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TUC points way to economic growth

Stronger wage growth and incentives to unlock the £724 billion "cash pile" currently held by UK companies — equivalent to around half the size of the economy - offer the only hopes of a sustainable economic recovery, according to a new TUC report.

The TUC's second quarterly economic report focuses on the main expected drivers of economic growth in the coming years — household consumption and business investment — and what can be done to boost both.

The report shows that around half of economic growth, as measured by gross domestic product (GDP), in the years after the 80s and early 90s recessions came from household consumption. But with real wages falling for the last two years and another rise in household debt not sustainable, the prospects for a new consumer boom are looking increasingly unlikely.

Strong wage growth is the best way to boost consumer spending, the report says, and is a key priority for unions. However with unemployment at 2.67 million and under-employment at nearly seven million, wage-led growth is unlikely to happen in the next few years.

Investment therefore needs to be the main driver of economic growth and the TUC wants the government to create greater incentives for companies to invest in this month's Budget, due on 21 March. The chancellor should take the lead by reversing the planned 46% cut in public investment by 2014-15, which will drag growth and hold back private sector job creation.

The report says tackling the UK's poor track record on investment and boosting bank lending to non-financial or real estate firms should be high on the chancellor's priority list.

With companies currently holding a record £724 billion in currency and deposits, the government must use the tax system, credit easing and a state investment bank to channel this cash into investment.

The TUC is calling on the chancellor to put investment at the heart of next month's Budget with the following policies:
- greater capitalisation of the Green Investment Bank, including the power to borrow, so that it can make a greater contribution to green growth;
- a new state investment bank with lending targeted at small and medium-sized businesses;
- faster movement on the implementation of "credit easing" to help businesses; and
- a greater focus on wider reform of the banking sector to boost lending to non-financial or real estate firms.

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TUC general secretary Brendan Barber said: "Companies need confidence and incentives to invest their cash. The chancellor must do all he can in his upcoming Budget to encourage this. Clear proposals on credit easing, a far more ambitious Green Investment Bank and recognising that public investment cuts are self-defeating must be at the centre of the government's plan for growth."

www.tuc.org.uk/economy/tuc-20711-f0.cfm

Highs and lows of mergers and takeovers

Last year, £50.8 billion was spent abroad by UK firms on acquisitions — four times the £12.4 billion spent in 2010 — and the highest value reported since 2007.

However, the value of domestic mergers and takeovers was at it lowest since 1993, according to the Office for National Statistics. Just £7.6 billion was spent in 2011 against £12.6 billion the year before.

UK companies spent £32 billion in 2011 on buying up foreign companies — a 13% decrease on the £36.6 billion spent in 2010.

Merger activity by UK companies abroad recovered in the final quarter of 2011. The number of takeovers was down to 48 in the final quarter from 76 in the third quarter of the year. However, the value of such acquisitions was a reported £12.0 billion, a 76% rise on the £6.8 billion figure for the third quarter.

The largest takeover was by the multinational brewers SABMiller and its £6.7 billion takeover of Australian brewers Fosters. The takeover accounted for 56% of the fourth quarter £12 billion spent on overseas takeovers.

Inward investment with takeovers of UK companies by foreign companies more than doubled in the fourth quarter of last year from £5.2 billion to £11.7 billion. The number of takeovers was down to 37 from 70.

The largest transaction by value was the acquisition by the US computer giant Hewlett-Packard of the UK software group Autonomy for a reported £7.1 billion. The deal accounted for 60% of the final quarter total.

Takeover activity involving only UK companies continued in the doldrums. Deals were down to 73 from 94, but the value rose slightly to £1.4 billion from £1.3 billion.

Merger and takeover activity involving UK companies

	Overseas by UK firms		In the UK by foreign firms		In the UK by UK firms	
	No	£bn	No	£bn	No	£bn
2007	441	57.8	269	82.1	869	26.8
2008	298	29.7	252	52.6	558	36.5
2009	118	10.2	112	32.0	286	12.2
2010	199	12.4	212	36.6	325	12.6
2011	266	50.8	228	32.0	336	7.6
2009						
Q1	17	3.7	28	12.4	88	8.2
Q2	32	2.8	22	0.6	59	0.7
Q3	28	2.6	28	3.9	62	1.9
Q4	41	1.0	34	15.1	77	1.4
2010						
Q1	30	1.0	54	14.4	67	1.4
Q2	49	2.3	48	2.8	95	2.0
Q3	54	5.3	59	12.4	80	2.9
Q4	66	3.8	51	7.0	83	6.3
2011						
Q1 (r)	68	21.1	53	5.6	76	1.5
Q2 (r)	74	10.8	68	9.3	93	3.3
Q3 (r)	76	6.8	70	5.2	94	1.3
Q4 (p)	48	12.0	37	11.7	73	1.4

www.ons.gov.uk/ons/dcp171778_259059.pdf

HSBC banks on giving staff flexi options

One of the UK's largest banks — HSBC — is to offer all employees a part-time role on a pro-rata salary at the same level as their original position following maternity or paternity leave.

The bank will offer the option to returning parents in a bid to help employees balance the demands of family life with their career development.

HSBC will also supports families, and those wanting to start families, in the following ways:

- flexible working options, including job share, and an option to take an unpaid year out on sabbatical;
- up to five days' paid leave a year to deal with family emergencies (statutory is unpaid and normally quite limited);
- up to 12 days a year for fertility treatment;
- 14 weeks at full pay when on maternity leave, rather than the statutory requirement of six weeks at 90%; and
- a working parent network to support those going on family leave and those returning to work.

Sue Jex, head of employee relations at HSBC, said: "Some people assume that once people are parents, they are no longer interested in career progression and this has sometimes been an excuse for why there are not more women represented in senior business roles and at board level. At HSBC, we are committed to bringing more women into senior positions.

"We hope that by guaranteeing part-time roles we can encourage those women who want to continue their careers and allow them to reach the levels to which they aspire."

www.employeebenefits.co.uk/item/14577/23/5/3

Industrial action backed at Primark

Members of the shopworkers' union Usdaw employed by the clothes store Primark in Northern Ireland have once again voted overwhelmingly in favour of taking industrial action in protest at the company's decision to impose a two-year pay freeze.

In a second official ballot that closed on 1 March, Usdaw members voted 87.7% to 12.3% in favour of taking strike action. Reps at the store group will meet next week to decide on the form and timing of any industrial action.

In 2010, Usdaw members very reluctantly agreed to accept a pay freeze following lengthy negotiations that involved the Labour Relations Agency (LRA). That decision was taken on the understanding that the company would not expect employees to accept a pay freeze for two years running. However, Primark again refused to offer any pay increase for 2011-2012, despite further attempts by the LRA to help reach a settlement.

The union has urged the company to return to the negotiating table to try and reach a negotiated settlement and avoid what would be a costly and damaging dispute.

Nicola Scarborough, Usdaw area organiser, said: "The overwhelming vote in favour of industrial action reflects the anger our members feel at the way Primark is treating its loyal and long-serving workforce and it underlines their determination to achieve a fair pay deal.

"There is no question of Primark being unable to afford a decent pay rise. Sales at the company continue to increase by double digits and in the past two years Primark has made profits of £644 million. It's time for Primark to recognise the exceptional contribution its staff are making to this success."

In an earlier ballot Usdaw members voted 93% to 7% in favour of industrial action. However, the union decided to re-ballot after being advised that a technical oversight in the original ballot process may have left it open to a legal challenge.

www.usdaw.org.uk/newsevents/news/2012/mar/usdawmembersatprimarkin.aspx

Employers should embrace social media

Organisations should embrace social media technologies and stop "killing the conversation" through restrictive workplace policies, experts told a *People Management* webinar.

Social media is a powerful opportunity that some organisations are not recognising, said Gareth Jones of Brubaker HR, adding that it can promote authenticity, innovation and feedback within the workforce.

He also warned organisations against creating hard-line social media policies, saying that many negative perceptions about reduced staff productivity were unfounded.

"Social media exposes cracks in your engagement levels, it doesn't cause them," Jones said, adding: "You no longer control access to technology or the content of conversation, so stop trying to."

The webinar audience also heard how drugs giant GlaxoSmithKline (GSK) had developed internal social media channels, which included microblogging site Yammer, profile builder People Connect, R&D community Mingle, and blogspot facility My Site.

Al Shah, social media demand manager at GSK, explained that the networks allowed staff within the group's 70 plus companies to work across boundaries and find the relevant subject matter experts for advice. The resulting conversations often saved the business development time and money, he said.

"Our approach to social media internally is that this is a concept, not a set of tools – it's a way of working," concluded Shah.

Lucy Turner, a freelance HR consultant, pointed out that social media had become a standard method of communication among Generation Y, and warned that “a zero tolerance approach could potentially alienate a whole generation of the workforce”.

But from a policy perspective, she said, there needed to a recognition that virtual bullying and disparaging comments posted online could require the same disciplinary measures as actions that occurred within the physical workplace. She added that material publicly available on social media networks could be used as evidence in formal misconduct cases.

http://www.peoplemanagement.co.uk/pm/articles/2012/02/employers-urged-not-to-kill-the-conversation-on-social-media.htm

Public confidence in pensions at low ebb

Public confidence in pensions has fallen to an all-time low just months before the government starts automatically putting every worker into one, new research shows.

A survey for the National Association of Pension Funds (NAPF) found 54% of all employees are not confident in pensions compared to other ways of saving. Only 37% said they are confident, resulting in a confidence index of minus 17%.

This marks a record low since the Index was first run in 2007. It is also a sharp fall from minus 6% in September 2011, and from plus 5% in autumn 2010.

The NAPF is concerned that low confidence will undermine landmark rules starting in October to automatically enrol up to nine million workers into a pension. It is urging the government and the industry to do more to build up confidence in pensions.

The weak confidence stems from low trust in the pensions industry, particularly around charges and annuities, according to the NAPF. Squeezed household incomes and stock market volatility over the past year are also deterring people from saving into a pension.

In its Budget submission, the NAPF warns the government against eroding consumer confidence by making further changes to pension tax relief. It also said the authorities should avoid more delays to auto-enrolment. Instead, the government should focus on making the annuities system work better for consumers, and on reforming the state pension.

NAPF chief executive Joanne Segars said: “We have to bolster faith in pensions if our society is to pay for its old age. Auto-enrolment could be a huge step forward, but we are going backwards when it comes to confidence in the product.

“Quitting a workplace pension can mean losing tax breaks and employer contributions which are, in effect, ‘free money’. The benefits of auto enrolment need to be more widely understood.”

www.napf.co.uk/PressCentre/Press_releases.aspx

Campaigners target unis over Living Wage

Public services union UNISON, and the National Union of Students (NUS) have launched a campaign calling on all colleges, universities and students’ unions – including private contractors on campuses – to pay at least a Living Wage to all their workers.

The campaign will see the two unions creating a “league table” of the worst offenders - those with the biggest gap between the lowest and highest paid staff. The unions will also award those that do the right thing by giving a “kite mark” to the colleges and universities that agree to pay the Living Wage, which is currently £7.20 an hour outside London and £8.30 in the capital.

According to the latest figures, the average yearly income of a university vice-chancellor in 2009-10 was £218,813 and for a college principal it was £115,872 – though some earn significantly more. This compares to just £12,334 for the lowest paid workers – the minimum wage for a 40-hour week in 2009-10.

Even some of the UK’s most prestigious institutions are not paying the Living Wage. At Cambridge University and its colleges – where local union officials estimate that more than 1,000 employees are paid less than the Living Wage – the Vice-Chancellor earns £249,000 a year – almost 20 times the wage of the lowest paid worker on just £6.70 an hour.

www.unison.org.uk/asppresspack/pressrelease_view.asp?id=2620

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