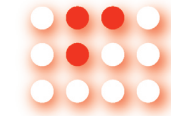


# FACT

S E R V I C E



193 Rents drag working families into poverty

194 Worrying ignorance on asbestos in schools  
TUC attacks cap on small claims

195 Government shunts Network Rail off track  
Takeovers down in number, up in value

196 Manufacturing output shrinks again

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## Rents drag working families into poverty

A total of 7.4 million people, including 2.6 million children, are in poverty despite being in a working family is the latest stark finding of poverty campaigners, the Joseph Rowntree Foundation (JRF).

*Monitoring poverty and social exclusion 2016*, an annual state of the nation report written for the JRF by the New Policy Institute, has found that 13.5 million people, 21% of the UK's population, are living in poverty.

The number of working families living in poverty – after housing costs – has risen by two million from 5.4 million to 7.4 million over the last decade, researchers found.

And since 2010-11, when the economic recovery began, in-work poverty has increased by 1.1 million people.

The rise is being driven by the UK's housing crisis, particularly high costs and insecurity in the private rented sector (PRS).

Dr Peter Kenway, director of the New Policy Institute said: "An adult in poverty today is much more likely to be young, working and a tenant living the private rented sector than 15 years ago."

The report finds that:

- the number of people in living in poverty in the PRS has doubled in a decade, from 2.2 million people in 2004-05 to 4.5 million people today;
- almost three quarters (73%) of people in the bottom fifth of the income distribution and living in the PRS pay more than a third of their income in rent. This is compared to 28% of owner occupiers and 50% of social renters with similar income levels; and
- half of children living in rented homes (46% in the PRS and 52% in the social rented sector) live in poverty.

Helen Barnard, head of analysis at the Joseph Rowntree Foundation, said: "The UK economy is not working for low-income families. The economy has been growing since 2010, but during this time high rents, low wages and cuts to working-age benefits mean that many families, including working households, have actually seen their risk of poverty grow."

Among its recommendations on cutting cut poverty, the JRF wants the government to reverse cuts to the Work Allowance, which currently mean that many families will be considerably worse off, even after changes to the income tax threshold and Universal Credit taper are taken into account.

A lone parent with two children working on the National Living Wage (NLW) will be £2,600 worse off, while a family of four with both parents in work on the NLW will be almost £1,000 worse off.

**LABOUR RESEARCH DEPARTMENT**

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The JRF also wants an end to the freeze on working-age benefits so that they can rise in line with inflation.

Finally, the JRF called for more affordable housing to be built.

[www.jrf.org.uk/press/work-poverty-hits-record-high-housing-crisis-fuels-insecurity](http://www.jrf.org.uk/press/work-poverty-hits-record-high-housing-crisis-fuels-insecurity)

## Worrying ignorance on asbestos in schools

A shocking lack of consistency across different local authority areas over the continuing presence of deadly asbestos in schools is revealed in responses to recent Freedom of Information requests, and should set alarm bells ringing across central and local government.

Figures released as a result of Freedom of Information requests submitted by Lucie Stephens to all local authorities in England and Wales, paint a disturbing picture of complacency, evasion of responsibility and lack of knowledge. Lucie's mother, Sue Stephens, died of mesothelioma in June this year and wanted the removal of asbestos from schools to be her legacy.

The figures reveal great variation in the management of asbestos, with some LAs claiming not to know how many of their schools contain asbestos, some withholding the information and others stating that full responsibility lies with schools themselves. There were 99 reported incidents of asbestos exposure in school premises between 2011 and 2016 – that's likely to be a massive understatement as these are just known potential exposure incidents. And 220 school employees/former employees and former pupils have pursued a claim for compensation during this time with over £10 million being paid out.

Commenting on the situation, John McClean, chair of Joint Union Asbestos (JUAC), said: "What this information reveals is that the government's policy of managing asbestos in schools is simply not working and is putting children and staff at risk."

The JUAC called on the government to:

- undertake a national audit of asbestos in schools;
- set out a long term strategy for the removal of asbestos from schools; and
- ensure that the Health and Safety Executive has the funding it needs to inspect schools.

[www.teachers.org.uk/news-events/press-releases-england/foi-for-local-authorities-deficiencies-in-asbestos-management](http://www.teachers.org.uk/news-events/press-releases-england/foi-for-local-authorities-deficiencies-in-asbestos-management)

## TUC attack caps on small claims

In an appalling attack on workers' rights, the government is planning to change the rules for compensation claims that would make it much more difficult for workers to get the money they are entitled to when their employer's negligence injures them or makes them ill, according to TUC health and safety officer Hugh Robertson.

When compensation claims go to court, some of them are dealt with as "small claims". If a case goes down this route, in most cases, the court will not order solicitors' costs to be paid by the losing party, so if a claimant instructs a solicitor they will have to pay the costs themselves. For this reason most claimants take a small claim without the help of a solicitor.

Some claims including those where workers are injured or made ill have a small claims track, but it can only be used for cases where the claim is for less than £1,000.

The reason for a lower limit for workers compensation claims is because all employers have to have insurance against any claims, so if a claim is taken by a worker against their employer it is effectively against the insurance company.

Often these cases are complicated because of the worker needs to show negligence, but also insurance companies always use a solicitor. That is why the majority of workers' personal injury (PI) claims are taken through their union that will provide legal help. Where a worker wins, the insurer pays their legal costs and the worker is not out of pocket.

As Robertson explains, the government is now looking at changing that. There is a consultation on capping compensation in some claims and it wants to raise the small claims limit for all claims, including workers personal injury claims, to "at least" £5,000.

The government consultation paper gives no valid reason for increasing all PI claims. It simply states "Raising the small claims limit for all PI claims would be consistent with the government's aims to disincentivise minor, exaggerated and fraudulent claims and remove unnecessary costs from the claims process", however there have never been any suggestion that there are a significant number of fraudulent compensation claims from workers, even from the insurance industry and in the vast

majority of cases that go ahead with the help of a union and solicitor the worker wins."

This is, says Robertson, simply an attack on the ability of workers to get justice after they are injured or made ill by their employer's negligence.

If all claims up to £5,000 were to be heard through the small claims route then the injured worker would have to choose between not taking a claim, taking a claim without representation, or employing a solicitor in the knowledge that the costs would leave them with very little or may even exceed any compensation they get. Unions reckon that around 60% of their cases would be affected, but in some unions with lots of low-paid members they estimate it could be up to 80% of claims.

Claims under £5,000 are not "minor" and can include partial amputation of a finger or an injury that could have led to the worker being off work for several months. It will impact greatest on the lowest paid workers who are least able to afford losing several thousand pounds and for whom £5,000 could be almost six months' pay.

<http://strongerunions.org/2016/12/05/small-claims-changes-another-attack-on-workers-rights/>

[www.gov.uk/government/news/new-crackdown-on-whiplash-claims-set-to-cut-insurance-premiums](http://www.gov.uk/government/news/new-crackdown-on-whiplash-claims-set-to-cut-insurance-premiums)

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## Government shunts Network Rail off track

Rail unions have slammed proposals from transport secretary Chris Grayling to allow the private train operating companies and other firms to run sections of Britain's infrastructure.

Plans for the operation of track and train across the rail network will be achieved through new rail franchises. The first of the new franchises to be let will be on the South Eastern and East Midlands lines, which will be expected to include integrated operating teams between train services and infrastructure. The franchises are due to be awarded in 2018.

Grayling's plans include the creation of East West Rail, the first new integrated rail operation in decades that is separate to Network Rail, and the closer alignment of incentives between the management of infrastructure and the operation of train services.

East West Rail will deliver the design, construction and operation of the line between Oxford and Cam-

bridge, which was phased out in the 1960s. It will be the first such operation since the privatisation fiasco of the 1990s.

The Department for Transport will also be inviting Transport for London (TfL) to be more closely involved in developing the next South Eastern franchise, through seconding a TfL representative to the franchise specification team.

Rail union RMT has pledged to fight Grayling's plans. General secretary Mick Cash said: "This is the Tory government dragging the railways back to the failed and lethal Railtrack model of the private sector running infrastructure. There is no question at all that this plan represents the piecemeal privatisation of Network Rail which over a period of time will see both train operations and track run by the same bunch of companies who have failed so abysmally over the past two decades."

Mick Whelan, general secretary of the ASLEF drivers' union, said the proposals demonstrate what we have known for a long time: "government rail policy is bankrupt".

He said: "It has done privatisation, it has done nationalisation and now it doesn't know what to do with Network Rail. The failures and tragedies of the Railtrack era remind us that infrastructure should never be run for profit."

[www.gov.uk/government/news/transport-secretary-puts-passengers-at-the-heart-of-the-railway](http://www.gov.uk/government/news/transport-secretary-puts-passengers-at-the-heart-of-the-railway)

[www.gov.uk/government/speeches/rail-reform-future-of-the-rail-network](http://www.gov.uk/government/speeches/rail-reform-future-of-the-rail-network)

[www.rmt.org.uk/news/rmt-to-fight-graylings-plans-to-privatise-network-rail/](http://www.rmt.org.uk/news/rmt-to-fight-graylings-plans-to-privatise-network-rail/)

[www.aslef.org.uk/information/163061/government\\_rail\\_policy\\_is\\_bankrupt/](http://www.aslef.org.uk/information/163061/government_rail_policy_is_bankrupt/)

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## Takeovers down in number, up in value

There was a slowing in merger and acquisition (M&A) activity in the third quarter of the year compared with the second quarter, official figures show.

There were a total of 140 successful domestic and cross-border mergers acquisitions involving UK companies worth £34.0 billion in third quarter 2016, compared with 278 successful transactions valued at £33.1 billion reported in the previous quarter, according the Office for National Statistics.

In the third quarter, domestic M&A activity – UK companies acquiring other UK companies – saw 72 completed acquisitions worth £3.2 billion. This was a decrease on the 152 acquisitions worth £7.2 billion in the second quarter.

The major acquisition of the third quarter was the £1.4 billion takeover of Home Retail, owner of the Argos and Habitat brands, by supermarket giant J Sainsbury.

Inward M&A – that is, foreign companies acquiring UK companies – totalled 41 transactions worth £284 billion. That was down from the 71 transactions in the previous quarter but well up their value of £22.0 billion.

The main deal was the £24.3 billion takeover of UK semiconductor firm ARM Holdings by SoftBank Group Corp of Japan, a telecoms and internet company.

Outward M&A, where UK companies acquire foreign companies, saw 27 successfully completed transactions worth £2.4 billion. This was marked a fall in 34 deals in the previous quarter. However their value only came to £1.7 billion.

The most notable acquisition was the £2.2 billion takeover of US home ventilation equipment firm Nortek by the industrial turnaround specialist Melrose Industries.

[www.ons.gov.uk/businessindustryandtrade/changetobusiness/mergersandacquisitions/bulletins/mergersandacquisitionsinvolvingukcompanies/julytosept2016](http://www.ons.gov.uk/businessindustryandtrade/changetobusiness/mergersandacquisitions/bulletins/mergersandacquisitionsinvolvingukcompanies/julytosept2016)

## Manufacturing output shrinks again

Factory output fell by 0.3% in the three months to October compared with the previous three months. That is, however, an improvement on the three months to September when the contraction was 0.8%.

In the October period, there were falls of 1.9% in output in the drugs industry, and a 1.5% fall in wood

and paper products and printing. There were falls of less than 1% in a further five sub-sectors.

On the plus side, there was a 2.1% increase in the output of textiles, a 1.6% rise in “other machinery” and 1.2% increase in chemicals.

Manufacturing output was 0.1% higher than the same period a year ago, the Office for National Statistics (ONS) said.

The more volatile monthly figure showed output in October was down by 0.9% on the previous month.

TUC general secretary Frances O’Grady, commenting on the figures, said: “These gloomy figures are a reminder of the challenges ahead next year, especially in the light of Brexit.

“When the manufacturing sector grows, it creates good jobs across the whole of the UK. So support for the sector should be a bigger priority for the government as part of a more comprehensive industrial strategy in 2017.”

In October, output of the production industries – manufacturing, mining and utilities – was 0.9% down on the previous three-month period, and unchanged on the same period a year ago.

The more volatile monthly figure showed industrial production in October was down by 1.3% on the previous month.

In the three months to October 2016, production and manufacturing were 8.6% and 5.7% respectively below their level reached in the pre-downturn gross domestic product (GDP) peak in the first quarter of 2008.

[www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/indexofproduction/oct2016](http://www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/indexofproduction/oct2016)

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