes have experienced a 36% wage loss, while the richest fifth of earners have had a wage loss of just 6%.

The fact that those at the top have been taking an ever greater share of the UK's shrinking wage pool explains the frustrations people have about excessive pay that politicians are only just starting to consider, says the TUC.

The TUC wants the issue of lost earnings to be addressed by making wage growth a far bigger part in the government's economic strategy. Decent wage rises are the only sustainable way to drive consumer confidence and spending, it says.

TUC general secretary Brendan Barber said: "Over the last three decades workers have become more productive and yet they have been rewarded with an ever smaller share of the wealth they've created.

"The tens of billions of pounds that workers miss out on each year has been papered over by rising credit card bills and a housing boom, but the financial crash has brought home the reality of our shrinking wage pool to millions of workers and their families.

"Our current squeeze on living standards could be alleviated if the share of our national wealth that goes on wages started to return to the levels seen three decades ago.

"Wage-led growth, based on greater collective bargaining, better skilled workers, better corporate governance and a broader base of well-paid jobs, is the only way to generate a sustainable economic recovery that everyone benefits from."

www.tuc.org.uk/economy/tuc-20547-f0.cfm

Presenteeism at work on the rise

A third of workers are more likely to go into work while ill because of the economic downturn, according to a survey by Nuffield Health.

The study of 1,600 employees found 30% of staff are now more inclined to go to work sick as a result of the current economic climate. Half of those choosing to turn up for duty while sick said the most important factor in their decision was job security.

Overall, nearly three-quarters (72%) of those surveyed went into work last year while sick. And more than half (53%) of those questioned went into work in the past year with a contagious illness, such as the flu or a cold.

The age group most likely to go into work sick are those aged between 16 and 24 – 85% said they went into work sick last year, and nearly half (48%) said they were more likely to go into work sick because of the economic downturn.

The income group most likely to go into work sick because of the recession is those earning below

£20,000, followed by those earning between £21,000 and £30,000 and those earning between £31,000 and £50,000.

Marcus Powell of Nuffield Health said: “Employees going into work sick costs business dearly – up to £15 billion a year. Our research shows the economic downturn has made people more likely to go into work sick often because they fear losing their job. This is bad for business.”

The survey asked 1,600 UK workers what the most important factors were in deciding to go into work sick. The most important factor overall among those surveyed was too much work, followed by second, job security, with workplace culture in third place.

Those sectors feeling the most pressure to go into work sick are the retail industry, followed by manufacturing, then education.

www.nuffieldhealth.com/about-us/news/one-third-of-staff-into-work-when-sick-17-01-12

Sixty years of work, dole and stress in UK

More Britons are in work but are more stressed than when the Queen came to the throne in 1952, a report by the Chartered Institute of Personnel and Development (CIPD) has found.

The CIPD report found the workforce in the UK has increased by six million, thanks to an influx of women since 1952.

However the total number of hours worked has stayed the same – driven by a big rise in part-time working. Despite that reduction, the CIPD claims that work-related stress has increased.

One cause for this, according to the report, is the increase in unemployment. Measured by the number of people claiming Jobseeker's Allowance, unemployment has increased from 2.2% of the workforce in 1952, to 5.5% on the most recent figures.

“With the threat of unemployment an underlying concern even in good times, people do not seem much happier about their working lives and many exhibit the symptoms of work-related stress,” said Dr John Philpott, chief economic adviser for the CIPD.

With just 75% of men employed today compared to 96% in 1952, the number of households with no breadwinner has increased dramatically from 4% to 18.8%.

On the other hand, the female working age employment rate has risen over the 60 year-period from 46% to 66%.

The report accepted that people have become more productive over the last 60 years. Despite the same number of hours being worked, the value of the goods and services produced by the economy has quadrupled.

However this increase has come with increased pay inequality and a significant shift in the kind of work being carried out, the CIPD said.

The number of people in manufacturing jobs has fallen from 8.7 million in 1952 to just 2.5 million today, while the number in managerial, professional and technical jobs has nearly doubled to 44% of the workforce.

This shift is also seen in two other comparative figures – union membership and the rise of the human resources department. In 1952 there were 9.5 million members of UK trade unions (40% of employees). By 2011 that number had fallen to 6.5 million (26% of employees).

Meanwhile, it is estimated that when the Queen came to the throne there were only around 20,000 people employed in personnel roles in UK organisations. Today, the figure is around 400,000 – a twentyfold increase.

www.cipd.co.uk/pressoffice/_articles/diamondjubileeworkaudit.htm

Adult apprenticeships are good value

Apprenticeships for adults offer a good return for the public money spent on them overall, according to the National Audit Office (NAO). However, the Department for Business, Innovation and Skills (BIS) could improve value for money significantly by targeting resources on areas where the greatest economic returns can be achieved.

The NAO estimates that advanced apprenticeships yield higher returns than intermediate apprenticeships. Spending on adult apprenticeships overall could be producing an economic return of £18 for every £1 of public spending, compared with BIS's estimate, based on a different set of assumptions, of £28 for each £1 spent.

But all these estimates assume that the training would not have happened without public funding.

BIS has not yet assessed the extent to which this is true. It has commissioned research on the matter and expects to know the results in early 2012. BIS and the National Apprenticeship Service (NAS) have so far not targeted specific sectors on the basis of economic returns, but intend to do so in future.

Unfortunately, most apprenticeships in England are at a lower level than those offered by other countries. For example, only a third of apprenticeships (33%) are at an advanced level – equivalent to two A-levels – compared with 60% in France.

The number of adult apprentices who successfully complete their training has risen steeply, from nearly half (47%) in 2005-06 to three-quarters (75%) in 2009-10.

When surveyed, users of apprenticeships have been positive about their experience. In 2009, nine out of 10 apprentices (90%) said they were satisfied with their training. In 2010, 86% of apprentice employers said that vocational qualifications improved their business performance.

An area of concern identified by the NAO is the length of apprenticeships. In 2010-11, 19% of apprenticeships (34,600) lasted less than six months, with 3% (6,200) lasting less than three.

The NAS are investigating 87 providers of "short duration" apprenticeships to see whether they are complying with their contractual obligations. If necessary, it will close down that provision.

BIS has recently made clear that all apprenticeships for 16– to18-year-olds should take a minimum of 12 months, and may extend this to adults. It has commissioned an employer-led review of apprenticeship standards, to report in spring 2012.

www.nao.org.uk/publications/1012/adult_apprenticeships.aspx

Privatisation rejected in Scotland's capital

Edinburgh council's decision to keep vital city services in house, instead of privatising them has been welcomed by the public services union UNISON.

Proposals by the ruling Liberal Democrat and Conservative coalition to award a contract for integrated facilities management to private bidder Mitie were rejected in a full council vote on a joint Labour-SNP amendment, with Green Party backing.

The council has recently abandoned plans to privatise corporate and transactional services and last November plans to privatise environmental services were abandoned.

Peter Hunter, UNISON regional organiser for Edinburgh, said: "This is the death of Scotland's largest council privatisation proposal ever – which begs the question whether the door is permanently closed on future privatisation plans across the public sector as a whole?"

www.unison.org.uk/news/news_view.asp?did=7538

Unemployment rate in Europe rises

The overall unemployment rate in the EU27 countries was 9.9% in December 2011, unchanged on November last year, but up from 9.5% in December 2010.

The figures from Eurostat also show that for the 17 countries in the euro area the unemployment rate was higher in December at 10.4%, but also unchanged on November. It was 9.5% in December 2010.

Eurostat estimates that 23.8 million men and women in the EU27, of whom 16.5 million were in the euro area, were unemployed in December 2011.

Compared with November 2011, the number of persons unemployed increased by 24,000 in the EU27 and by 20,000 in the euro area. Compared with December 2010, unemployment rose by 923,000 in the EU27 and by 751,000 in the euro area.

Among the member states, the lowest unemployment rates were recorded in Austria (4.1%) and the Netherlands (4.9%). The highest rates were in Spain (22.9%) and Greece (19.2% in October 2011).

Youth unemployment rates were very high in Spain (48.7%) and Greece (47.2% in October 2011). The overall youth rate for the EU27 was 22.1%.

http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/3-31012012-AP/EN/3-31012012-AP-EN.PDF

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