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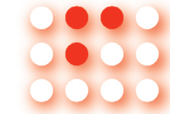
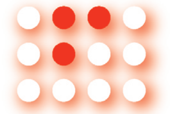

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Annual Subscription £84.50 (£71.50 for LRD affiliates)

Volume 77, Issue 47, 26 November 2015

Chancellor climbs down on tax credit

Chancellor George Osborne announced a climb down over tax credit changes in his Spending Review and Autumn Statement.

Osborne claimed that a £27 billion windfall in the public finances meant that the planned £4.4 billion of cuts to tax credits due in April could be abandoned.

Paul Johnson, from the independent economic think tank the Institute of Fiscal Studies, said the tax credit move would change nothing in the long run because the cuts would still feature in the new Universal Credit system, which is due to replace tax credits by 2018.

Alison Garnham, chief executive of the Child Poverty Action Group, said: "The chancellor's half-solved the problem he created in the Summer Budget of how we help the low paid. His decision to drop the latest tax credit cuts is very welcome and will be a huge relief to hard-up working families but, as the Treasury's own costings reveal, the significant cuts to Universal Credit mean that in reality this is only a stay of execution."

Other benefit changes announced were that two-child limit on Child Tax Credit claims will go ahead from April 2017, while the family element of tax credits is to be scrapped for new claimants.

Housing Benefit for new social tenants is to be capped at same level as private sector.

And Housing Benefit is to be stopped for people who leave the country for more than one month.

Apprentices Osborne put more meat on the levy announced in the Summer Budget.

The apprenticeship levy will come into effect in April 2017, at a rate of 0.5% of an employer's pay bill. The levy will only be paid on employers' pay bills over £3 million.

Less than 2% of UK employers will pay the levy. Three million new apprenticeships will be created by 2020, funded by a levy on large employers.

Pensioners The triple-lock promise on pensions means the Basic State Pension for a single person rises by 2.9% to £119.30 a week, an increase of £3.35.

However, Pension Credit payments to people who've left the country for more than a month will be stopped.

The chancellor also announced that the full-rate for the new single tier pension for new pensioners to be introduced from April next year will be £155.65 a week.

LABOUR RESEARCH DEPARTMENT

Published weekly by LRD Publications Ltd, 78 Blackfriars Road, London SE1 8HF. 020 7928 3649 www.lrd.org.uk

Dot Gibson, general secretary of the National Pensioners Convention, said: "The new state pension that comes into force next April will mean anyone born after 1970 will get less than they would have done under the current system. Most of those retiring in the first few years of the new state pension will not get anywhere near £155 a week. What we're left with is a two-tier state pension system that no-one understands, fails to tackle the problem of pensioner poverty and is fundamentally unfair."

Economy The Office for Business Responsibility, the independent body which advises the Treasury, has revised some figures produced for the Summer Budget. The 2.4% growth forecast for 2015-16 is unchanged from the Summer Budget, but the forecast growth in 2016-17 and 2017-18 has been revised up to 2.4% and 2.5% respectively. It then starts to return to its long term trend, with growth of 2.4% in 2018-9 and 2.3% in 2019-20.

On inflation, CPI inflation is forecast to be below the 2.0% inflation target in 2015, returning gradually to 2.0% in 2019.

Borrowing is forecast to total £73.5 billion this year, falling to £49.9 billion, £24.8 billion and £4.6 billion in subsequent years before moving into surplus in 2019-20.

www.gov.uk/government/topical-events/autumn-statement-and-spending-review-2015
http://cpag.org.uk/content/autumn-statement-tax-credits-u-turn-stay-execution
www.bbc.co.uk/news/uk-politics-34928638
http://npcuk.org/2092

Blocs carve up trade and services

The world is being carved up in favour of global capital in a series of trade agreements, which will nothing for workers' rights.

Negotiations over the Transatlantic Trade and Investment Partnership (TTIP) have been going on between the European Union and USA since 2013

An opinion paper written by Martin Myant, senior researcher the European Trade Union Institute, for the European Social Observatory describes the background to the TTIP. It explains why the negotiating parties want a TTIP, what the agreement will contain and what trade liberalisation may lead to.

It argues that TTIP offers no improvements in economic or social conditions for European citizens. TTIP, including the notorious Investor state dispute settlement (ISDS), threatens a reduction in protection for employees and consumers and a substantial enhancement of the power of multinationals, potentially at the expense of public provision of services.

ISDS is the most controversial element in TTIP as it puts foreign investors in a specially privileged position. They alone can claim compensation from a state if its decisions are judged to have been commercially harmful to them. ISDS gives a clear advantage to foreign firms over domestic ones and the burden of proof rests with the government to demonstrate that it has not treated a foreign firm unfairly.

The OSE paper summarises the main effects of ISDS in four points. It says the biggest effects can be expected for public services – once profit-making interests are allowed in they will be impossible to remove – and activities with substantial environmental effects, such as mineral extraction.

In addition, US multinationals will try to use ISDS in EU member states to get a better deal than laws in that country allow.

ISDS will make governments more cautious over introducing new regulatory measures and will be confronted by threats from multinational companies, after investment treaties are signed.

Finally, for all the fine words, there will be no increase in investment across borders for much of the countries' economies.

Throughout the negotiations the USA, "the land of the free", has insisted that all its position papers and all documents that emanate from them should remain secret. This therefore includes any consolidated documents on which the two sides have agreed. The EU side has respected this position while also maintaining secrecy on a number of its own negotiating positions. Restricted access to documents means that there is little scope for informed debate before a finalised version of the whole treaty is produced.

It's likely that TTIP if it goes ahead it will have a chapter on labour rights. However, the effects on labour standards will be felt predominantly through the deregulation agenda fostered by ISDS.

The EU and Canada have already concluded a dangerous and undemocratic deal – the Comprehensive Economic and Trade Agreement (CETA) – that unions and opponents of TTIP have called its "dangerous cousin".

It's been a year since CETA was agreed, but it hasn't entered into law yet. It needs to be voted through European and national parliaments – but this could happen as soon as early next year.

The Going to Work website explains why the agreement needs to be stopped.

As with TTIP, the agreement contains an investor-state dispute settlement (ISDS), which allows foreign investors to sue governments for policies they regard as threatening future profits. This could include minimum wage policies, environmental protection, and renationalising public transport, health and education services.

US investors with bases in Canada will be able to sue governments in the EU for billions too. Eight out 10 US companies operating in the EU have bases in Canada – so they wouldn't need TTIP's ISDS to do wreak investor havoc.

Finally, CETA contains no such provisions for workers' rights: no compensation and no enforcement.

As with TTIP and CETA, a third possible agreement – TISA— largely follows the corporate agenda of extreme liberalisation and deregulation in order to ensure greater corporate profits. In TISA's case it's in the service industries. As with TTIP and CETA, the agreement will be at the expense of workers' rights, but TISA would cover countries across the globe.

TISA commits participating countries to enact non-reversible privatisations and deregulate a wide range of services for the benefit of multinationals. There are paragraphs on the removal of restrictions concerning the movement of "natural persons", a reference to migrant workers who would have no legal protections for their labour rights.

www.ose.be/files/publication/OSEPaperSeries/Myant_2015_OSEBriefingPaper11_nov2015.pdf

https://campaign.goingtowork.org.uk/petitions/stop-ceta-ttip-s-dangerous-cousin

http://corporateeurope.org/blog/342-civil-society-groups-oppose-deregulation-and-privatisation-proposed-services-agreement-tisa

More money saved into workplace pensions

There has been an increase in the amount saved into workplace pensions, according to a report from the Department for Work and Pensions (DWP).

Automatic enrolment evaluation report 2015 said that, in 2014, the annual total amount saved in workplace pensions was £80.3 billion, an increase of £2.7 billion from 2013. This was driven by the private sector where saving increased by £3.1 billion to £42.9 billion, whereas in the public sector the sum fell slightly by £0.5 billion to £37.4 billion.

Across both sectors, contributions by employees accounted for 30% of saving, with employer contributions accounting for 60% and tax relief the remaining 10%.

In terms of the amount saved per eligible saver there has been a slight decline for the time being in the private sector; in 2014 the amount saved per eligible saver £4,673 compared to £6,370 in 2012.

The decline is likely to be a result of the increased number of savers through auto-enrolment, with the majority making contributions at the current required minimum level. This will self-correct when the auto-enrolment is fully rolled out in 2018.

In the public sector the rate of saving per eligible saver has increased from 2012.

In 2014, there was a rise in pension participation levels across all earnings bands with the largest increase (18 percentage points) among those earning between £10,000 and £20,000, which is just above the automatic enrolment earnings trigger. Increases were also found across all age groups, with the largest being amongst the lower age groups, with participation amongst those aged 22 to 29 increasing by 19 percentage points to 60% in 2014.

The 2015 report is the DWP's latest evaluation of the pension reform that requires employers to automatically enrol eligible workers into a qualifying workplace pension scheme and make a minimum contribution. The automatic enrolment duties are being staged in between October 2012 and February 2018 by employer size, starting with the largest employers.

Workers will be eligible provided they: are aged at least 22 and under State Pension age; earn over £10,000 a year in 2015-16 terms (these thresholds are reviewed annually); normally work in the UK and do not currently participate in a qualifying workplace pension scheme.

Currently total minimum contributions are 2% of a band of workers' earnings, of which at least 1% must come from the employer. By October 2018, this will rise to 8%, of which at least 3% must come from the employer.

www.gov.uk/government/uploads/system/uploads/attachment_data/file/477176/rr909-automatic-enrolment-evaluation-2015.pdf

Pay in manufacturing

Factory workers have made up some lost ground against inflation in their pay this year, official figures show. However, they lost ground to other sectors of the economy.

The latest Annual Survey of Hours and Earnings, which covers earnings to April 2015, show that the weekly average earnings, excluding overtime of "all employees", that is full-time, part-time, male or female, in manufacturing rose by 2.3% (median or midpoint figure).

Set against the rise in inflation under the Retail Prices Index (RPI) of 0.9% in the year to April that means an increase in real terms. However the rise for manufacturing workers was only 0.2% in 2014, according to ASHE, when RPI inflation was rising at 2.5%.

As the rise for all employees in all sectors of the economy for 2015 was 2.5%, factory workers lost ground overall this year, after their pay rise of 0.2% matched rise for all sectors of the economy in 2014.

The ASHE figures for the median gross weekly earnings, excluding overtime, of full-time workers in manufacturing give a sum of £507.60 – a 1.9% rise on the 2014 figure of £498.30

For men, the median weekly earnings figure, excluding overtime was £524.90 – a 1.9% rise on the £514.90 a week for the year before.

Women's earnings on a comparable basis were only £410.50 a week, but that was a 3.3% rise on the £397.30 in 2014.

As women's gross full-time earnings rose more quickly, the gender pay gap for full-time workers narrowed to 21.8% from 22.8%, but it's still far too wide. The Ford Dagenham women machinists, who struck over equal pay almost half a century ago in 1968, would be dismayed.

The figures in the table give a breakdown of weekly earnings, excluding overtime, for men and women in the various manufacturing sub sectors. Where comparable figure were not available over the two years the subsector has been excluded.

www.ons.gov.uk/ons/rel/ashe/annual-survey-of-hours-and-earnings/index.html

Pay in manufacturing 2014-15 (£ a week) [1]

Men	2015	% rise 2014-15	2014	% rise 2013-14
All manufacturing	£525	1.9	£515	0.3
Food products	£415	0.4	£413	-0.5
Beverages	£650	0.9	£644	-0.6
Tobacco products	£868	4.7	£829	0.8
Textiles	£442	12.3	£394	0.0
Wearing apparel	£421	-2.9	£434	2.6
Leather	£422	3.9	£407	-0.6
Wood and straw	£413	3.6	£398	-0.4
Paper/paper products	£512	1.9	£503	2.9
Recorded media	£482	3.2	£467	0.8
Coke/refined petroleum	£924	-0.2	£925	3.2
Chemicals	£612	0.6	£608	3.1
Pharmaceuticals	£722	-0.9	£729	0.5
Rubber and plastic	£456	1.7	£449	0.1
Other non-metallic prods	£526	0.9	£521	1.4
Basic metals	£609	1.6	£599	1.8
Fabricated metal products	£479	5.4	£455	-0.9
Computer, electronics, optics	£641	2.7	£624	-0.5
Electrical equipment	£514	2.7	£501	4.4
Other machinery	£538	1.3	£531	2.7
Motor vehicles etc	£604	3.1	£586	2.6
Other transport equipment	£676	1.0	£670	2.2
Furniture	£393	2.6	£383	0.9
Other manufacturing	£484	6.0	£457	-2.6
Repair/installation	£605	5.6	£573	-4.1
Women				
All manufacturing	£411	3.3	£397	0.8
Food products	£337	1.4	£332	0.5
Beverages	£517	0.2	£516	3.2
Textiles	£301	1.1	£298	-1.2
Wearing apparel	£331	1.3	£326	6.8
Leather	£318	9.9	£289	1.8
Wood and straw	£401	8.0	£371	1.6
Paper/paper products	£363	4.8	£346	-6.6
Recorded media	£422	4.7	£403	0.5
Chemicals	£479	10.4	£434	-5.4
Pharmaceuticals	£632	6.2	£595	4.8
Rubber and plastic	£381	6.7	£357	3.0
Other non-metallic prods	£411	10.9	£370	-0.1
Basic metals	£697	14.4	£609	3.1
Fabricated metal products,	£383	0.0	£383	3.6
Computers, electronics, optics	£438	6.5	£411	1.2
Electrical equipment	£365	1.8	£359	-0.8
Other machinery	£462	5.5	£438	-4.7
Motor vehicles etc	£447	-6.0	£476	-4.1
Other transport equipment	£576	1.2	£569	7.7
Furniture	£367	2.6	£358	2.1
Other manufacturing	£401	-0.5	£403	12.1
Repair/installation	£441	0.5	£438	-2.3

[1] Full-time weekly earnings, excluding overtime, for employees not affected by absence; pay figures rounded to nearest £ but percentage increases as per ASHE.

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