



Nottinghamshire Economic Insight Issue 33: October 2012 Employment issues

International:

More than 100 people were known to have died in a fire at a factory in the Pakistan city of Karachi, officials said. The fire broke out in the garment factory on the evening of Tuesday 11 September. Many other people were injured, including some who jumped from the burning building. Some 40 firefighting vehicles were needed to tackle the blaze, an official told local media. A fire earlier in the day at a shoe factory in Lahore killed 23 people. The Lahore fire was attributed to a faulty electricity generator.

BBC News Asia (12.9.12), [Death toll from Karachi factory fire soars](#), BBC © 2012

Europe:

Irish company Kerry Group is to create 900 jobs with the establishment of a food technology centre in Naas, County Kildare. The 100m euro (£80.7m) centre will initially employ 800 people when it begins operations in 2015, but that figure will rise to 900 in 2016. A further 400 jobs will be created in construction work.

BBC News Europe (9.10.12), [Food firm Kerry Group creating 900 jobs in County Kildare](#), BBC © 2012

National:

The DIY firm B&Q announced 220 job losses at its head office in Hampshire. In a statement the company said it was restructuring its Eastleigh office in order to create a more customer "agile" retailer. The firm said all its employees had been involved in the process.

BBC News Hampshire & Isle of Wight (9.10.12), [Eastleigh B&Q sees 220 job losses](#), BBC © 2012

Waverley TBS Ltd, one of the UK's biggest drinks wholesalers, with offices in Felling near Gateshead, Hemel Hempstead and Chesterfield has made 685 staff redundant after administrators failed to find a buyer. Administrator Deloitte said it had suffered in recent years as the number of pubs and bars in the UK fell.

BBC News England (9.10.12), [Drinks wholesaler Waverley TBS Ltd cuts 685 jobs](#), BBC © 2012

Chancellor George Osborne announced, in his Conservative conference speech, that employees will be able to forfeit some employment rights in exchange for a stake in the firm they work for. He said that the shares that workers were given would be exempt from capital gains tax, and claimed that the owner-employee contract would be ideal for staff at fast-growing firms. The unions said it would be an attack on workers' rights. The employment rights which staff would have to give up include: cover for unfair dismissal and redundancy; the right to request flexible working and time off for training; mothers giving eight weeks' notice of the date they are to return from maternity leave (they would have to give 16 weeks' notice). Under the plans, the new contracts would be optional for those already working for a firm which wishes to offer the new deal. However, companies could decide to offer solely the new kind of contract to new staff.

BBC News Business (8.10.12), [George Osborne: Drop rights for a stake in firm](#), BBC © 2012

Private sector pensioners, and some savers and investors, could be hit by changes to the way an inflation measure is calculated, experts said. The Office for National Statistics (ONS) has started a consultation on changes to the calculation of the retail prices index (RPI). These would make the RPI move more slowly, in step with the consumer prices index (CPI). Pension experts warned that any changes would cut pensioners' incomes. The ONS is independent of the Government and said it wants to see if there is any need to make a change.

BBC News Business (8.10.12), [RPI inflation changes 'may hit pensioners'](#), BBC © 2012, BBC © 2012

The Hall's of Broxburn meat processing plant in West Lothian will close in February 2013 if a buyer is not found, its owners said. In a letter to workers, management said "detailed discussions" were continuing with interested parties. If a "sustainable solution" cannot be found, a phased shutdown will start in late October at the plant which employs 1,700 people. Finance Secretary John Swinney said the Hall's taskforce would continue. The company said no redundancies would be confirmed until the proposals from potential buyers had been considered.

BBC News Edinburgh, Fife and East Scotland (5.10.12), [Hall's of Broxburn meat plant could close in February 2013](#), BBC © 2012

Over 400 jobs are expected to be lost at the AA insurance call centre in Cardiff, the company announced. Pointing to a rise in online purchases, the AA said it would be focusing its call centre activity in Newcastle in future, and its Cardiff base would move to smaller offices within two years. The AA and BSM driving school businesses will remain, with around 150 jobs staying. It has begun formal consultations with the union and business representatives.

BBC News Wales (3.10.12), [400 job losses expected at AA call centre in Cardiff](#), BBC © 2012

About 2,200 staff at JJB Sports were made redundant after the sports clothes and equipment retailer was placed into administration. The administrators said they had managed to save 550 jobs after selling part of the business to Sports Direct. JJB's High Street rival is buying the website and 20 of its stores, which will be rebranded Sports Direct. The remaining 133 JJB stores are to close immediately, the administrators KPMG said. The Wigan-based retailer was hurt by the economic downturn and struggled to compete with Sports Direct.

BBC News Business (1.10.12), [JJB Sports in administration with 2,200 job losses](#), BBC © 2012

The number of pay freezes in manufacturing firms increased following growing uncertainty about the economic outlook and medium-term prospects for demand, according to a survey carried out by EEF, the manufacturers' organisation, and JAM Recruitment. The survey said one in seven companies had frozen pay, a rise from the previous survey. More companies were also agreeing lower pay settlements with one third below 2% and four fifths below 3%. The average pay settlement for the period was 2.4%, a slight fall from the previous survey of 2.5%.

this is Nottingham (1.10.12), [Economic uncertainty leads to rising number of pay freezes](#), © 2012 Northcliffe Media Limited

Various changes to the UK tax and benefits system came into force on 1 October. These include an increase in the UK minimum wage from £6.08 to £6.19 an hour, as announced by the Government in March 2012. This 1.8% rise is slightly lower than the typical rise in earnings and the current rate of inflation, which represents the rising cost of living. The freeze in the minimum wage for those aged under 21 means that the rate for 18 to 20-year-olds remains at £4.98 an hour, and at £3.68 an hour for 16 and 17-year-olds. However, the rate for apprentices rose by 5p to £2.65 an hour. Meanwhile changes to VAT rules mean that the tax is now being levied on hot takeaway food, the provision of self-storage facilities, approved alterations to listed buildings, sports drinks, and to the rental of hairdressers' chairs.

BBC News Business (1.10.12), [Minimum wage and VAT changes take effect](#), BBC © 2012

Automatic enrolment into a workplace pension started for some employees on Monday 1 October. The aim is to ensure that low and middle earners are provided with an addition to the state pension. However, the Institute for Fiscal Studies said some who might have saved more may stick to the minimum level. For many workers, this will be the first time their employer has contributed to their pension savings. (See item below).

BBC News Business (1.10.12), [Pensions auto-enrolment attracts cautious welcome](#), BBC © 2012

Some 600,000 people are expected to be enrolled into a workplace pension by the end of the year under a new system that automatically diverts funds from their pay packet, the Department for Work and Pensions announced. The automatic enrolment scheme, due to commence on 1 October 2012, will affect workers aged over 22, earning more than £8,105 and not already signed up to a workplace pension. Employers and staff will pay contributions into pension savings unless the worker opts out. It marks one of the biggest changes to the pension system in the UK. It will start with the largest firms, and will be phased in gradually, with workers in the smallest firms not seeing a change for a few years. (See item above).

BBC News Business (20.9.12), [Pensions: Automatic enrolment system timetable revealed](#), BBC © 2012

Professors from Cambridge University, the London School of Economics, Warwick, York and Birmingham universities said in an open letter that national pay bargaining is worsening public services and making it harder for the private sector to recruit workers in many areas. The situation is threatening to exacerbate differences between regions and undermining the economic recovery. George Osborne had hoped to end national pay rates and replace them with a localised system of salaries. The plan has met growing opposition from the Liberal Democrats, Labour and the trade unions.

Robert Winnett, The Telegraph (18.9.12), [Economists call for end to national pay rates](#), © Telegraph Media Group Limited 2012

UK households will see a rise in real income levels in 2013 for the first time since the onset of the financial crisis, a study by the Centre for Economics and Business Research (CEBR) suggested. Taking inflation into account, incomes are set to rise by 0.5% in 2013, but they will drop by 0.2% in 2012, CEBR said. Households have struggled in recent years with low or no wage rises and relatively high inflation.

BBC News Business (16.9.12), [Income levels to rise next year, says CEBR](#), BBC © 2012

Business Secretary Vince Cable proposed a cut in how much workers can claim for unfair dismissal at employment tribunals. He will consult on plans to cut the limit on compensation payouts to a maximum of 12 months' salary. He also wants to bring in settlement agreements, in which staff agree to leave without being able to go to a tribunal, but get a pay-off in return. Proposals to make it easier simply to fire workers will not be made law.

BBC News Business (14.9.12), [Cable to cap unfair dismissal payouts](#), BBC © 2012

Chinese telecoms and computer network giant Huawei Technologies is to invest £1.3bn in expanding its UK operations. It is to invest in areas such as mobile broadband over five years, creating up to 700 new jobs. Prime Minister David Cameron said the investment demonstrated that the UK is "open for business". The company's overseas expansion plans have been met with suspicion in the US and Australia amid concerns about cyber-security. Earlier in the year, Huawei was barred from bidding for a new nationwide broadband installation project in Australia. The Chinese firm said that it already employs over 800 people in the UK. (See 'business news' pages).

BBC News Business (11.9.12), [Huawei to invest £1.3bn in growing its UK business](#), BBC © 2012

Regional:

More than 200 employees at Schlegel Automotive Europe in Coalville, Leicestershire, are at risk of redundancy, a Unite union spokesman said. The firm, which makes automotive parts, called in administrators Springfield Business Recovery to try to find a buyer for the business. Unite spokesman Harish Patel said the layoffs were caused by the loss of a contract with Japanese carmaker Nissan. The firm, formed in 1885 and taken over by India-based Ruia Group in 2008, employs about 350 workers at its plant in Coalville.

BBC News Leicester (7.10.12), [Jobs under threat at Coalville car parts firm](#), BBC © 2012

A Leicestershire bakery is set to close with the loss of 200 remaining jobs. Hundreds of jobs have already gone from RF Brookes in South Wigston since it lost a major contract and was then sold to the 2 Sisters Food Group. Managers said the site was not financially sustainable, and had launched a 90-day consultation with staff. A union spokesman said experienced workers faced being "thrown on the scrap heap". The factory, which produces pizzas and pies, had seen a number of strikes over redundancy packages. Much of the production has been moved to Nottingham. RF Brookes, which had 720 employees before the layoffs, lost a major contract to supply pies to Marks & Spencer in June 2011, prior to the takeover.

BBC News Leicester (3.10.12), [RF Brookes factory in South Wigston to close](#), BBC © 2012

Derby City Council needs to cut up to a further 350 posts as it struggles with "mounting pressure" on its budget, it revealed. The authority has already accepted voluntary redundancies from more than 700 people. The City Council hopes enough people will come forward voluntarily rather than having to make compulsory cuts. Savings of £25m need to be made for 2013-14.

BBC News Derby (28.9.12), [Derby City Council announces further job cuts](#), BBC © 2012

Marks & Spencer is to create 1,000 jobs in Castle Donington over the next year under plans to boost its online operations. The new roles will be at a 900,000 sq ft distribution centre in Castle Donington, from where M&S expects to distribute two million clothing and home products a week. Around 100 people are already working at the site ahead of the centre's opening in early 2013, with the jobs figure set to rise over the course of the year. M&S has launched a new employability scheme, in partnership with Remploy Employment Service, for people with disabilities and health conditions – Marks & Start Logistics – to help recruit for the new roles. (See item below).

this is Nottingham (28.9.12), [M&S to create 1,000 jobs at new distribution centre](#), © 2012 Northcliffe Media Limited

A drive by Marks & Spencer to recruit more than 1,000 workers at its new distribution centre at Castle Donington, Leicestershire is targeting disabled people. The company said it was working with Remploy, which gets disabled people into work, to make sure this group are represented in the process. Remploy said the centre, which will open in early 2013, would provide important opportunities. A Marks & Spencer spokesman said Remploy would conduct initial training before applicants came to the site. (See item above).

BBC News Leicester (27.9.12), [Marks & Spencer jobs drive targets disabled](#), BBC © 2012

Five hundred new jobs are being created at sports retailer, Sports Direct's, warehouse. Sports Direct wants the extra staff to join the 3,000 workers already employed at its Shirebrook site. It said business is booming – partly because of thriving interest in sport created by the London Olympic and Paralympic Games.

this is Nottingham (21.9.12), [500 new jobs created at Sports Direct warehouse](#), © 2012 Northcliffe Media Limited

Local:

More than 700 job-seekers applied for just 45 vacancies at a new Caribbean restaurant in Nottingham. The Turtle Bay Caribbean Restaurant will open in The Cornerhouse on 19 October. All the vacancies have now been filled after candidates successfully completed the recruitment process – which included limbo dancing.

this is Nottingham (8.10.12), [750 people apply for 45 jobs at Caribbean restaurant](#), © 2012 Northcliffe Media Limited

Nottingham printers, Hawthornes, has closed with the loss of 55 jobs. The family-owned firm founded in 1895 appointed liquidators, blaming tough business conditions.

this is Nottingham (4.10.12), [Hawthornes enters voluntary liquidation](#), © 2012 Northcliffe Media Limited

Two fast food restaurants will be built in Clifton despite fears they will create litter and affect children's eating habits. A McDonald's and a Kentucky Fried Chicken will be built on the site of The Man of Trent pub after Nottingham City Council approved the plans. The companies say more than 100 jobs will be created and the derelict site will be transformed. McDonalds said it would begin recruiting now for 65 jobs and would offer apprenticeships and training schemes. Building work could start in late 2012. KFC said it would create about 45 jobs. However, people living nearby have said they do not want the scheme. According to the Council, the Clifton South ward has the second highest proportion of overweight children in the City.

this is Nottingham (25.9.12), [Fast food joints get go-ahead on former pub site](#), © 2012 Northcliffe Media Limited

Technical textiles specialist Capatex is predicting a 15% boost in sales after an expansion into healthcare. The Nottingham company won a £14,000 innovation grant last year to research alternative markets for its manufacturing facilities. As a result, the owners launched Capatex Medical, which looks to secure 17 jobs at its New Basford factory.

this is Nottingham (24.9.12), [Capatex secures 17 jobs at Nottingham factory](#), © 2012 Northcliffe Media Limited

More than 800 people applied for one of 10 jobs at a new coffee shop in Long Eaton. The Costa outlet in Market Place opened on Thursday 20 September after work began to revamp the store – previously a charity shop – in August.

this is Nottingham (18.9.12), [800 people apply for just 10 jobs at new Costa Coffee shop](#), © 2012 Northcliffe Media Limited

Deputy prime minister Nick Clegg pledged to give a kick-start to a £200 million project which could create 10,000 jobs. Forty acres of land at Boots' site between Beeston and Nottingham will be available for new businesses as part of new Enterprise Zone set up by the Government.

this is Nottingham (14.9.12), [Deputy Prime Minister speaks out on jobs zone](#), © 2012 Northcliffe Media Limited

A "life-changing" apprenticeship and training project is to open its doors in Nottingham following a successful start in Rainworth in 2011. Third Star provides 12-week training sessions that offer 16 to 18-year-olds the skills they need to become youth workers, sports leaders and mentors in the community. The project was established at Rainworth Youth and Community Centre, Kirklington Road, to reduce youth unemployment after it hit a 15-year high in 2011. In 2011 the scheme took on 36 volunteers, all of whom are now in full-time or part-time work or further training.

this is Nottingham (12.9.12), [Third Star helps teenagers shine and provides fresh job horizons](#), © 2012 Northcliffe Media Limited