

# THE LABOUR MARKET

## GENERAL SITUATION IN THE REGION

New companies attracted to the region have consistently been well pleased with their experience of the local workforce which is characterised by its skills, reliability and above all flexibility and adaptability.

Labour turnover and absenteeism rates are regarded as extremely favourable with recent surveys indicating labour turnover averaging 2 - 3% and absenteeism less than 5%.

The area has always enjoyed a good reputation for its industrial relations and where disputes have occurred these are usually related to national issues. The vast majority of companies in the region in recent years have neither experienced any serious official disputes or been subjected to unofficial strikes of any consequence.

The new laws governing the powers of trade union are included within the Employment Relations Act 1999 and if a majority of a company's workers are in favour of union support then employers may be obliged to agree to their involvement. Recognition of trade unions only applies to businesses which employ at least 21 people.

The old traditions of establishing multi-unions within companies is fast declining and a change to single union agreements such as exist at Nissan and Komatsu is proving more attractive to both employer and employee alike. The Black and Decker plant at Spennymoor is an excellent example of a non-unionised manufacturing plant which has enjoyed a dispute free record over its 30 year existence in the County.

## MANPOWER RESOURCES

The manpower available to companies setting up in County Durham arise from a number of sources:



- i) young persons direct from full time education - schools, colleges and universities,
- ii) those already in full or part time employment,
- iii) those registered as unemployed, and
- iv) persons on government sponsored training schemes, community programmes and similar projects.

## Population Centres

The County has twelve main centres of population as shown in the table below.

<u>Centre of Population</u>	<u>Residents</u>
Durham City	37,700
Peterlee/Horden	31,200
Consett/Castleside/Leadgate	29,700
Newton Aycliffe	25,300
Bishop Auckland/West Auckland	24,400
Chester le Street	22,400
Seaham	22,200
Spennymoor	17,500
Stanley	17,100
Crook	8,400
Barnard Castle/Startforth	5,700
Sildon	11,100

Source: Durham County Council: "County Durham in Figures 2001"

The total resident population in County Durham has remained fairly static in recent years:

1961 - 510,100

1971 - 509,300

1981 - 508,700

1991 - 494,500

1999 - 487,600

The only significant changes have been population shifts within the County which indicates a degree of population mobility in relation to employment.

#### ESTIMATED ECONOMICALLY ACTIVE POPULATION

<u>District</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Derwentside	21,200	16,700	37,900
Chester le Street	14,500	11,700	26,200
Wear Valley	15,300	11,600	26,900
Durham-	20,900	17,200	38,100
Easington	19,800	15,700	35,500
Teesdale	6,600	4,800	11,400
Sedgefield	<u>22,100</u>	<u>17,400</u>	<u>39,500</u>
COUNTY DURHAM	<u>120,400</u>	<u>95,100</u>	<u>215,500</u>

Source: Durham County Council: "County Durham in Figures 2001"

#### UNEMPLOYED BY LOCAL AUTHORITY AREA

<u>Local Authority Area</u>	<u>Numbers of Unemployed</u>		
	<u>Male</u>	<u>Female</u>	<u>All</u>
Chester le Street	654	167	821
Derwentside	1060	333	1393
City of Durham	907	324	1231
Easington	1309	388	1697
Sedgefield	1363	479	1842
Teesdale	194	74	268
Wear Valley	1113	337	1450
Total Durham County	6600	2102	8702

Percentage unemployed in Durham County (Workforce Rate) 4.9%

Source: Department of Employment October 2001 (Figures for September 2001)

#### INDUSTRIAL ESTATES : SURROUNDING POPULATIONS

<u>Estate</u>	<u>Population (,000's) within</u>	
	<u>5 mile radius</u>	<u>10 mile radius</u>
Drum, Chester le Street	219	1,116
Greencroft, Annfield Plain	92	562
Hownsgill/Berry Edge, Consett	56	246
Seaham Grange, East Durham	233	704
Peterlee, East Durham	101	449
Belmont, Durham City	137	617
Meadowfield, Durham City	118	401
Bowburn, Durham City	113	419
Green Lane, Spennymoor	86	296
South Church, Bishop Auckland	110	273
Aycliffe/Heighington Lane, Newton Aycliffe	95	305

Source: 1991 Census and current computer estimates, Durham County Council.

## RECRUITMENT SERVICES

Job Centres: Central Government operates a free recruitment service through its Department of Employment with its network of over 14 local offices in County Durham, known as JOB CENTRES.

For more detailed information, advice and assistance on all aspects of recruitment contact local Jobcentres.

### Recruitment Consultants

There are numerous recruitment consultancy companies operating within the region offering a wide range of services to meet the needs of employers seeking to recruit professional, executive and managerial staff.

Most companies can offer a national service with offices/networks throughout the UK.

Fees are normally based on a percentage of the first year's salary for the particular recruitment assignment and range from 18% to 25%.

Local Yellow Pages Directories provide a comprehensive listing of all employment recruitment agencies.

## TYPICAL TERMS AND CONDITIONS OF EMPLOYMENT

The following represents typical working practices, terms and conditions of employment found throughout the County and Region:



### Hours of Work

The majority of employees in County Durham are full time workers with a normal working week of 39 hours worked in a variety of patterns from day work (Monday to Friday) to continuous shiftwork.

Part-time working is also very common and favoured particularly by female workers.

Each working day or shift includes a break of half an hour or an hour for meals excluded from the 39 hours.

Shift working is an accepted way of life throughout County Durham for both men and women.

Typical established shift patterns are:

<u>Shift</u>	<u>Times</u>
Day Shift	8.00am - 4.30pm 7.30am - 4.15pm
Double Day Shift	6.00am - 2.00pm, 2.00pm - 10.00pm, 7.00am - 3.00pm, 3.00pm - 11.00pm
3 Shifts	6.00am - 2.00pm, 2.00pm - 10.00pm, 10.00pm - 6.00am
Continental Shifts	6 days on, 2 or 3 days off

The County can therefore provide labour resources which can adapt flexibly to any pattern of work which may be required by particular employers.

## WAGE RATES

Wage rates in the North of England compare favourably with other parts of the country and with national average wages in general.

This reflects the region's industrial make up and the experience and skills of its workforce.

Average earnings for full time employees in the region are shown in the following table:

£

## Average Weekly Pay

### Manufacturing Processes

Technical Engineer		314.43
Chemical Engineer		350.95
Mechanical Engineer		546.60
Graduate Mechanical Engineer		412.87
Electronic Engineer		408.80
Electrical Engineer		339.30
Production Engineer		401.77
Senior Engineer		608.34
Supervisor Engineer		584.85
Engineering Technician		331.30
Production Supervisor		457.82
Production/Process Worker		272.99
Skilled Welder		264.90
Skilled Toolroom Worker		281.51
Multi Skilled Maintenance Worker		333.34
Skilled Maintenance Worker	Mechanical	355.04
	Electrical	281.50
Production/Process Worker	Skilled	320.33
	Semi Skilled	267.10
	Unskilled	215.49
Apprentice Technician		99.53
Engineering Technician (HND/HNC qualified)		356.36
Production/Process Supervisor		379.05

### Warehouse/Distribution

First Line Warehouse Supervisor		243.83
Warehouse Worker		203.03
Storekeeper		219.93
Fork Lift/Internal Truck Driver		229.70
Driver HGV		238.96
Van Driver		149.98

### Director/Manager

Director		999.99
Marketing/Sales Manager		692.46
Call Centre Manager		634.78
Purchasing Manager		454.25
Quality Control/Assessment Manager		412.23
Research and Development Manager		673.08
Production Manager		504.41
IT Manager		478.04
HR Manager		673.22
Logistics Manager		359.15
Line Manager		432.90
Trainee Manager		211.64

### Finance/Administration

Accountant		461.54
Accounts Assistant/Clerk		230.88
Clerical	Routine	186.95
	Experienced	240.40
	Considerable Responsibility	288.50
Director's Secretary		255.30
Call Centre	Operator	187.72
	Customer Advisor	198.78
	Telesales	237.33
VDU Operator/Typist		173.10

Telephonist/Receptionist		190.69
<u>Information Technology</u>		
Computer Programmer	Trainee	198.73
	Programmer	419.88
	Senior Programmer	506.05
Systems Analyst	Analyst	435.92
	Senior Analyst	551.66
<u>Miscellaneous Operations</u>		
Fitter Production		282.60
Other Unskilled Worker		160.00
Laboratory Technician		307.69
Design Draughtsman		327.31

Source: One North East October/November 1999

### BONUS PAYMENTS

There are no Central Government guidelines covering bonus payments, therefore such payments are a matter between the employer and employees and, of course, are usually the subject of negotiation. Many rates are negotiated nationally by the relevant Trade Unions.



### SHIFTWORK PREMIUM PAYMENTS

Shiftwork premium payments are normally related to the part of an employee's shift which is classed as being during "unsocial hours". For example, any hours worked between 8pm and 8am could be said to qualify for payment (if these were the hours agreed upon by employer and employee).

A typical example of bonus payment rates for technicians is as follows:

<u>Shift</u>		
Day	6.00am - 2.00pm	15%
Afternoon	2.00am - 10.00pm	25%
Night	10.00pm - 6.00am	33%
	on top of normal salary	

### OVERTIME PAYMENTS

Average overtime payments for technicians are as follows:

Day workers :	Mon - Fri	1 to 2 hours - time plus one third
		over 2 hours - time plus one half
	Sat	time plus one half
	Sun	double time
Night workers	Mon - Fri	1 to 2 hours - time plus one third
		over 2 hours - time plus two thirds.

### HOLIDAYS

No legislation governs the amount of holiday to be allowed. However, between 15 and 25 days per year is customary, plus 8 Public and Bank Holidays.

### SICKNESS

The Statutory Sick Pay scheme (SSP) was introduced in 1982 and applies to all employers irrespective of size.

The SSP scheme provides for employees during periods of incapacity for work to receive sickness payments for the first 28 weeks, when state sickness benefit is not payable.

SSP represents the minimum permissible provision of sickness benefits. Many companies choose to provide a higher level of security for some or all of their employees.

The scheme does not lend itself to a simple summary therefore we recommend employers setting up a SSP to study the "Employers Guide to SSP" which is available from the local Department of Social Security office (DSS).

Department of Social Security  
Millburngate House  
Durham  
DH1 5TQ  
Tel: (0191) 382 5000

### REDUNDANCY

Redundancy pay is a statutory requirement and is payable to an employee who is dismissed because of redundancy.

Redundancy pay comprises a tax free lump sum payable providing the employee has been in full-time employment continuously for at least 2 years.

The payment is calculated by multiplying the total number of years service (maximum 20 years) by 0.5, 1.0 or 1.5 of the weekly pay (maximum £172, subject to annual review) depending on the employee's age.

If an employer employs LESS THAN ten people, he will receive a rebate from Central Government of 41% of the statutory redundancy payment.

Redundancy payments are allowable for Corporation Tax purposes and the rebate is treated as a trading receipt.

### DISCIPLINE, DISMISSAL & NOTICE

Dismissal of an employee must be handled carefully, be fully justified and documented. Some of the main reasons which justify dismissal are misconduct, inability to do the job, redundancy, and where continued employment would involve breaking the law such as the employee being legally under age or an illegal immigrant.

It is advisable to institute a code of practice to deal with disciplinary cases, which of course, makes both employer and employees aware of the procedure.

The code should explain what constitutes a disciplinary offence, and what action would be taken following the committing of an offence.

An employee must be told that an offence has been committed and it is usual to give a verbal warning followed by at least two written warnings given over a reasonable period of time, culminating in dismissal for repeated disciplinary occurrences.

**It is important to note that this is a very complex subject. Therefore it is advisable to seek guidance on aspects of employment law (notably Contracts of Employment) from ACAS, especially foreign companies unfamiliar with UK law.**

### THE ADVISORY CONCILIATION AND ARBITRATION SERVICE (ACAS)

The Advisory Conciliation and Arbitration Service (ACAS) is a part of the Department of Employment and is charged with the task of improving and promoting good industrial relations.

ACAS seeks to discharge this responsibility through the voluntary co-operation of employers, employees and their representatives. It has no powers of compulsion, its approach is impartial and confidential. **The service it provides is entirely free.**

Advice and practical assistance are available to everyone concerned with employment. There are no industry or size restrictions to their involvement and new companies considering establishing a business in the County are welcome to draw on the services of ACAS which cover many aspects of industrial relations.

Requests for assistance should be made to the ACAS regional office:

ACAS Regional Office  
(Northern Region)  
Westgate House  
Westgate Road  
Newcastle upon Tyne  
NE1 1TJ

Tel. (0191) 261 2191

### UNION REPRESENTATION

Labour relations in the UK today are generally extremely good. In the Northern Region in particular the emphasis is on working flexibly in a modern thriving industrial environment in close co-operation with employers.

New employers are able to determine the kind of union representation they want. Traditional multi-unionism is declining as it is found to be less flexible and slow to innovate. A survey of inward investors between 1980 and 1990 revealed that 67% had no official representation, 22% recognised a single union and 11% more than one union.

Recent experience has demonstrated that new companies can negotiate clear employment terms and conditions from the outset which reduce the need for multi-union representation. The following trends are significant.

- a. Many companies make explicit arrangements for full employee participation (union and non-union) such as company advisory boards and employee and consultative committees.
- b. Single status agreements have the clear objective of eliminating traditional social distinction between managers, supervisors and other employees for example equal entitlements in such areas as holiday, sickness and pension payments, canteen facilities and parking.
- c. Improved flexibility in working practices accompanies the reduction in the old skill and occupational divisions. Also payments and performance appraisal systems are geared to emphasising the achievement of high quality and output by groups of workers or the workforce as a whole for example through profit related pay, productivity bonuses and employee share ownership schemes.
- d. These measures make up a package designed to reinforce consensus. Emphasis is placed on both employers and employees avoiding disputes through such measures as no strike agreements and pendulum arbitration (that is straight choice responsible bargaining).



### EMPLOYMENT OF OVERSEAS CITIZENS AND WORK PERMITS

Nationals of a Member State of the European Community may enter the UK with a valid passport or national identity card.

A person who is not an EC national and who does not benefit from the EC free movement provisions normally has to obtain a work permit before entering the UK to take up paid employment.

Applications for work permits must be **made by the employer** to:

Department of Employment  
Caxton House  
Tothill Street  
London  
SW1H 9NF

The work permit, when issued, should be sent by the employer to the prospective foreign employee so that he can present it to the Immigration Office on entry into Britain.

Nationals from certain foreign countries to whom a work permit is issued must also obtain a UK entry visa from a British Embassy or Consulate.

There should normally be no difficulty in bringing in key personnel to set up a new business or factory.

Applications for entry clearances in respect of overseas citizens who are appointed to the Board of Directors of a company should be made either to the nearest British Consulate abroad or at:

Home Office  
Immigration and Nationality Department  
Lunar House  
Wellesley Road  
Croydon  
CR9 2BY  
Tel: (0181) 686 0333

or

Migration & Visa Department  
Foreign & Commonwealth Office  
Room 401  
Clive House  
Petty France  
London SW1  
Tel. (0171) 270 4040