

# FACT

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## Executive pay bandwagon rolls on

The boardroom pay reporting season is now well underway, even before the first cuckoo of spring has been heard. Thirty top executives from 11 companies that are members of the FTSE 350 whose remuneration packages last year was worth £1 million or more feature in the table on page 50.

The top two spots in terms of size of package are taken by directors at insurance multinational Prudential. In fact, Prudential accounts for eight out of the 30.

Barry Stowe, who heads Prudential's North American businesses, had a package worth £7.47 million last year, while chief executive of the group Mike Wells, after moving back to the UK, received £6.9 million.

Banking is never far away from big bucks and Stuart Gulliver's 2016 package came to £5.68 million as chief executive of HSBC. Meanwhile, Antonio Horta-Osório as chief executive of Lloyds Banking Group was given a package worth £5.54 million.

Fifth spot is taken by Stephen Clarke. He took on the chief executive role at WH Smith in 2013 and last year received a package worth £5.24 million.

Year-on-year comparisons could be made for 21 executives and nine saw their packages grow. All of the increases, bar one were in real terms as the annual rate of retail inflation rose by between 1.8% and 2.5% in the financial years covered.

And all bar one of the increases was above the rise in average weekly earnings of no more than 2.9%.

Stephen Hester jumped ship from the taxpayer-owned bank RBS in mid-2013 and became chief executive of insurance group RSA in early 2014. His remuneration package rose by 75.2% to £4.33 million on the back of a bigger annual bonus and long-term share award in 2016 when none was awarded the year before.

The same reasons contributed to the 44.3% rise in Tushar Morzaria's package at Barclays, putting him on £3.66 million a year. He joined the board of the banking group as chief finance officer in 2013.

WH Smith's Stephen Clarke takes third spot with a 26.4% rise.

The total remuneration figure given in the table includes: basic salary, cash bonus, long-term share bonuses, golden hello, golden handshake, cash pension payments and a cash figure for other benefits that directors receive, such as use of company car, life insurance, private health benefits and housing allowance. It does not include

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dividends received from their shareholdings in their company.

Executive	Company (financial year end)	Total remuneration package (£000)	% change
Barry Stowe	Prudential (12.16)	7,468	10.4
Mike Wells	Prudential (12.16)	6,895	-30.3
Stuart Gulliver	HSBC (12.16)	5,675	-22.7
Antonio Horta-Osório	Lloyds Banking (12.16)	5,541	-34.6
Stephen Clarke	WH Smith (8.16)	5,244	26.4
Stephen Hester	RSA (12.16)	4,325	75.2
Tony Wilkey	Prudential (12.16)	4,244	n.a
Jes Staley	Barclays (12.16)	4,233	n.a
John Foley	Prudential (12.16)	4,079	n.a
Nic Nicandrou	Prudential (12.16)	4,004	-6.4
Anne Richards	Prudential (12.16)	3,875	n.a
Tushar Morzaria	Barclays (12.16)	3,656	44.3
Ian King	BAE Systems (12.16)	3,463	18.2
Charles Woodburn	BAE Systems (12.16)	3,042	n.a
Robert Moorhead	WH Smith (8.16)	3,026	-18.6
Michael McIntock	Prudential (12.16)	3,017	n.a
Jerry DeMuro	BAE Systems (12.16)	2,997	17.5
Iain Mackay	HSBC (12.16)	2,953	-30.6
Marc Moses	HSBC (12.16)	2,936	-26.0
George Culmer	Lloyds Banking (12.16)	2,909	-37.6
Juan Columbás	Lloyds Banking (12.16)	2,833	-36.0
Kate Swann	SSP (9.16)	2,608	2.4
Penny James	Prudential (12.16)	2,150	n.a
Douglas Flint	HSBC (12.16)	2,136	-14.4
Peter Lynas	BAE Systems (12.16)	1,763	6.8
Frederic Vecchioli	Safestore (10.16)	1,481	21.0
Scott Egan	RSA (12.16)	1,349	n.a
Peter Fankhauser	Thomas Cook (9.16)	1,209	n.a
Andy Jones	Safestore (10.16)	1,166	-20.1
Tim Steiner	Ocado (11.16)	1,141	-77.6

## Cycle courier entitled to holiday pay

In another blow to the gig economy model, an employment tribunal has ruled that a bicycle courier for the delivery company Excel is a worker, and is therefore entitled to holiday pay.

Bicycle courier Andrew Boxer contended that he was employed by Excel as a worker rather than as

an independent contractor, and was therefore entitled to workers' rights, such as holiday pay. Boxer, who had been working for Excel since September 2013, was seeking payment for a weeks' holiday that he took in March 2016.

The tribunal found that Boxer was a worker for Excel and that the organisation had acted unlawfully by denying him holiday pay. Excel, which entered voluntary liquidation and has since been acquired by CitySprint, has been ordered to pay Boxer £321.16 in holiday pay without deductions.

Employment judge Wade found that Boxer was paid a non-negotiable, fixed rate for the work he did during set hours. The business model required him to work five days a week, performing set jobs that were allocated by a controller. Boxer would be expected to stand by between jobs, and if he wished to change location, he would need permission from the controller.

The controller would expect Boxer to be available during the working day to pick up jobs, occasionally being required to work without breaks. Any flexibility in working hours or time off would require prior notice and arranging with the controller.

Wade concluded that despite Boxer providing his own "tools of the trade", such as a bicycle, mobile phone and protective clothing, he was not providing his services on his own account as a business undertaking, and was not entering in to any additional business contracts.

[www.employeebenefits.co.uk/issues/march-online-2017-2/tribunal-rules-excel-bicycle-courier-entitled-workers-rights/](http://www.employeebenefits.co.uk/issues/march-online-2017-2/tribunal-rules-excel-bicycle-courier-entitled-workers-rights/)

## Employment law changes this April

The month of April usually sees a raft of changes in various employment-related topics, as well as the introduction of new legislation, and 2017 is no different.

**Redundancy** Employers that make employees redundant must pay those with two years' service an amount based on the employee's weekly pay, length of service and age. Weekly pay is subject to a maximum amount and from 6 April 2017, the cap rises to £489 a week from £479.

**Family-related** Statutory maternity and adoption pay is payable at 90% of the employee's average earnings for the first six weeks and then the

weekly rate payable is £140.98 or 90% of the employee's average weekly earnings, whichever is the lower, for pay weeks commencing on or after 2 April 2017.

Meanwhile, shared paternity or shared parental leave rises to £140.98 a week or 90% of the employee's average weekly earnings, whichever is the lower from day one.

**Statutory Sick Pay (SSP)** The weekly SSP rate – up to £89.35 from 6 April – applies to all employees. However, the amount paid to an employee for each day they're off work due to illness (the daily rate) depends on the number of "qualifying days" they work each week.

Full details of the qualification rules for these payments along with other state benefits and tax credits will be available in LRD's April booklet, *State benefits and tax credits*, which will be published shortly.

**Gender pay gap** Regulations requiring large private and voluntary sector employers to publish information on the pay gap between female and male staff will finally come into force on 6 April. Equivalent regulations applying to public sector bodies come into effect a few days earlier on 31 March.

Employers have 12 months to publish the information on their own website and to upload it to a government website (for more details see *Labour Research*, March 2017).

**Pensions advice allowance** From 6 April, members of defined-contribution and hybrid pension schemes will be able to take a tax-free amount from their scheme, to be redeemed against the expense of financial advice.

Individual members and beneficiaries will be able to take £500 tax free, no more than once in a tax year, and up to a maximum of three times in total.

[www.gov.uk/guidance/rates-and-thresholds-for-employers-2017-to-2018](http://www.gov.uk/guidance/rates-and-thresholds-for-employers-2017-to-2018)

[www.acas.org.uk/index.aspx?articleid=5768](http://www.acas.org.uk/index.aspx?articleid=5768)

[www.gov.uk/government/publications/pensions-tax-pensions-advice-allowance/pensions-tax-pensions-advice-allowance](http://www.gov.uk/government/publications/pensions-tax-pensions-advice-allowance/pensions-tax-pensions-advice-allowance)

## New minimum wage rates kick in

From 1 April 2017, statutory minimum wage rates rise. However its only older workers that see a rise in real terms, inflation will eat away the rise for younger workers.

The National Living Wage (NLW) – effectively an enhanced National Minimum Wage for workers aged 25 and over – rises by 4.2% to £7.50 an hour from £7.20. With retail price inflation (RPI) running at 3.2% in February and not expected to rise above 3.7% by the end of the year, older workers will see a real increase in their hourly rate. If consumer price inflation is used for comparisons they do even better as that it presently 2.3% and not expected to rise above 3.0% by the end of 2017.

However, the 30p increase means that the NLW is still 95p less than the voluntary UK Living Wage of £8.45 an hour set by the Living Wage Foundation, which is calculated on basis of what people need to live. And it's £2.25 less than the voluntary London rate of £9.75 an hour.

The National Minimum Wage for 21- to 24-year-olds increases by 1.4% or 10p an hour from £6.95 to £7.05, while the development rate covering 18- to 20-year-olds only rise by 0.9% or 5p an hour from £5.55 to £5.60.

The rate for 16- and 17-year-olds rises by 1.3% or 5p an hour from £4.00 to £4.05.

The apprentice rate increases by 2.9% or 10p an hour from £3.40 to £3.50. This rate is payable to apprentices aged under 19 or anyone in their first year of an apprenticeship unless the firms providing apprenticeships pay more.

These three increases means workers lose out in real terms if RPI inflation is used for comparisons and all but apprentices if the CPI rate is used.

Finally, the accommodation offset increases by 40p to £6.40 a day.

[www.gov.uk/national-minimum-wage-rates](http://www.gov.uk/national-minimum-wage-rates)

## UK lags on maternity

The UK is in the relegation zone for decently-paid maternity leave in Europe, warns the TUC, as UK mums get one of the lowest periods.

A new TUC analysis finds that the UK ranks 22 out of 24 among the European countries that offer statutory maternity leave.

While mums in the UK only get six weeks' decently-paid maternity leave, most European countries offer three months or more:

- six months: Croatia;

- more than four months: Poland, Hungary and the Czech Republic; and
- more than three months: Estonia, Italy, Spain, Belgium, Denmark, France, Malta and Switzerland.

The only European countries offering less decently-paid maternity leave than the UK are Ireland and Slovakia, where mums do not get any decently-paid time off.

TUC general secretary Frances O'Grady said: "The UK is in the relegation zone when it comes to decently-paid maternity leave.

"Many European countries offer decent support to new mums. But lots of parents here are forced back to work early to pay the bills.

"My advice to all new mums is to join a union. It is the best way to improve your pay and conditions."

Rosalind Bragg, director of the Maternity Action charity, said: "Without adequate maternity pay, women's choices are limited and many cannot afford to take their leave entitlements. We should be investing in support for pregnant women and new families."

[www.tuc.org.uk/equality-issues/gender-equality/pregnancy-discrimination/uk-relegation-zone-decently-paid-maternity](http://www.tuc.org.uk/equality-issues/gender-equality/pregnancy-discrimination/uk-relegation-zone-decently-paid-maternity)

## Merger heralds new teaching union

The Association of Teachers and Lecturers (ATL) and the National Union of Teachers (NUT) have announced that members have voted overwhelmingly in favour of merging to form a new union to be called the National Education Union.

The National Education Union will come into existence on 1 September 2017 with over 450,000 members, representing the majority of teachers and providing a powerful voice for the whole education

profession, including support staff, lecturers and leaders working in state-funded and independent schools and colleges. It will be the fourth largest trade union in the UK.

[www.teachers.org.uk/news-events/press-releases-england/historic-step-forward-atl-and-nut-form-new-union](http://www.teachers.org.uk/news-events/press-releases-england/historic-step-forward-atl-and-nut-form-new-union)

## Consultation on caste discrimination

The Government Equalities Office has published a public consultation on caste discrimination, following a 2013 legislative option to add "caste" to the definition of "race" under the 2010 *Equality Act*.

The Act protects individuals against direct and indirect race discrimination, and harassment and victimisation on the ground of race in employment, as well as in education and the provision of services.

The consultation asks whether or not it is necessary to specifically add caste to the definition of race under the Act.

The consultation raises a potential concern around the explicit addition of caste to the Act – that it could generate more awareness of caste-based identity within British society.

For example, if the government was required to collect caste data as part of its public sector equality duty, this could be considered overly intrusive and potentially heighten caste consciousness.

Alternatively, the government could be required to have due regard to eliminating caste discrimination without being required to take other action involving the collection of caste information.

The consultation runs until 17 July 2017.

[www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/603675/170328\\_-\\_Caste\\_condoc\\_-\\_Final\\_PDF.pdf](http://www.gov.uk/government/uploads/system/uploads/attachment_data/file/603675/170328_-_Caste_condoc_-_Final_PDF.pdf)

[www.personneltoday.com/hr/consultation-opens-caste-discrimination/](http://www.personneltoday.com/hr/consultation-opens-caste-discrimination/)

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