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Trade Union Bill moves closer to becoming law

The Conservative government's pernicious *Trade Union Bill* is moving to its next stage in the House of Lords, with the report stage due to start on 16 March.

No amendments to the Bill have been voted on yet in the Lords, but there are a series of major battles lining up on a number of key issues, John Wood reports on the TUC's Going to Work digital campaign website.

On the issue of online voting for trade union ballots for industrial action, which the Bill could easily – but won't – permit, many peers have been very vocal, unable to see why the government should claim it's not secure enough for unions, while the Conservative Party themselves feel able to use it to select their candidate for mayor of London. Crossbencher Lord Adebowale said: "If ever there was some evidence the intention of this Bill was perhaps not entirely honourable, it's in the refusal to allow electronic balloting."

The plan to end the payroll union subs collection system (check-off) in the public sector has proven unpopular with peers who see it as undermining the government's own localism agenda, by telling employers centrally what they can and can't agree with their unions. These proposals attracted outspoken comments from a number of Conservative peers in particular, with former Cabinet minister John Gummer – sitting in the House as Lord Deben – saying: "I do not think this is a proper way to behave. We ought to make it easy and simple for people to belong to a trade union."

There was also great concern voiced over plans to limit the time union reps can be given in the public sector to do their jobs. Former head of the civil service, now crossbencher Lord Kerslake drew on his experience at the top of public service management, saying the proposals "... seem to be quite extraordinarily centralising, and completely disproportionate".

The stages left before the Bill receives royal assent and becomes law are the third reading in the House of Lords followed by consideration of amendments. No dates have yet been set for these stages.

https://goingtowork.org.uk/trade-union-bill-heading-for-lords-report-stage/
http://services.parliament.uk/bills/2015-16/tradeunion.html

Factory output falls

Manufacturing output went into reverse between the end of last year and the beginning of 2016, latest official figures show.

Factory output decreased by 0.2% in the three months to January, according to the Office for

National Statistics, against a 0.1% increase in the three months to December.

In the latest three-month period, output of basic pharmaceuticals was down by 4.1%. Output of electrical equipment was down by 1.8%, as was output of coke and refined petroleum products.

On the plus side, output in other manufacturing and repair increased by 4.1% and of rubber and plastic products by 1.2%.

Manufacturing output was down by 1.0% on the same three-month period ending January 2015.

The monthly output figure is more volatile and it showed a 0.7% increase in between December 2015 and January 2016.

Output of the production industries (manufacturing, mining and utilities) was down by 1.3% in the three-month period ending January on the previous on the previous three-month period, but up by 0.3% on the same period a year earlier.

In the three months to January 2016, production and manufacturing were 10.2% and 6.4% respectively below the levels achieved in the first quarter 2008, before the economic downturn.

Manufacturing output in the calendar year 2015 was down by 0.3% on 2014, against the previous estimate of a 0.7% decrease, while production posted a 1.0% increase.

www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/indexofproduction/january2016

Too many not putting enough into pension

Millions of people in the UK are not saving enough for retirement, according to the Department for Work and Pensions (DWP) in its latest report on employers' pension provision.

Any hope that the mere introduction of auto-enrolment would lead to a transformation of workplace savings in the UK is undermined by even the most cursory reading of the latest data from the DWP.

The DWP survey may stretch to 92 pages in length but Tim Sharp, the TUC's policy officer on pensions writing on the Touchstone blog, said that the clear message to readers is that little is going to change regarding the level of UK pension saving without action on automatic enrolment minimum contribution rates.

The *Employers' pension provision survey 2015* shows that the vast majority of employers are planning to put enough, but no more, into employees' pension pots than will meet legal requirements. Therefore, if we are to boost savings rates, this is where attention must be focused, Sharp said.

Automatic enrolment has been rolling out to progressively smaller workplaces since 2012. It requires workers who do not wish to be a member of a pension scheme to opt out and obliges employers to contribute to their retirement savings. Currently total minimum contributions amount to just 3% of a band of earnings between £5,824 and £42,385, of which 1% comes from employers. This will rise to 8% by April 2019, including 3% from employers.

These rock-bottom contribution rates are widely acknowledged to be insufficient for achieving a decent standard of living in retirement.

Surveying more than 3,000 private sector employers, the DWP found that almost two-thirds (62%) of those firms that have introduced auto-enrolment are contributing just 1% of band earnings, and the vast majority will only raise rates in line with the legal minimums. Just a third (32%) contribute more than 3%.

Among those (typically small firms) yet to be brought into auto-enrolment, only 14% plan to contribute above the legal minimum by 2019.

The minimum contribution rates are particularly influential on the very smallest firms. For example, the DWP report shows that 93% of firms with between 20 and 49 employees plan to stick to the minimum legal contributions rates.

Some might say that, with this basic workers provision in place, it is up to workers to top-up to meet their needs. But, there is no sign of this happening and we shouldn't be surprised, Sharp said. Real wages are still below pre-recession levels and salary growth appears to be slowing, so few will be feeling flush with spare cash. And the inertia caused by the complexity of the pensions system, its myriad products and charges and the fact that human behaviour tends to put short-term priorities over the long-term, means that voluntary individual top-ups were always an unlikely route to improved retirement provision.

The TUC also believes that more low earners, particularly women, could be brought into the pensions system by reforming the arbitrary £10,000 earnings trigger that determines whether someone is eligible for automatic enrolment.

There will be a review of automatic enrolment in 2017. The choices open to the government, according to Sharp, boil down to leaving automatic enrolment as a reasonably successful way of getting a number of workers a few extra pounds in savings or whether it wants to build on what has been put in place to give the vast majority of workers the opportunity to achieve a decent standard of living in retirement.

www.gov.uk/government/uploads/system/uploads/attachment_data/file/504346/rr919-employers-pension-provision-2015.pdf

http://touchstoneblog.org.uk/2016/03/92-pages-but-one-clear-message-what-todays-employers-pensions-survey-tells-us/

Mergers and takeovers

There was an increase in both the number and the value of domestic and cross border mergers and acquisitions (M&A) involving UK companies between 2014 and 2015, the latest official figures show.

There were a total of 447 domestic and cross border acquisitions involving UK companies completed during 2015 compared with 412 in 2014, an increase of 8% or 35 more acquisitions. The value of these three types of M&A was £62.4 billion in 2015 – a 43% increase of the previous year's total of £43.7 billion.

Domestic mergers and takeovers totalled 197 last year, an increase of just eight or 4%. But their combined value was down by 22% over the period to £6.3 billion from £8 billion.

There were 114 completed acquisitions of UK companies made by foreign companies, worth £31.7 billion in total, against 110 acquisitions worth £15 billion the previous year. Numbers were up by just four or by 3%, but their value increased by 111%.

Last year, takeovers by UK companies abroad increased by 23 in number or a 20% hike to 136 from 113, while the total value increased by £3.7 billion or 18% to £24.3 billion from £20.6 billion.

Nevertheless, the total number and value of successful M&A involving UK companies continued to show low levels of activity compared with those seen before the 2008 to 2009 economic downturn.

www.ons.gov.uk/businessindustryandtrade/changestobusiness/mergersandacquisitions/bulletins/mergersandacquisitionsinvolvingukcompanies/quarter4octobertodecember2015

Motherhood penalty on earnings

Women who become mothers before the age of 33 earn 15% less than similar women who haven't had children, according to an analysis published by the TUC on International Women's Day.

The motherhood pay penalty for younger mums comes about as they are more likely to have had a significant period out of work or working part-time, before returning to full-time work when their children are older.

Younger mums are also more likely to experience poor treatment in the workplace – and that affects their earnings. A fifth of mums under the age of 25 said they were dismissed or were treated so badly that they were forced out of their jobs because of pregnancy or maternity leave, compared to one in 10 mothers overall.

In contrast, older mums who work full-time get a wage bonus of 12% compared to full-time women without children. Many older mums are higher earners and more senior in their workplaces, so benefit from better entitlements and are more able to afford full-time childcare so they can work full-time.

All mothers should be supported and treated fairly in the workplace, regardless of the age at which they have their children, their seniority in the workplace or whether they work full or part-time, says the TUC.

The TUC wants action to address the motherhood pay penalty by providing support for more equal parenting roles to stop women being held back at work – shared parental leave is a start, but take up is likely to be low and better paid, fathers-only (rather than shared) leave is needed.

There needs to be more free childcare from the end of maternity leave to help younger mothers with less seniority and lower pay to stay in work after having children, says the TUC.

More better-paid jobs should be available at reduced hours or as flexible working, to prevent women getting stuck in low-paid, part-time work after having children.

And more needs to be done to ensure all women are supported in the workplace and do not experience discrimination linked to pregnancy and childbirth – new mothers should not have to pay tribunal fees of £1,200 and they should be given longer than three months to pursue a tribunal claim.

TUC general secretary Frances O'Grady said: "We need to do far more to support all working mums, starting by increasing the number of quality part-time jobs and making childcare much more affordable.

"Women in full-time, well-paid jobs shouldn't be the only ones able to both become parents and see their careers progress. All women worried about their pay and conditions should join a union to get their voices heard and their interests represented."

www.tuc.org.uk/economic-issues/equality-issues/women-who-become-mothers-33-suffer-15-pay-penalty-says-tuc

Pension disadvantage of different workers

Women have barely half the pension savings of men, according to a new report.

The study, *The under-pensioned 2016*, carried out by the Pensions Policy Institute, shows that women have, on average, £7,500 in savings in defined contribution schemes, compared to £14,500 for men. And women typically have £32,000 in pension savings in defined benefit schemes, whereas men have £62,900.

The report reveals large pension disadvantages for women, ethnic minority workers, carers and the self-employed. Of the first three types of worker the key findings are:

- women: as well as having barely half the pension savings of men, women also receive a far smaller state pension. Women receive 13% (£1,092) a year less than the average state pension and 25% (£2,548) a year less than men get from their state pensions;
- carers typically have just £5,800 in savings in defined contribution schemes — 45% below average. And carers have only £6,000 amassed in defined benefit schemes — a massive 86% below average.
- black and minority ethnic workers: an Indian worker typically has less than half (£22,100) the defined benefit pension savings of a white worker (£45,500). Black pensioners receive 16% (£1,404) less than the average for all pensioners and 20% (£1,820) less in State Pension than white pensioners.

"Everyone should have the chance of a decent retirement income, not just men in full-time employment. And we mustn't shy away from looking at the underlying problems in our labour market that are driving these inequalities in pension saving," said TUC general secretary Frances O'Grady.

www.pensionspolicyinstitute.org.uk/publications/reports/the-underpensioned-2016

Pay in manufacturing — no change on 2% rise

The average settlement level across industry was 2% in the three months to January, according to the EEF's latest Pay Bulletin — in line with the average throughout 2015. The monthly rise for January was slightly higher at 2.2%.

The most common pay rise band was between 1.76% and 2% in the past three months — around a third of settlements fell within this range. Top end pay deals remain few and far between, with fewer than one in 10 deals ending in a settlement above 3%.

Pay freezes became a more prominent feature of the EEF's Pay Bulletin over the course of last year and, in the three months to January, one in six settlements resulted in no change in pay.

www.eef.org.uk/campaigning/news-blogs-and-publications/blogs/2016/feb/p-p-p-pick-up-a-pay-rise

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