FACT SERVICE

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Membership of pension schemes grows

Auto-enrolment of workers into an occupational pension scheme has boosted pension membership to its highest level.

The Office for National Statistics said that in 2016 total membership of occupational pension schemes in the UK was 39.2 million, the highest level recorded by its survey, representing an increase of 17.1% on the 2015 figure of 33.5 million.

Between 2015 and 2016, active employee members increased from 11.1 million to 13.5 million; members with preserved pension entitlements increased from 11.8 million to 15.4 million; and pensioner members decreased from 10.6 million to 10.4 million, the Occupational Pension Schemes Survey (OPSS) found.

The increase in active members — almost entirely in the private sector — is likely to be due to the establishment of automatic enrolment. Active membership in the private sector increased from 5.5 million to 7.7 million between 2015 and 2016.

Active membership of private sector defined benefit (DB) schemes fell to 1.3 million in 2016, from 1.6 million in 2015. The fall in recent years is linked to the rising costs of providing these pensions.

As it stands, active membership of open private sector DB schemes was just 0.5 million in 2016, down from 1.4 million in 2006.

Active membership of private sector defined contribution (DC) schemes has increased to 6.4 million in 2016 from 3.2 million in 2014. The rise in DC membership over recent years is likely to be due to the workplace pension reforms — DC arrangements were seen as the most likely route for employers to meet their new obligations under automatic enrolment.

Estimates for 2016 broadly show an increase in contribution rates when compared with 2015. The only exception to this being member contribution rates in DC schemes where the average contribution rate dropped from 1.5% in 2015 to 1.0% in 2016. As in previous years, private sector DB schemes had higher contribution rates than DC schemes in 2016.

For private DB schemes, the average total contribution rate was 22.7% of pensionable earnings, split between members (5.8%) and employers (16.9%).

For private DC schemes, the average total contribution rate was 4.2% of pensionable earnings, split between members (1.0%) and employers (3.2%).

OPSS does not cover state pensions or personal pensions. Nor does it not cover group personal pension (GPP) arrangements, such as stakeholder and self-invested personal pensions, where the contract is facilitated by the employer.

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● Up to three million members of final salary pension schemes face an uncertain future in retirement. A report by the Defined Benefits Taskforce found three million members in the most vulnerable pension schemes have only a 50/50 chance of receiving full benefits when they retire because of the deficit in the schemes.

Around 60% of the schemes identified as vulnerable were in sectors such as manufacturing, retail and financial services. The remaining 40% came from areas such as general services, transportation, construction and farming, said Joe Dabrowski, from the Pensions and Lifetime Savings Association who led the support work for the Taskforce.

www.ons.gov.uk/peoplepopulationandcommunity/personalandhouseholdfinances/pensionssavingsandinvestments/bulletins/occupationalpensionschemessurvey/uk2016

www.plsa.co.uk/Portals/0/Documents/Policy-Documents/2017/DB-Taskforce-third-report-Opportunities-for-Change.pdf?ver=2017-09-27-095224-293

Suspension of wage enforcement extended

Unions have raised concerns over the government's extension for another month of no minimum wage enforcement in the social care sector.

The extra one-month suspension of minimum wage enforcement concerning sleep-in shifts in the social care sector is, says the government, to minimise disruption to the sector and seek to ensure workers receive the wages they are owed. It means no minimum wage enforcement until the beginning of November.

The extension follows July's decision to waive all historic penalties in the sector where employers incorrectly paid workers a flat-rate for sleep-in shifts instead of hourly rates. This was in response to concerns over the combined impact which financial penalties and arrears of wages could have on the stability and long-term viability of providers.

During this temporary pause, the government has said it will develop a new enforcement scheme for the sector to encourage and support social care providers to identify back pay owed to their staff

It remains the government's expectations that all employers pay their workers according to the law, including for sleep-in shifts, as set out in its guidance – *Calculating the National Minimum Wage.*

The public services union UNISON has questioned whether the government may be acting unlawfully over the amnesty, which is "a green light for dodgy employers to carry on paying illegal wages without fear of ever being punished".

General secretary Dave Prentis said: "While there may be some sympathy for charities who owe their sleep-in staff money for not paying the minimum wage when they should have been, many care providers are private equity-backed companies that can well afford to pay up.

"No government or employer should be above the law. By suspending enforcement, we have grave concerns ministers may well have been acting unlawfully and using powers they don't have.

"It's time ministers got tough with the minimum wage cheats, give low-paid care staff a decent pay rise and put more money into the care sector."

Sharon Wilde, national officer for care at the GMB general union, accused the government of "washing its hands of a care sector in crisis".

"High turnover rates are already putting staff and patients at risk," she added.

www.gov.uk/government/news/government-extends-suspension-of-minimum-wage-enforcement-in-the-social-care-sector

www.gov.uk/government/publications/calculating-the-minimum-wage

www.unison.org.uk/news/press-release/2017/09/ministers-may-acting-unlawfully-minimum-wage-amnesty-says-unison/

www.gmb.org.uk/newsroom/sleep-in-enforcement

UK economic growth lags competitors

The economy grew at its slowest annual pace since 2013 in the second quarter of the year, according to revised official figures.

The UK economy, as measured by gross domestic product (GDP), grew by 1.5% on the same quarter a year earlier, the Office for National Statistics (ONS) said, down from the previous estimate of 1.7%.

Compared with the second quarter 2016, the production industries (manufacturing, mining and utilities) grew by 0.2%.

Within production, two of the four components posted decreases – electricity, gas and steam and air conditioning shrank by 4.8% and mining and quarrying by 0.9% – while there was an increase of just 0.9% in manufacturing and a 2.4% increase in water and sewerage. The rate for manufacturing was well down on the 2.8% increase in the first quarter of the year.

The service sector, which now accounts for around 80% on the economy, was the main driver with a 1.8% increase on the second quarter 2016.

On a quarter-on-quarter basis, GDP growth remained unchanged at 0.3%, whereas both manufacturing and production as a whole decreased by 0.3%. According to foreign secretary Boris Johnson in his *Daily Telegraph* spoiler to prime minister Theresa May's speech in Florence, manufacturing in the UK was "booming". As usual Johnson's rhetoric seems divorced from the reality.

On the positive side, the service sector posted a 0.4% increase after a poor first quarter when the increase was only 1.0%.

A House of Commons research briefing shows that the 0.3% growth was the slowest growth rate for a G7 country. The US economy saw growth of 0.8%, while the G7 average was 0.7%.

It's the same story if annual rates of growth are compared with the UK's 1.5% growth in the second quarter of 2017 compared with a year ago well behind the 2.2% growth in the USA and 2.1% for the G7 as a whole.

https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/aprtojun2017

https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN02784

Lenient sentence for vicious dog attack

An inadequate court sentence handed to an irresponsible dog owner and the failure to have dangerous dogs put down have been slammed by the CWU communication workers' union.

Doberman dogs savagely mauled Sharron Singer, a Boston postwoman, leaving her with life-changing injuries in an attack which could have resulted in death, according to the union.

The dogs' owner was charged for an aggravated offence under section 3 of the *Dangerous Dogs Act*, for having a dog dangerously out of control.

After hearing his guilty plea, the court sentenced the owner to one year of probation, 200 hours of community service and ordered him to pay £1,000 compensation to the postwoman.

The dogs were returned to the owner with a court order that they are muzzled in public.

CWU national health and safety officer Dave Joyce said: "There have been two Sentencing Council reviews following CWU pressure, but still the courts are inconsistent when handing down sentences and ancillary orders. We need deterrents to be effective and to raise public awareness.

"The court has the power to issue destruction orders on the dogs involved and can disqualify the convicted owner from keeping dogs for a number of years up to a life ban, but astoundingly, this court failed to do either.

"The court did order that the dogs be muzzled in public, which is good as far as it goes, but the attack ... took place on private property while she was delivering the mail. A risk, therefore, continues to exist with visitors to the property where the dogs are kept and that's a concern."

www.cwu.org/news/postal-workers-union-criticises-dog-owner-sentence-horrific-attack/

Call for investment in mental health training

Employers should invest in mental health training, says the Business in the Community (BiTC).

The charity has just published a *Mental health at work* report, examining the findings from a YouGov survey of over 3,000 people.

Over half of respondents (53%) said they feel comfortable talking about mental health at work.

However, Louise Aston, wellbeing director at BiTC, said there is an "elephant in the room". This is performance management – the assumption that it's often easier to "sweep it under the carpet" rather than taking steps to support employees with appropriate reasonable adjustments. This is down to a lack consensus and guidance of what "good" looks like for managing certain mental health conditions as well as a lack of training for managers and inappropriate performance management systems.

The survey found a significant proportion of employees risk serious repercussions for disclosing a mental health issue. Over one in six (15%) of employees face dismissal, disciplinary action or demotion after disclosing a mental health issue at work. That's almost twice the number identified in similar research undertaken in 2016.

Other key findings of the report include:

- young people are more likely to have been formally diagnosed with a mental health condition (39% against 28% of employees in their 50s) — but less likely to disclose these concerns to their bosses then older workers. Only a third of 18-29-year olds are comfortable talking with their managers about mental health compared to almost half of people in their 40s;

- women are more likely to report experiencing mental health issues (64% reporting issues compared to 56% of men); and
- black, Asian and minority ethnic employees are less likely to feel comfortable talking about mental health at work (43% compared to 54% of white employees).

Line managers would welcome training on mental health conditions, but just over a third (35%) report not having any workplace facilities or services to support employee mental health and wellbeing.

Aston said it is "time to challenge the myth that having mental health issues equates to poor performance". Managers must be given the training, tools, support and organisational culture they need to transform the outlook for mental health at work.

https://wellbeing.bitc.org.uk/system/files/research/bitcmental_health_at_work_report-2017.pdf

UK's current account deficit grows

The UK's current account deficit widened by £0.9 billion to £23.2 billion in the second quarter of 2017 compared with the first quarter, the latest official figures show.

As a percentage of gross domestic product (GDP), the UK's current account deficit increased to 4.6% in the second quarter from a newly revised figure of 4.4% in first quarter, the Office for National Statistics said.

The UK's trading position with the rest of the world showed some improvement. The deficit in trade in goods was cut to £31.7 billion in the second quarter from the first quarter deficit of £34.0 billion. The narrowing of the deficit came on the back of a greater rise in exports than imports. Exports increased by £2.9 billion to £86.4 billion, while imports increased by only £570 million to £118.1 billion.

The trade in services is usually positive, and in the second quarter of the year increased marginally by just £89 million to £25.2 billion

Combined, the figures for good and service gives a slight improvement in the balance of trade which narrowed to £6.5 billion in the second quarter from £8.9 billion in the first quarter of the year.

On an annual basis, the current account deficit in 2016 was £115.5 billion against £98.1 billion in 2015.

EU A current account deficit of £23.3 billion was recorded with the EU in the second quarter – down from the £24.7 billion deficit in the first quarter.

The deficit in trade in goods narrowed to £23.1 billion from £24.5 billion. Exports increased by around £1.8 billion to £41.9 billion, but imports increased by just £439 million to £65.0 billion.

The trade in services surplus increased slightly to £5.0 billion from £4.4 billion. Exports were up by £300 to £24.8 billion, while imports fell by £320 million to £19.8 billion.

Non-EU The current account balance with non-EU countries was just in surplus in the second quarter — the £121 million surplus was less than the £2.5 billion surplus in the first.

The trade in goods deficit narrowed to £8.6 billion from £9.6 billion, as exports rose by £975 million to £44.5 billion, while imports only increased by £130 million to £53.2 billion.

The trade in services surplus was down to £20.2 billion from £20.8 billion in the first quarter. Exports increased by £76 million to £41.4 billion, while imports rose by £610 million to £21.2 billion.

www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/balanceofpayments/apriltojune2017

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