FACT SERVICE

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Gender pension gap trebles in 10 years

The gap in retirement incomes between men and women has nearly trebled in the past decade.

Pensions and investment group Royal London has analysed Department for Work and Pensions statistics to show that in 2016-17 men had £85 a week more retirement income than women, which was an increase on the gap of £31 per week more in 2006-07.

According to the data, in 2016-17 the average retired single women had retirement income of £316 a week, while the average retired single man had retirement income of £401 a week. In 2006-07, those figures were £294 and £325, respectively.

Royal London says earnings in retirement and occupational pension schemes are the two main factors between the widening gap.

Moreover, the earnings of single women in retirement are now slightly lower than 10 years ago at £19 a week in 2016-17 compared to £21 a week in 2006-07.

For men, average earnings in retirement have more than doubled from £17 a week in 2006-07 to £37 a week in 2016-17.

Royal London also says that, while income from occupational pensions has increased for men and women, men have seen a more sharp rise.

Steve Webb, director of policy at Royal London and former pensions minister in the Conservative-Liberal coalition government, said the figures reveal “a shocking surge in the gap between men and women when it comes to living standards in retirement”.

“Having a decent occupational pension and the potential to top up pensions with earnings are the two key factors in having a good income past pension age.

"Much more needs to be done to tackle the disadvantages faced by women in the later life jobs market as well as doing more to ensure women are building up better pensions in their own right in the future,” he warned.

State pension Men still receive an average of £28 a week more in state pension than women despite reforms starting to narrow the gap, a new analysis suggests.

A retired man typically receives £154 a week, compared to £126 a week for women, according to Which?.

The consumer group studied official data two years after the introduction of the new state pension.

One architect of the new pension said the gender gap would be effectively eliminated within a decade.

Nearly 13 million people in the UK receive the state pension.

"Many pensioners will be shocked by the differences in average payouts to men and women and those qualifying under the old and new systems. Some pay gaps will close eventually, but not soon enough for some," said Harry Rose, editor of Which? Money.

The Which? analysis found that, among the 546,000 people who receive the new state pension, the typical man received £152 a week and the typical woman received nearly £144 – a gap of £8 a week.

The difference is primarily the result of millions of people still receiving add-ons to the basic state pension that they had built up during their working lives, such as the state second pension which was based on earnings.

When the reforms were introduced, the government vowed that nobody would lose any of the pension they had already built up.

The Department for Work and Pensions (DWP) said: "Around 650,000 women reaching state pension age in the first 10 years will receive an average of £8 per week (in 2015-16 earnings terms) more, due to the new state pension valuation of their National Insurance record."

www.royallondon.com/about/media/news/2018/march/new-analysis-reveals-shocking-surge-in-gender-gap-in-retirement-incomes-steve-webb-royal-london/

www.bbc.co.uk/news/business-43835706

Executive gravy train rolls on to tune of £126m

Thirty-nine executives feature in *Fact Service's* latest tranche of highly paid directors. These executives received a total of £126.36 million last year.

The average (mean) remuneration package works out at £3.24 million or £62,290 week. If the midpoint (median) figure is used then the average was £2.33 million or £44, 730 a week for the 39.

The latest official figure for a full-time worker's weekly salary is £550, so the 39 received on average at least 81 times the average worker.

Nicandro Durante, chief executive of tobacco multinational British American Tobacco (BAT), tops the list with an £11.42 million package. This equates to £219,670 a week or almost 400 times the average worker's weekly wage.

BAT's finance director Ben Stevens fills fourth spot in the list with £6.63 million. That's the equivalent of £127,440 a week.

Btween the BAT sandwich are Erik Engstrom, chief executive officer (CEO) of the Dutch/UK information group RELX and Pascal Soriot, CEO of drugs multinational AstraZeneca.

Engstrom's 2017 package was worth £9.92 million or £190,770 a week, while Soriot received £9.44 million or £181,440 a week.

Leo Quinn, chief executive of construction and support services group Balfour Beatty, completes the top quintet. He received a package of £5.39 million, equivalent to £103,730 a week.

Last year, Wayne Edmunds was a stopgap chief executive during a boardroom shuffle at private aircraft operator BBA Aviation. His package was just above the £1 million cut-off point for *Fact Service's* listings but was still worth £19,290 a week or 35 times the average worker's weekly wage.

Year-on-year comparison can be made for 33 of the 39 executives, but only 13 saw their remuneration packages increase last year.

The main factor in the smaller packages for the 20 executives taking a cut was smaller long-term bonuses.

The top six increases in packages are a corporate two by two and are well ahead of the growth in earnings for the whole economy as official average earnings data show an increase of no more than 2.8%.

The top two spots went to Balfour Beatty's Leo Quinn and chief financial officer Philip Harrison received increases of 273.2% and 143.8% respectively Harrison's increase took him to £1.9 million a year or £36,480 a week.

The next two spots went to Jez Maiden and Steve Foots, respectively chief finance officer and chief executive of speciality chemical group Croda International. A 98.3% rise took Maiden to £1.95 million a year or £37,560 a week, while a 42.7% increase put Foots on £3.43 million or £65,970 a week.

BAT'S Durante and Stevens complete the top six with 37.4% and 35.0% increases respectively.

Matthew Ingle has now retired as chief executive of kitchen supplier Howdens. His final package shrank by 59.1% on the back of smaller annual and long-term bonuses in 2017. Still his £1.27 million package was worth £24,380 a week.

Executive	Company (financial year end)	Total remu-neration (£000)	% change
Nicandro Durante	BAT (12.17)	11,423	37.4
Erik Engstrom	RELX Group (12.17)	9,920	-13.0
Pascal Soriot	AstraZeneca (12.17)	9,435	-34.2
Ben Stevens	BAT (12.17)	6,627	35.0
Leo Quinn	Balfour Beatty (12.17)	5,394	273.2
Nick Luff	RELX Group (12.17)	4,972	-9.6
Marc Dunoyer	AstraZeneca (12.17)	4,512	-4.1
Mark Wilson	Aviva (12.17)	4,334	-4.2
David Sleath	SEGRO (12.17)	3,832	1.2
Pete Redfern	Taylor Wimpey (12.17)	3,809	-6.5
Steve Foots	Croda International (12.17)	3,430	42.7
Clive Washbourn	Beazley (12.17)	3,359	n.a
Andrew Horton	Beazley (12.17)	2,998	-19.3
Soumen Das	SEGRO (12.17)	2,925	n.a
John Carter	Travis Perkins (12.17)	2,688	9.3
Andy Briggs	Aviva (12.17)	2,515	33.6
Tom Stoddard	Aviva (12.17)	2,488	-3.1
Andy Gulliford	SEGRO (12.17)	2,476	10.5
Phil Redding	SEGRO (12.17)	2,475	8.3
David Mellors	Cobham (12.17)	2,326	n.a
Chris Weston	Aggreko (12.17)	2,320	21.5
Bronek Masojada	Hiscox (12.17)	2,288	-42.4
Alan Williams	Travis Perkins (12.17)	2,205	n.a
David Lockwood	Cobham (12.17)	2,125	n.a
Adrian Cox	Beazley (12.17)	1,987	-20.1
Tony Buffin	Travis Perkins (12.17)	1,954	7.2
Jez Maiden	Croda International (12.17)	1,953	98.3
Philip Harrison	Balfour Beatty (12.17)	1,897	143.8
Neil Maidment	Beazley (12.17)	1,896	-23.2
Simon Pryce	BBA Aviation (12.17)	1,862	-12.6
Ryan Mangold	Taylor Wimpey (12.17)	1,818	-6.1
James Jordan	Taylor Wimpey (12.17)	1,800	-6.6
Mark Hanafin	Centrica (12.17)	1,794	-4.5
Richard Watson	Hiscox (12.17)	1,728	-44.9
Martin Bride	Beazley (12.17)	1,696	-20.3
Ian Conn	Centrica (12.17)	1,694	-58.1
Matthew Ingle	Howden Joinery (12.17)	1,268	-59.1
Mark Hodges	Centrica (12.17)	1,129	-42.1
Wayne Edmunds	BBA Aviation (12.17)	1,003	n.a

Fact Service examines the remuneration reports of the top 350 FTSE companies, quoted on the London Stock Exchange. 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. Dividends received from their shareholdings in the company are not included.

Parental benefits at Exeter University

The University of Exeter has enhanced its paid parental leave benefits to offer male and female employees six months of maternity and paternity leave at full pay as a day one benefit.

The new parental leave arrangements, which come into effect in April, are part of a range of family-friendly benefits that are being implemented to better support working parents at the university.

The maternity/paternity leave arrangements, which are also available for adoptive parents, allow new parents to take six months' leave at full pay, followed by a further 13 weeks at statutory pay. The policies are available for staff as soon as they start work at the university and parents can choose to share their leave entitlement, if they so wish.

Previously, employees were entitled to maternity, adoption and shared parental leave at full pay for eight weeks, followed by 16 weeks at half pay, as well as statutory maternity pay. This was replaced by the new arrangements on 6 April.

In addition, female employees undergoing fertility treatment will also be able to take five days of leave a year on full pay, while partners of those taking fertility treatment will be able to take two days of leave in order to attend relevant appointments.

Jacqui Marshall, director of people services and global partnerships at the University of Exeter, said: "This package of measures shows not just a long-term commitment by the University of Exeter to our employees, but our dedication to investing in staff at crucial periods of their career.

"By investing in new parents so they can take maternity and paternity leave on full pay from their first day at work, we are demonstrating the depth of our commitment to family-friendly working."

www.employeebenefits.co.uk/issues/april-2018/university-exeter-parental-leave/

Public services provide shareholder cream

Private companies running public services are handing out more and more cash to shareholders, despite profits falling in most cases, a TUC analysis reveals.

The TUC examined dividends and profits for the seven largest public limited companies with significant business running outsourced public services.

Dividends have risen in most years since 2010, reaching a combined total of £642 million in 2016 for the seven firms. This is an increase of 67% compared to the shareholder dividend total in 2010.

The analysis also finds that pre-tax profits have fallen 31% across the same period, undermining claims that higher dividends reward investors for improved business performance.

The pattern is found across several of the leading companies running public services, suggesting Carillion's collapse is not an isolated example. And some companies even had years between 2010 and 2016 when they continued to pay dividends despite making a pre-tax loss.

The TUC says this is evidence of a fundamentally flawed model, which prioritises short-term shareholder interests over the sound stewardship of public services, the wellbeing of the workers who provide them, and the needs of communities that rely on them.

The TUC has also published a report on the reforms needed to protect public services and improve quality in the wake of Carillion's collapse three months ago.

What lessons can we learn from Carillion? identifies the problems that led to the facilities management and construction services company's collapse and proposes reforms to improve the quality, value and sustainability of public services.

It highlights the systemic failures of an outsourcing model that prioritises low cost over quality, and a corporate governance model that prioritises shareholder interests. These combine to encourage firms to further outsource risk, leading to a complex web of subcontractors with little transparency or clarity for where responsibility lies.

The report recommends corporate governance reforms and an improved commissioning process. The TUC proposes a new commissioning model based on public provision of public services, except in cases where it is clearly shown that outsourcing is in the public interest.

TUC general secretary Frances O'Grady said: "Carillion was a wake-up call. It put the spotlight on private firms hoovering up public services contracts with little public scrutiny. It showed how these contracts line shareholders' pockets instead of serving the community. And when Carillion failed, the government had to clean up the wreckage.

"We need to get back to running public services for the common good. Frontline staff work hard and aim high because they care about the community they serve. That should be the motivation for public service managers and boardrooms too.

"The government needs to rethink outsourcing. Most services would be better off back in public hands. And the government must reform outsourcing and corporate governance rules so that all services are run for the long-term benefit of the communities that depend on them."

www.tuc.org.uk/news/shareholders-are-creaming-more-cash-outsourced-public-services-says-tuc

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