



## Nottinghamshire Economic Insight Issue 32: September 2012 Employment issues

### International:

Members of Hyundai Motor's labour union voted in favour of a new wage deal, ending the costliest labour dispute in the firm's history. Under the deal, Hyundai agreed to scrap night shifts and increase basic salaries by 5.4% and a bonus equal to 350% of basic pay this year. Staff will also get a one-time payout of 9.6m won (\$8,500; \$5300). The dispute is estimated to have cost Hyundai, South Korea's biggest carmaker, 1.7tn won in lost production. Workers had staged various strikes since July this year, cutting production by more than 82,000 vehicles.

BBC News Business (4.9.12), [Hyundai union members vote in favour of new wage deal](#), BBC © 2012

Most of the public sector workers in Brazil who had been taking part in one of the country's largest ever industrial disputes, called off their strike. The Government said the majority of public workers had accepted the offer of a 15.8% pay rise over three years. The federal police and tax inspectors, among others, rejected the deal. Brazil's Planning Ministry said agreement had been reached with workers from 30 out of 35 different government departments and public bodies, ranging from teachers to motorway police officers. The protests had started in May, when teachers stopped working, demanding higher pay and better career prospects. They were joined by other state employees, resulting in as much as half the total public workforce being on strike.

BBC News Latin America & Caribbean (29.8.12), [Brazil public sector strike is called off](#), BBC © 2012

Lexmark announced it will quit the inkjet printer business as part of efforts to improve its profitability. The US firm said it would stop development of the technology by 2013 and close its inkjet supplies factory in Cebu, Philippines by 2015. It added that 1,700 jobs would be lost as a result. The company said it expected the move to save it \$95m (£60m) a year in savings. It also intends to sell some of its 1,000 inkjet-related patents.

BBC News Technology (28.8.12), [Lexmark to quit inkjet printer business](#), BBC © 2012

Sony Corporation, the loss-making Japanese electronics and entertainment company, is cutting 1,000 jobs from its mobile phone division. Nearly two-thirds of the job cuts will fall on its Sony Mobile division in Lund, Sweden, the company said in a statement. The cuts form part of its previously-announced plan to reduce its workforce by 10,000 by March 2013.

BBC News Business (23.8.12), [Sony's mobile arm cuts 1,000 jobs in cost-saving move](#), BBC © 2012

Foxconn, Apple's main manufacturer in China, has taken steps to improve working hours and conditions, said the US-based Fair Labor Association (FLA). Health breaks and measures to guard against repetitive stress injury were some of the changes the FLA found after an inspection. The report said Foxconn was ahead of schedule in implementing the FLA's recommendations. The review came after a number of suicides at Foxconn factories.

BBC News Business (22.8.12), [Foxconn improves worker conditions 'ahead of schedule'](#), BBC © 2012

Maruti Suzuki's plant in India's Haryana state reopened, after a month-long lock-out following clashes between staff and the management. However, only 300 staff were expected to resume work and the factory will operate at a reduced capacity. The clashes left one company official dead and nearly 100 injured. According to estimates, Maruti suffered a loss of up to 800m Indian rupees (\$14.4m; £9.1m) per day during the lock-out. The firm, which sacked hundreds of workers after the clashes, has deployed extra security at the plant.

BBC News Business (21.8.12), [Maruti Suzuki's Manesar factory reopens after clashes](#), BBC © 2012

Mining giant Lonmin dropped its threat to fire workers who failed to return to work at a South African mine after police shot dead 34 strikers at the Marikana mine on Thursday 16 August. Its decision came after the Government appealed to the firm to drop its ultimatum to sack workers if they failed to end their strike by Tuesday 21 August. The South African parliament was due to debate the killings on Tuesday 21 August, amidst a national outcry. President Jacob Zuma had already declared a week of national mourning and promised to appoint a commission of inquiry into the shooting.

BBC News Africa (21.8.12), [South Africa mine Lonmin drops threat to fire workers](#), BBC © 2012

## **Europe:**

Philips Electronics said it will shed another 2,200 jobs as it looks to cut additional costs from the business. The Dutch group had already announced an 800m-euro (\$1bn; £640m) cost-cutting programme, which has now been increased to 1.1bn euros. The cuts are being made in light of tough economic conditions and high pension costs, the company said.

BBC News Business (11.9.12), [Philips Electronics cuts another 2,200 jobs](#), BBC © 2012

German drugs and chemicals maker Merck KGaA plans to cut one in 10 jobs at its domestic sites by 2015 as part of a restructuring programme. It said it had agreed the move with representatives of the 10,900 staff. In February, the family-controlled company announced plans to cut costs across its businesses after setbacks in the marketing of two key drugs. Merck said it would focus on voluntary redundancies and early retirement programmes across all divisions and functions.

BBC News Business (4.9.12), [Merck KGaA cuts 10% of German workforce](#), BBC © 2012

Lufthansa resumed flights after cabin crew agreed to end strike action that stranded thousands of air passengers. It had cancelled approximately half of its scheduled 1,800 flights because of the latest one-day stoppage on Friday 7 September. The UFO union representing cabin staff and Lufthansa have now agreed to enter formal mediation talks to resolve the dispute over pay and conditions. UFO is seeking a 5% pay increase for cabin crew and assurances on jobs; it says its members have had no pay rise for three years. Lufthansa also made concessions on the use of temporary workers. Another bone of contention had been Lufthansa's use of flight attendants employed by a separate agency on temporary contracts at Berlin airport. The agency staff work longer hours on a more flexible basis. UFO's attempts to block the practice in court were rejected by a German judge earlier in the year. However, on Friday 7 September, Lufthansa made a major concession by offering permanent contracts to some temporary cabin crew working at Berlin.

BBC News Business (8.9.12), [Lufthansa resumes flights after cabin crew end strike](#), BBC © 2012

Ireland's largest privately-owned transport company, College Freight, announced it had decided to cease trading, with almost 400 people set to lose their jobs. The firm operates as Target Express and employs 390 staff. Target Express had depots in Northern Ireland, the Irish Republic and England.

BBC News Northern Ireland (28.8.12), [390 jobs to go at Target Express](#), BBC © 2012

Danish wind turbine firm Vestas announced plans to cut another 1,400 jobs as it prepares for a drop in business in 2012 as demand slows. The company cut its forecasts for the shipments of turbines this year, and said 2013 would be "even tougher". Earlier in 2012, Vestas said it would cut 2,335 jobs during 2012. The latest cuts will reduce Vestas' total workforce to 19,000 and generate an extra 100m euros (\$125m; £79m) in cost savings. Vestas said that it expected about 55% of the job cuts to be made in Europe, the Middle East and Africa, about 25% in the Asia Pacific region, and about 20% in the Americas. It added that exact details on which jobs would be cut would be released as soon as talks with unions had finished.

BBC News Business (22.8.12), [Vestas wind turbine firm to cut another 1,400 jobs](#), BBC © 2012

## **National:**

Schools in England and Wales are facing a rolling programme of industrial action this autumn in an ongoing dispute with teachers over pay, pensions and conditions. Members of the National Union of Teachers and the NASUWT teaching union, which represent nine out of 10 teachers, backed the action short of a strike. Action was planned to start on 26 September and continue until the dispute is resolved. The Government said industrial action would disrupt pupils' education. The unions said teachers had been calling for the education secretary to resolve the ongoing dispute but no progress had been made addressing their concerns.

Hannah Richardson, BBC News Europe (10.9.12), [Teachers to take action in schools over pay](#), BBC © 2012

Union barons warned that Britain could be on the brink of the first general strike since 1926. On the first day of the TUC conference, they revealed that a debate would be held on Tuesday 11 September on staging the first national stoppage for 86 years. Vital services would be wiped out with key workers – including teachers, prison guards, firemen, nurses, dinner ladies and paramedics – likely to walk out.

Becky Barrow, MailOnline (10.9.12), [Vital services could be wiped out as union bosses threaten first general strike for 86 years](#), © Associated Newspapers Ltd

Directors of the UK's largest companies saw their average pension provision grow sharply in the last year, the Trades Union Congress (TUC) claimed. It said their provision was up in the last year and would provide an annual pension in retirement of £240,191. The group analysed the pension arrangements of 351 directors from FTSE 100 companies. These had grown faster than most pension schemes for regular employees, it said. The TUC claimed that the most common normal retirement age for senior executives was 60, although it was 65 for most other scheme members.

BBC News Business (6.9.12), [Bosses' pension provision growing, says TUC](#), BBC © 2012

Japanese carmaker Honda said investment at its UK plant in Swindon reached £267m amid plans to ramp up production. The money will support the introduction of its new Civic and CR-V car models and a new 1.6-litre diesel engine. The site is expected to produce 183,000 cars in 2012, with output forecast to rise to 250,000 within three years. About 500 workers have been recruited in 2012 in the firm's biggest single UK investment programme for a decade, raising the total workforce to 3,500. Honda said Swindon remained the "cornerstone" of its European business.

BBC News Business (6.9.12), [Honda invests £267m in Swindon plant](#), BBC © 2012

Insurance company Direct Line, which is being de-merged by parent company RBS, said it will shed 900 jobs in a bid to save costs. Direct Line has launched a series of initiatives to target £100m of gross annual cost savings by the end of 2014. That includes the closure of a site in Stockton-on-Tees, which will affect about 500 jobs. The company is expected to be floated by the bank in an initial public offering (IPO) later in 2012. Direct Line, which owns the Churchill and Green Flag brands, employs about 15,000 staff in total.

BBC News Business (5.9.12), [Direct Line to cut 900 jobs to save costs](#), BBC © 2012

Aberdeen must attract 120,000 recruits - the equivalent of the city's current workforce - if it is to realise its potential as a global energy capital, according to a report from PricewaterhouseCoopers. It said the recruits are needed by 2022, as almost half the industry's workforce is now over 45. It called for the creation of an Aberdeen Energy Academy within two or three years.

BBC News NE Scotland, Orkney & Shetland (5.9.12), [Aberdeen energy industry 'needs 120,000 new recruits'](#), BBC © 2012

Public sector workers are paid an average £1,000 a year more than their counterparts in the private sector, according to a report by centre-right think-tank Policy Exchange. The report called on ministers to scrap national pay bargaining and use the money saved to fund job creation schemes in poorer parts of the country where the pay gap between the public and private sector is greatest. It suggested that the £6.3 billion a year saved could create almost 300,000 jobs in the private sector.

Jason Groves, MailOnline (4.9.12), [Revealed: £1,000 pay premium for public sector staff that costs taxpayers £6.3 BILLION a year](#), © Associated Newspapers Ltd

A Glasgow-based travel firm announced plans to take on 75 new staff as it expands its operations in Scotland and the north of England. Barrhead Travel, Scotland's largest independent travel company, is to open concession stores in supermarkets, with the first at Sainsbury's in East Kilbride. The group is also recruiting at its headquarters and at some of its other stores, as well as at its call centres in Glasgow and Barrow-in-Furness. It already employs 600 people and over the past year has opened 11 new branches. Two months previously it launched an apprenticeship scheme taking on 50 school leavers as trainees.

BBC Scotland Business (3.9.12), [Barrhead Travel to hire 75 new staff](#), BBC © 2012

Disabled workers at Remploy sites in Glasgow and Chesterfield in Derbyshire launched a five-day strike. It followed a series of UK-wide strikes over the closure of many of Remploy's 54 UK factories. Union officials claim potential buyers of remaining sites may make redundancies based on an individual's disability. However, Remploy said strike action would do nothing to secure the future jobs of employees. The industrial action was being taken by members of the GMB and Unite unions. A total of 24 Remploy factories closed in August under UK government plans to switch spending to help individual workers find jobs in mainstream sectors. At least three other sites were expected to close later in 2012. Nine other factories, including Chesterfield and Springburn, are expected to be sold off, while the future of the remaining sites has yet to be determined.

BBC News Business (3.9.12), [Remploy staff launch five-day strike](#), BBC © 2012

One hundred jobs could be brought to Edinburgh after Easyjet announced plans to base two more aircraft at Edinburgh airport. The airline already has five planes based in Edinburgh, flying to 24 destinations, and carrying 2.5 million passengers in the past 12 months. It has not yet decided where the additional aircraft will fly to. The choice of destinations will be announced in October after discussions with other agencies.

BBC News Business Scotland (30.8.12), [Easyjet's Edinburgh Airport expansion promises jobs boost](#), BBC © 2012

Jeweller and social entrepreneur Jason Holt was commissioned in February 2012 year to review ways to make apprenticeships simpler and more accessible for small and medium businesses. His full report was published on 29 August 2012.

BIS (Department for Business, Innovation and Skills) (29.8.12), [Support for small businesses in taking on apprenticeships](#), © Crown copyright

Changes to the local government pension scheme were approved by members of the Unison and Unite unions. They voted by 90% and 84% respectively to back a deal negotiated with council employers to bring in a new career average scheme for all staff in 2014. The changes will affect 1.6 million employees in England and Wales and now require government approval. All staff will see their pension ages, for future service, rise in line with the state pension age to at least 68. Members of the GMB union voted by 95% in favour of the deal the previous week.

BBC News Business (24.8.12), [Council pension changes approved by Unison and Unite](#), BBC © 2012

Insurance group Aviva announced that up to 800 positions in the UK could be at risk as it continues its £400m cost-cutting programme. Redeployments and voluntary redundancies meant the actual number of people losing their job would be fewer than this number, the company said. Aviva said it had already streamlined senior management roles and would also create some new jobs. The Unite unions described the cuts as "totally unacceptable".

BBC News Business (24.8.12), [Aviva to cut up to 800 jobs to cut costs](#), BBC © 2012

More than half of all jobs threatened by the collapse of shop chains have been saved, according to research by the insolvency trade body R3. Analysis of major retail failures since 2011 revealed that 53% of jobs have been preserved during the insolvency process, while 48% of stores survived. Major retailers such as Clinton Cards, Blacks, Game and Aquascutum have all continued trading despite falling into insolvency.

this is Nottingham (23.8.12), [Half of all shop jobs saved, despite crisis on the high street](#), © 2012 Northcliffe Media Limited

Most firms will not be taking part in the Government's Youth Contract employment scheme or are unaware it exists, according to a survey of 600 employers by the Recruitment and Employment Confederation. Four out of five are not involved in the programme, under which employers are offered a wage incentive of up to £2,275 for hiring a teenager or young person. Almost a third of those polled said they did not know about the scheme, while 36% had no plans to sign up to it.

this is Nottingham (23.8.12), [Scheme fails to make impact](#), © 2012 Northcliffe Media Limited

Scotland's Finance Secretary, John Swinney, said it would be "difficult to conceive" that all 1,700 jobs at a threatened West Lothian pork plant could be saved. He made the admission after attending the latest meeting of a special taskforce which was set up to minimise job losses at Hall's of Broxburn. Dutch food company owners, Vion, warned on 5 July it could be forced to close the plant which it purchased in August 2008 from Grampian Country Food Group. The company said its pork processing facility had continued to record "unsustainable losses" in spite of "major restructuring exercises".

BBC News Scotland Business (22.8.12), [Swinney doubts all 1,700 Hall's of Broxburn jobs could be saved](#), BBC © 2012

Sony has closed one of the UK's oldest video game studios following a review of its operations. Sony Liverpool employed about 100 workers. It dated back to 1984 when it was known as Psygnosis. The Japanese company bought the developer in 1993. Its early titles included Barbarian and Shadow of the Beast for the Amiga and Atari ST. It also published Lemmings. It was perhaps best known for later PlayStation releases including the Wipeout racing game series.

Leo Kelion, BBC News Technology (22.8.12), [Sony shuts Wipeout video game studio in Liverpool](#), BBC © 2012

An unemployed lorry driver from Nottingham was given permission to appeal against a ruling that government back-to-work schemes are lawful. He lost a claim that the scheme he was on which required him to work for free breached his human rights. Mr Justice Foskett, sitting at the High Court in London, rejected the argument but gave permission to take the case to the Court of Appeal, recognising there was "scope for differing views to be taken on the conclusions of law in this case".

this is Nottingham (8.8.12), [Forced labour was lawful, says judge](#), © 2012 Northcliffe Media Limited

## **Regional:**

The East Midlands remains an optimistic region for job prospects, according to the Manpower Employment Outlook Survey based on responses from 2,100 UK employers. It said the attitude of its employers has been positive over the past four years and the region retains its reputation as a stalwart performer in the UK.

this is Nottingham (11.9.12), [Jobs optimism in East Midlands](#), © 2012 Northcliffe Media Limited

A budget airline which has been carrying passengers to the East Midlands for about a decade was grounded. Bmibaby's final flight to East Midlands Airport (EMA) was scheduled for about 22:30 BST on Sunday 9 September 2012. British Airways announced it would be closing Bmibaby when it bought BMI from Lufthansa in June. The closure of the bmibaby operations will result in the loss of about 450 jobs at the airport. Monarch Airlines, which is taking over some of bmibaby's flights, said it hoped to create 150 new jobs.

BBC News Nottingham (9.9.12), [Final Bmibaby flight from East Midlands Airport](#), BBC © 2012

Airline operator Monarch started flights from East Midlands Airport (EMA) in a move it said will create up to 150 jobs. The airline is opening its new base at the Castle Donington airport following the departure of low-cost operator bmibaby on 10 September after its last flight on the previous day. Monarch will fly to Malaga, Alicante, Faro, Tenerife and Lanzarote. The closure of the bmibaby operations will result in the loss of about 340 jobs at the airport. However, a Monarch spokesman said the firm will need to fill at least 150 posts by summer 2012.

BBC News Leicester (31.8.12), [Monarch Airlines opens base at East Midlands Airport](#), BBC © 2012

## **Local:**

One hundred people are to be taken off the dole queue in Nottinghamshire by the end of September by a city pizza company. The Pizza Factory, in Lenton, is training 25 people a week throughout September – with all of them set to gain a job at the end of the course. Training is taking place at Nottingham Forest's City Ground after the club offered the venue for free. JobCentre Plus is helping the firm find suitable candidates, while the training is being provided by the Grimsby Institute of Further and Higher Education.

this is Nottingham (4.9.12), [100 jobs up for grabs at Pizza Factory in Nottingham](#), © 2012 Northcliffe Media Limited

Positive Outcomes, an organisation specialising in workplace training, has chalked up its 500th learner. Based at Village Business Park, off junction 28 of the M1, it reached the number in 12 months by providing apprenticeships and corporate training to hundreds of candidates at local and national firms, including Iceland, Thorntons and Barnardo's.

this is Nottingham (4.9.12), [500 Positive Outcomes](#), © 2012 Northcliffe Media Limited

Plans to increase the size of a care home in Mansfield by a third could create 14 new jobs. An application was been submitted by the owners of Newgate Lodge on Newgate Lane to expand their premises to incorporate 34 new bedrooms. It is predicted that nine new day staff members will be needed, and five night staff. The consultation period ended on 5 September, before the application was due to go before Mansfield District Council for a decision.

Chad.co.uk (Mansfield) (30.8.12), [Hopes to increase Mansfield home could create jobs](#), © 2012 Johnston Publishing Ltd

A new Tesco Express store in Rainworth received 350 applications for 24 new jobs – more than 14 applicants for every vacancy. Tesco interviewed and recruited staff from the local area, promoted with Job Centre Plus, to help develop a community feel at the store.

this is Nottingham (27.8.12), [350 applications for 24 jobs at new Tesco supermarket in Rainworth](#), © 2012 Northcliffe Media Limited

Plans to build a new Sainsbury's store in West Bridgford were approved at a meeting of Rushcliffe Borough Council's development control committee on Thursday 16 August. It will be built at the site of the former Chateau pub, off Wilford Lane, and will create about 350 jobs. The store will be slightly bigger than the Castle Marina Sainsbury's, but smaller than the Asda in Loughborough Road, West Bridgford. The decision will go to the Government for final approval.

this is Nottingham (17.8.12), [Hundreds of new jobs in store as Sainsbury's get go-ahead](#), © 2012 Northcliffe Media Limited

Patisserie Valerie, once the domain of Soho intelligentsia, opened a café in Nottingham's Exchange Arcade on Saturday 11 August, creating 25 new jobs. The original café was opened by Madame Valerie, a Belgian who moved to London in the 1920s, and proved to be hugely popular as she introduced continental patisserie to London. Today, the cafés also offer breakfast and high teas. The concept is owned by venture capital company Risk Capital Partners, which specialises in the ownership of traditional patisseries with a strong historical reputation.

this is Nottingham (10.8.12), [Patisserie Valerie opens Nottingham café](#), © 2012 Northcliffe Media Limited

Car Audio Centre, car audio equipment and GPS sat nav retailer, officially opened its new retail premises on Mansfield Road, Nottingham, following a six-month refurbishment project costing over £120,000. Its relocation from Hyson Green has created six new jobs at the company, and enabled director Jack Digva to sign a new TV and home hi-fi equipment contract with companies such as Sony, Pioneer and LG.

this is Nottingham (7.8.12), [Six new jobs, more expected, as flagship store launches](#), © 2012 Northcliffe Media Limited

Home care company Home Instead Senior Care is on course to create 40 jobs in Nottinghamshire in a year. In the six months since the company opened for business, it has already recruited 19 caregivers and a new care manager based in Bingham. It aims to double this total in the following six months. The company delivers care to older people across East Nottinghamshire including Bingham, Southwell, Newark, Radcliffe-on-Trent and Melton Mowbray.

this is Nottingham (6.8.12), [Care company sets goal of 40 new jobs](#), © 2012 Northcliffe Media Limited

More than 70 jobs were advertised for construction work as part of the planned tram extension. The new vacancies involve laying 17.5km of track, needed to operate services to Clifton via Wilford in the south of the city and Chilwell via Beeston in the south west. Applicants who needed extra training and support, such as unemployed people or school leavers, were to be invited to take part in a six-week pre-employment training programme, paid for by the Skills Funding Agency. Anyone completing the programme was to be guaranteed an interview for one of the jobs.

this is Nottingham (1.8.12), [More than 70 jobs advertised for new tram line work](#), © 2012 Northcliffe Media Limited