FACT

SERVICE

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Economic forecasts in Hammond's Budget

Chancellor Philip Hammond made his first and last March Budget statement, as the main announcements now move to an autumn Budget.

Apart from cracking some lame jokes and giving the newspaper headline writers easy fodder, he told the House of Commons that the UK economy, as measured by gross domestic product (GDP) was expected to grow by 2.0% this year — a revision upwards from the 1.4% forecast at the time of the Autumn Statement in November. However, GDP has been downgraded to 1.6%, 1.7%, 1.9% in subsequent years, then 2% growth in 2021.

Public sector net borrowing is forecast to fall from 3.8% of GDP last year to 2.6% this year, then 2.9%, 1.9%, 1% and 0.9% in subsequent years, reaching 0.7% in 2021-22. But borrowing is still expected to be £100 billion higher by 2020 than forecast in the March 2016 Budget.

Meanwhile, inflation — under the Consumer Prices Index (CPI) measure — is forecast to be running at 2.4% this year before falling to 2.3% and 2.0% in subsequent three years.

The gap between CPI and RPI inflation expected to continue at between 1.1 and 1.3 percentage points over the forecast period. The RPI forecasts produced by the Office for Budgetary Responsibility are 3.7% in 2017, 3.6% the following year, and 3.1% in both 2019 and 2020, then up to 3.2% in 2021.

Average earnings are expected to grow in real terms over the forecast period if the CPI inflation measure is used, as earning growth is forecast to be 2.6% in 2017, 2.7% in 2018 rising further to 3.0%, then 3.4% and finally 3.6% in 2021.

However, if the RPI inflation rate is used then earnings growth lags behind for the 2017-2019 period before posting real growth in the final two years of the forecast period.

www.gov.uk/government/topical-events/spring-budget-2017
http://budgetresponsibility.org.uk/efo/economic-fiscal-outlook-march-2017/

Mixed fortunes in ethnic women's pay gap data

An analysis of the gender pay gap by ethnicity, by the women's campaigning group, the Fawcett Society, reveals inequalities over the past 25 years or so, with some minority ethnic groups making great strides, while pay for others lags far behind.

Fawcett has also calculated the gap within ethnic groups as well as the gap between minority ethnic women and white British men to reveal a truer picture of gender inequality.

The report reveals that black African women have seen virtually no progress since the 1990s in closing the gender pay gap with white British men, with a full-time pay gap of 21.4% in the 1990s and 19.6% today. When part-time workers are included this figure rises to 24%.

Pakistani and Bangladeshi women experience the largest gender pay gap at 26.2% if full-time and part-time workers are taken into accounts. And Indian women experience the biggest pay gap with men in their ethnic group at 16.1%.

White British women have a larger pay gap than black Caribbean women, Indian women or those who identify themselves as "white other".

Women who identify as "white other" are the only group who have seen their pay gap widen since the 1990s from 3.5% to 14% today. However, this is largely because the composition of this group has changed over time and is today largely comprised of Central and Eastern European migrant women, many of whom are in low-paid work.

The report also reveals some women experiencing progress. For example, black Caribbean women in full-time work have overtaken black Caribbean men so that they now have a reverse pay gap of -8.8%.

They also fare better than white British women when compared with white British men (a 5.5% vs 13.9% pay gap). They are more likely to be in the labour market (63% compared to 54% of white British women), are older and so have more experience of the workplace, and also more likely to be working full-time.

Chinese women have reversed their pay gap since the 1990s. Those in full-time work now earn more per hour than white British men (a reverse gap of -5.6%), but the gap between Chinese men and women has widened from 4.6% in the 2000s, to 11.6% in the 2010s.

Indian women have seen the gender pay gap with white British men narrow from 26% in the 1990s to 6.3% in the 2010s for those working full-time and reduce by more than half over that period when including part-time workers (from 27% to 12%). Yet those not in work are still significantly more likely than white British women to be doing unpaid caring work.

And white Irish women have seen the most progress since the 1990s, overtaking white Irish men and white British men and now have a sizeable -17.5% full-time pay gap. But this is largely due to generational factors as they are more likely to be older, working full-time or in senior or managerial roles.

This data is not routinely collected and published by the Office for National Statistics (ONS) and instead has to be calculated using the Labour Force Survey.

Sam Smethers, chief executive of the Fawcett Society, said: "We have to address pay inequality for all, and look behind the headline figures to get a true picture of what is going on. We also have to understand and address the combined impact of race and gender inequality. As a minimum the ONS should routinely collect and publish this data."

www.fawcettsociety.org.uk/2017/03/many-minority-ethnic-women-left-behind-pay-gap-progress/

Company merger and acquisitions in 2016

The number of merger and acquisitions (M&A) involving UK companies was down, but their value was up, according to the latest official figures.

There were a total of 106 successful domestic and cross-border mergers acquisitions involving UK companies worth £88.3 billion in fourth quarter of 2016, compared with 232 successful transactions valued at £37.5 billion reported in the previous quarter, according the Office for National Statistics (ONS).

Inward M&A — that is, foreign companies acquiring UK companies — totalled 37 transactions worth £83.3 billion. That was down from the 65 transactions in the previous quarter, but well up on their value of £31.0 billion.

The one large merger of the final quarter was that between UK-based drinks multinational SABMiller and its Belgium-based rival Anheuser-Busch InBev in a £79 billion deal.

Outward M&A, where UK companies acquire foreign companies, saw 13 successfully completed transactions worth £3.1 billion. This was marked a fall in 49 deals worth £3.1 billion in the previous quarter.

The main deal was the £2.2 billion merger of bookies Ladbrokes with its Jersey-based rival Gala Coral Group.

In the fourth quarter, domestic M&A activity — UK companies acquiring other UK companies — saw

56 completed acquisitions worth £1.9 billion. This was a decrease on the 118 acquisitions worth £3.4 billion in the third quarter.

The largest deal was in financial services: the £935 million purchase of Abbey Life by Phoenix Life.

2016 During 2016, the number of successful inward and domestic M&A involving UK companies saw notable increases, showing the highest levels of M&A activity since 2008 and 2011; in comparison, the number of outward M&A involving UK companies declined.

In 2016, there were 227 successful inward M&A worth £187.4 billion making it the highest annual number since 2011 and the highest annual value since the ONS first published M&A data in 1969. The previous year's figures were 145 deals worth £33.3 billion

During 2016, a total of 400 domestic M&A totalling £23.9 billion were successful, the highest number and value since 2008. Comparative figure for 2015 were 245 M&A worth £6.9 billion

And in 2016, there were 135 outward M&A worth a total of just £16.7 billion against 170 worth £25.6 billion in 2015.

www.ons.gov.uk/businessindustryandtrade/changestobusiness/mergersandacquisitions/bulletins/mergersandacquisitionsinvolvingukcompanies/octtodec2016

Numbers on zero-hours contracts at a high

The number of people on zero-hours contracts in the UK has hit a record high of 910,000 but there are signs the trend may have reached a peak, according to a leading think tank.

The figures for the final three months of 2016 represented a rise of more than 100,000, or 13%, compared with the same period in 2015, the Resolution Foundation said in its analysis of official data.

People on zero-hours contracts are not guaranteed a minimum number of work hours, but must be available. Such contracts are widely used by retailers, restaurants, leisure companies and hotels, and have been offered by companies including Sports Direct and McDonald's.

Despite the numbers, the foundation said the "zero-hours juggernaut may have come to a halt", with the pace of growth slowing markedly in the second half of 2016, to 0.8% from 7.7% in the same period a year earlier. It was the first time growth in zero-hours was slower than overall employment growth across the economy.

Conor D'Arcy, policy analyst at the foundation, said another possible reason for the slowdown in growth was reputational damage suffered by firms using zero-hours contracts.

"The negative publicity these contracts have attracted may well have played a role in their slowdown, as firms rethink their use. Not providing guaranteed hours of work for those who want it, especially those in low-paying roles, can have a hugely negative impact on the living standards of workers and their families, as budgeting becomes near impossible," he said.

The Unite general union called on the government to follow the example of New Zealand, where the government has outlawed zero-hours contracts.

Unite general secretary Len McCluskey said: There are now close to one million people in the UK on zero hours contracts. That's one million people with no job security, who are earning less than people in stable work and who, from week to week, do not know what they will have to live on.

"So, while some companies appear to be waking up to the reputational damage attached to this sort of employment, it remains the case that in order to make work pay in this country, insecure working must end.

"Let's learn from New Zealand — put workers' welfare first and outlaw these hire and fire contracts."

www.resolutionfoundation.org/media/blog/workers-on-zero-hours-contracts-hits-a-record-high-but-have-they-reached-their-peak/

www.unitetheunion.org/news/unite-calls-for-zero-hours-contracts-ban-following-record-high/

GMB takes on DX delivery firm

The GMB general union is to take legal action is on behalf of members working as couriers for delivery company DX.

The claims will be for the drivers to receive holiday pay and the National Minimum Wage. DX couriers are currently classed as "self-employed", not workers or employees, and are not entitled to basic employment rights such as minimum wage, holiday or sick pay.

However, the union has highlighted issues decided by DX. For example, the courier firm interviews and recruits drivers, sets the volume of work for drivers and sets the price for each delivery. Meanwhile, DX drivers have to find their own holiday cover.

Maria Ludkin, legal director at the GMB, said: "This is another company trying to duck its obligations and responsibilities by making its workforce 'self-employed'."

Ludkin added that the drivers are "effectively working full-time for one company, DX, without many of the basic employment rights enjoyed by employed workers".

www.gmb.org.uk/newsroom/gmb.org.uk/dx-legal-action.html

Former chancellor's nice big earner

Former chancellor George Osborne has been busy on the lucrative speaker's tour since being sacked as chancellor. And he's picked up a nice big earner from a financial services group.

The latest Register of Member's Interests shows Osborne has picked up over £786,000 for 14 speeches. As the speeches were made mainly abroad he was paid travel and accommodation costs on top — as well as being wined and dined of course. At any one speech he spent no more than 3.5 hours, according to his declarations.

Ever generous Osborne passed £15,081 received for one speech to a Tatton constituency-based charity.

And there is more big money to come. From 1 February 2017, he became an adviser on the global economy to The BlackRock Investment Institute. This post will pay £162,500 a quarter — £650,000 a year — in return for a commitment of 12 days a quarter. He also expects to receive a share stake in BlackRock in the future.

www.publications.parliament.uk/pa/cm/cmregmem/170306/170306.pdf

Charter to stop violence at work

A "Violence at Work Charter", which would see employers commit themselves to "a series of interventions" to reduce the number of violent incidents against staff, is to be launched by the public service union UNISON.

The charter will include:
- collecting and monitoring data on violent incidents;
- proper structured support for staff who experience violence;
- thorough risk assessments when staff are placed in vulnerable situations; and
- training for staff so they know how to deal with threatening situations.

UNISON plans to launch a pilot scheme to get employers to sign up to its charter on violence at work in the housing association sector later this year.

The scheme would then be expanded, along with any lessons learned, to cover all employers in the housing, community and voluntary sectors.

www.unison.org.uk/news/article/2017/03/community-violence/

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