FACT
SERVICE

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Tata Steel package

The UK and Welsh governments are willing to take a 25% stake in any rescue of Tata Steel's UK operations, it has been announced.

The Department for Business, Innovation and Skills said it was preparing to make a support package "worth hundreds of millions of pounds" available to potential buyers.

Business secretary Sajid Javid said the money would be offered on commercial terms, but the government would not take any control over the business.

In addition to taking a minority stake, the UK and Welsh government said they are also willing to consider additional grant funding support, for example to support the development of power plant infrastructure, energy efficiency and environmental protection measures, R&D and training.

The government also said it was working with the pension scheme trustees of Tata Steel and British Steel to minimise any pension impact on the purchaser.

TUC general secretary Frances O'Grady said: "This is a welcome recognition by ministers that they must act to guarantee the future of UK steel."

However, she warned that if the steel industry is to be viable in the long term, the business secretary must support the European Commission's efforts to tackle China's dumping of cheap steel.

"The government needs to stop blocking EU proposals to raise tariffs. We simply cannot afford any more delays in dealing with this problem," she said.

Roy Rickhuss, general secretary of the Community steelworkers' union, welcomed the governments' moves as a "positive step forward".

The union has been pushing for governments to set out the practical support they can offer potential new investors.

http://www.bbc.co.uk/news/business-36105756
www.tuc.org.uk/industrial-issues/manufacturing/government-rescue-package-tata-steel-important-first-step-says-tuc
http://www.community-tu.org/community-responds-governments-steel-support/

Lloyds Bank offshores and axes jobs

It may be that António Horta-Osório, chief executive at Lloyds Banking Group, wants to increase his already large remuneration package of £8.54 million on the back of job cuts and the offshoring of jobs.

As it stands, Lloyds has recently announced cuts to 625 jobs across several divisions. This includes

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the offshoring of IT workers to India in what the general union Unite warned was a dangerous “race to the bottom”.

Up to 82 roles in IT departments are set to be transferred to the bank’s operations in India.

The latest job losses are just the latest tranche in the 9,000 job cuts announced by the bank in 2014 as Lloyds continues to swing the axe in the name of “efficiency”.’

Job losses will be followed by a recruitment freeze in several divisions, while many remaining staff will be asked to go through a new "assessment and selection" process, increasing worries of more job losses to come.

Other impacted divisions include consumer finance, commercial banking, group risk, and people, legal and strategy, impacting on back office sites in London, Brighton, Gloucester, Leeds, Halifax and Wolverhampton.

The job cuts are taking a heavy toll on the remaining workforce. Three-quarters (74%) of Lloyds workers have reported symptoms of work-related stress, while 80% report having to work additional unpaid overtime every week just to keep up with the rising workload, according to Unite.

www.unitetheunion.org/news/lloyds-bank-axe-600-roles-and-offshore-it-as-unite-warns-of-race-to-the-bottom/?

Water industry — the pay gulf

Even if they were on the voluntary Living Wage rate, it would take nearly 130 years for the lowest paid employees in the water industry to earn the same sum that the highest paid director in the sector earns in 12 months according to new research by the public service union UNISON.

The analysis found a gulf in pay between those at the top and those at the bottom of the wages league at the UK’s 19 water companies.

The union’s campaign — Making Waves for the Living Wage — aims to improve the pay of thousands of water company employees currently struggling to make ends meet on less than the Living Wage of £8.25 an hour (£9.40 in London).

The research shows that it would still take 128 years for the lowest-paid staff at United Utilities to take home the equivalent of the £2.2 million wages of the company’s highest paid director, even if they were paid the voluntary Living Wage.

UNISON general secretary Dave Prentis said: “The water companies are making huge profits, and are paying their top executives huge salaries. They could easily afford to start paying their lowest-paid employees a proper Living Wage."

The research highlights three companies — Thames Water, Anglian Water and Wessex Water — that have given no indication to the union that they will seek accreditation as Living Wage employers.

It would take a low-paid employee at the Thames Water 69 years to earn what the highest paid director of the group earned last year — £1.36 million. At Anglian, the time scale is 65 years to match the £1.12 million annual salary of its top earner in the boardroom. And it would take 39 years for a low-paid Wessex employee to earn the £638,000 earned by its highest paid director.

At present, only six water companies are accredited Living Wage employers: Dee valley; Northumbrian; Scottish; South East, Sutton and East Surrey; and Yorkshire.

www.unison.org.uk/news/press-release/2016/04/living-wage-in-the-water-industry/

Inflation and earnings forecasts for 2016

Inflation and average earnings growth are now expected to be lower than previously thought at the start of the year, according to the latest forecasts for the UK economy collated by the Treasury from around 40 City and academic forecasting institutions.

As of April, the midpoint (median) forecast for inflation rate, as measured by the Retail Pries Index, is expected to 2.0% in the final quarter of the year, compared with the 2.4% forecast at the start of the year.

The range of forecasts has also moved downwards. The latest range is from a 2.8% rise down to a 1.5% rise. At the start of the year the range was 3.9% down to 1.8%.

The average earnings forecasts cover the calendar year 2016. The latest midpoint forecast is for a 2.6% rise, down from the 3.2% midpoint rise forecast in January.

The range of forecasts has moved downwards too. The latest expectation is for rises of 3.3% down to 2.0%; the range produced in January was for 4.1% growth down to 2.0% growth.

www.gov.uk/government/collections/data-forecasts#2016

Apprenticeship matching scheme

Up to 10,000 young people every year could be helped to find a job in the automotive sector with the launch of an apprenticeship matching service.

Nine British automotive manufacturers – including Jaguar Land Rover, Nissan and Toyota – have come together to launch the Automotive Apprenticeship Matching Service (AAMS) after research warned that up to 5,000 job vacancies were being left unfilled because of a lack of skills.

The AAMS, in partnership with GetMyFirstJob, pledges to match young people to the right apprenticeship and the right employer or training provider in the automotive sector, particularly in manufacturing and engineering disciplines where skills shortages are most acute.

The service is expected to be of particular benefit to the automotive supply chain as high-calibre candidates from traditionally oversubscribed automotive apprenticeship programmes will be introduced to other engineering employers.

http://www.cipd.co.uk/pm/peoplemanagement/b/weblog/archive/2016/04/15/employers-will-be-handed-greater-control-of-apprenticeships-says-skills-minister.aspx

Sickness absence change unlawful

Imposed changes to a Department for Transport (DfT) sickness absence policy were unlawful, an appeal court judge has confirmed.

The DfT had tried to impose draconian changes to its procedures in 2012, including reducing the trigger points before action would be taken, but a court ruled them unlawful last year.

"The new trigger points were much stricter," said Prospect legal officer Linda Sohawon. "They would stigmatise individuals who may have chronic complaints or unrelated illnesses and create anxiety because of the threat of disciplinary action."

Now the appeal court has agreed terms set out in the staff handbook for the DfT and its agencies were contractual and could not be amended without agreement.

In echoes of the 2013 ruling against the Department for Communities and Local Government over check-off, Lord Justice McCombe said they were "apt for incorporation as a contractual term".

The court heard the handbook stated it set out "many of your terms and conditions", including the section on health that outlined "your terms and conditions of employment relating to sick leave" and "... to the management of poor attendance".

The case, which was supported by the PCS, the FDA and Prospect unions, was taken by seven employees from the DfT, Driving Standards Agency, DVLA, Highways Agency, Maritime and Coastguard Agency, Vehicle Certification Agency and Vehicle and Operator Services Agency.

www.pcs.org.uk/en/news_and_events/pcs_comment/pcs_comment.cfm/key-legal-ruling-on-sick-absence

http://www.prospect.org.uk/news/id/2016/April/15/Court-Appeal-finds-change-sickness-absence-procedure-unlawful

www.bailii.org/ew/cases/EWCA/Civ/2016/360.html

Bulging pay packages for City executives

The banks may have brought the country to its knees in 2008, but City firms continue to reward its top people with huge remuneration packages.

Fifty executives of top City companies were happy to receive a package of at least £1 million in their firm's last financial year, as the table over shows.

Mike Wells takes spot with £10.03 million. He moved up into hot seat as chief executive of insurance giant Prudential, taking over from Tidjane Thiam last year.

Barry Stowe, who heads the Pru's US business, comes in at number five with a remuneration package worth £6.83 million.

Sandwiched between these two, in second spot, is António Horta-Osório, chief executive at Lloyds Banking Group, with a package worth £8.54 million. Lloyds is looking to make job cuts and offshore jobs this year (see story this issue).

He is closely followed, in monetary terms, by Peter Crook, chief executive of Provident Financial, on £8.46 million.

Stuart Gulliver celebrated five years as chief executive of HSBC bank in fine style with a remuneration package of £7.34 million.

Year-on-year comparisons can be made for 35 of the 50 executives and 19 saw their remuneration package increase last year. Fifteen of the increases for the year ending December 2015 were in double figure percentage terms, at a time when average earnings for the whole economy were rising by just 1.6%.

The top spot here went to Mark Wilson, who became chief executive of insurance group Aviva in 2013. His 2015 remuneration package rocketed by 118.1% to £5.67 million, as his annual bonus increased by over £500,000 and he received long-term incentives worth £2.56 million in 2015 when none were awarded the year before.

Long-term incentives given to Ross McEwan in his second full year as chief executive of the nationalised bank, Royal Bank of Scotland (RBS), helped boost his package by 108.3% to £3.79 million.

The same applies to Andrew Formica, chief executive of global asset manager Henderson, and a 49.9% rise took him to £6.47 million in 2015.

Two executives at insurer MS Amlin complete the top quintet of rises. Chief executive Charles Philipps saw his package grow by 49.1% to £2.87 million, while the package of chief finance officer Richard Hextall received a 43.9% boost to £2.21 million.

The total remuneration figure given in the table includes: basic salary, cash bonus, long-term share bonuses, golden hello, golden handshake, 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 dividends received from their shareholdings in their company.

- Executive pay in the UK is “not fit for purpose” and needs reform, according to a group that included some of Britain’s most high-profile bosses.

The Executive Remuneration Working Group said there was “widespread scepticism and loss of public confidence” over executive pay.

Despite the fact the FTSE all-share index of public companies was trading at broadly the same levels as 1998, executive pay over the same period has more than trebled, the report says.

Executive	**Company (financial year end)**	**Total remuneration (£000)**	**% change**
Mike Wells	Prudential (12.15)	10,031	-19.1
Antonio Horta-Osório	Lloyds Banking (12.15)	8,538	-21.1
Peter Crook	Provident Financ'l (12.15)	8,455	28.2
Stuart Gulliver	HSBC (12.15)	7,340	-3.7
Barry Stowe	Prudential (12.15)	6,828	14.1
Xavier Rolet	London Stock Exch (12.15)	6,612	n.a
Andrew Formica	Henderson (12.15)	6,469	49.9
Mark Wilson	Aviva (12.15)	5,670	118.1
Andrew Fisher	Provident Financ'l (12.15)	5,549	26.6
Michael Mclintock	Prudential (12.15)	5,442	-5.0
Tidjane Thiam	Prudential (12.15)	5,019	n.a
Paul Geddes	Direct Line (12.15)	4,815	-10.1
Bruce Hemphill	Old Mutual (12.15)	4,811	n.a
Nigel Wilson	Legal & General (12.15)	4,716	11.9
George Culmer	Lloyds Banking (12.15)	4,698	-14.6
Nic Nicandrou	Prudential (12.15)	4,476	-20.4
Juan Columbás	Lloyds Banking (12.15)	4,458	-12.2
Iain Mackay	HSBC (12.15)	4,256	4.3
Marc Moses	HSBC (12.15)	3,968	-6.4
Ross McEwan	RBS (12.15)	3,785	108.3
Jackie Hunt	Prudential (12.15)	3,733	1.7
Tony Wilkey	Prudential (12.15)	3,432	n.a
Bronek Masojada	Hiscox (12.15)	3,414	9.0
Antony Jenkins	Barclays (12.15)	3,399	n.a
Mark Gregory	Legal & General (12.15)	3,352	13.2
David Warren	London Stock Exch (12.15)	2,972	n.a
Mark Zinkula	Legal & General (12.15)	2,931	-10.6
Tom Stoddard	Aviva (12.15)	2,889	n.a
Charles Philipps	MS Amlin (12.15)	2,868	49.1
John Reizenstein	Direct Line (12.15)	2,844	27.7
Maarten Slendebroek	Jupiter Fund Man (12.15)	2,739	30.9
Richard Watson	Hiscox (12.15)	2,717	16.1
Dominic Burke	JLT (12.15)	2,702	-18.7
John Chatfield-Roberts	Jupiter Fund Man (12.15)	2,639	21.4
Raffaele Jerusalmi	London Stock Exch (12.15)	2,630	n.a
Tushar Morzaria	Barclays (12.15)	2,533	-7.7
Douglas Flint	HSBC (12.15)	2,496	-1.4
Paul Hanratty	Old Mutual (12.15)	2,483	n.a
Stephen Hester	RSA (12.15)	2,469	n.a
Richard Hextall	MS Amlin (12.15)	2,208	43.9
Roger Thompson	Henderson (12.15)	2,082	19.7
John Pollock	Legal & General (12.15)	1,918	n.a
Ewen Stevenson	RBS (12.15)	1,906	n.a
Ingrid Johnson	Old Mutual (12.15)	1,868	n.a
Scott Egan	RSA (12.15)	1,755	n.a
Simon Beale	MS Amlin (12.15)	1,690	-30.6
Philip Johnson	Jupiter Fund Man (12.15)	1,322	0.8
Andy Briggs	Aviva (12.15)	1,308	n.a
Gerard Ryan	Int Personal Fin (12.15)	1,197	-44.9
Mark Drummond Brady	JLT (12.15)	1,014	-24.7

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