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Shareholders unhappy over executive pay

Forty executives feature in the latest tranche of £1 million plus remuneration packages at top Stock Exchange-quoted companies.

They are headed by Rakesh Kapoor, chief executive of health and home products group Reckitt Benckiser. His 2015 remuneration package of £23.19 million – 81.5% bigger than his 2014 – came under fire from shareholders.

Nearly one in four shareholders opposed the group's pay policy that covers the next three years, and abstentions took the protest vote to 29%. Nevertheless, it's just a protest vote than can be ignored by the group's board.

Cliff Weight from shareholder group ShareSoc said Kapoor's package was "indefensibly high" and he received a round of applause from other shareholders when he said: "It is difficult to have a cost-conscious culture when you are paid excessively yourself."

Michael Dobson stood down as chief executive of City firm Schroders this year, but not before pocketing a remuneration package worth £8.91 million in his last full year in the job.

He incurred the wrath of investors not over his package, but over the fact that after standing down as chief executive he took up the part-time, non-executive chair's post in violation of the UK code of corporate governance. The code says that firms should only switch a chief executive to the chair's job – supposedly an independent position – in exceptional circumstances.

In the event, the move was sanctioned at the firms' annual general meeting, although almost 30% of external shareholders were against it.

Third spot is taken by Peter Redfern, chief executive of housebuilder Taylor Wimpey, with a package worth £7.02 million last year.

Taylor Wimpey was moved to say that whatever the outcome of the EU referendum it will not impact on the group.

"Due to our customer base and supply chain being based principally in the UK, together with our strong order book, we are well-equipped to react to any potential changes in the market that may be caused by the EU referendum," it said.

Year-on-year comparisons can be made for 35 of the 40 executives and 18 saw their remuneration package increase last year. All the increases, bar one of just 0.4%, ranged from 3.8% up to 108.5%, at a time when average earnings in the economy as a whole were rising by just 1.6%.

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Dean Finch, chief executive of transport group National Express, tops the increases with a 108.5% hike on the back of a long-term bonus being paid in 2015 when none was paid the year before. His 2015 package was worth £3.26 million against £1.56 million the year before.

The two executive directors of Reckitt Benckiser took the next two top spots. Adrian Hennah, chief finance officer, saw his package grow by 93.8% to £6.44 million beating his chief executive's rise of 81.5%; Rakesh Kapoor, however, received over 3.5 times as much as Hennah.

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	Company (financial year end)	Total remuneration (£000)	% change
Rakesh Kapoor	Reckitt Benckiser (12.15)	23,191	81.5
Michael Dobson	Schroders (12.15)	8,905	9.2
Pete Redfern	Taylor Wimpey (12.15)	7,019	12.3
Adrian Hennah	Reckitt Benckiser (12.15)	6,442	93.8
Massimo Tosato	Schroders (12.15)	4,995	4.7
Peter Harrison	Schroders (12.15)	4,526	n.a
Keith Skeoch	Standard Life (12.15)	3,642	-38.1
James Jordan	Taylor Wimpey (12.15)	3,283	12.2
Dean Finch	National Express (12.15)	3,256	108.5
David Bellamy	St James's Place (12.15)	3,135	-14.0
Ryan Mangold	Taylor Wimpey (12.15)	3,101	17.4
Stefan Bomhard	Inchcape (12.15)	2,906	n.a
Richard Keers	Schroders (12.15)	2,828	6.2
Rupert Pearce	Inmarsat (12.15)	2,605	0.4
John Carter	Travis Perkins (12.15)	2,563	-2.7
Tony Buffin	Travis Perkins (12.15)	2,554	50.5
Philip Mallinckrodt	Schroders (12.15)	2,525	-2.9
Ashley Almanza	G4S (12.15)	2,462	-2.4
Mark Allan	UNITE Group (12.15)	2,401	-19.6
David Lamb	St James's Place (12.15)	2,181	-13.1
Ian Gascoigne	St James's Place (12.15)	2,180	-13.3
Andrew Croft	St James's Place (12.15)	2,171	-13.3
David Atkins	Hammerson (12.15)	2,162	37.9
David Nish	Standard Life (12.15)	2,143	-64.8
Jeff Fairburn	Persimmon (12.15)	1,995	5.5
Tony Bates	Inmarsat (12.15)	1,737	n.a
Himanshu Raja	G4S (12.15)	1,702	-3.4
John McConnell	Inchcape (12.15)	1,658	-47.6
Andy Ransom	Rentokil Initial (12.15	1,656	24.9
Peter Cole	Hammerson (12.15)	1,573	33.1
Luke Savage	Standard Life (12.15)	1,544	n.a
Timon Drakesmith	Hammerson (12.15)	1,538	21.9
Joe Lister	UNITE Group (12.15)	1,529	-20.6
Richard Smith	UNITE Group (12.15)	1,387	-9.9
Richard Simpson	UNITE Group (12.15)	1,378	-10.7
Mike Killoran	Persimmon (12.15)	1,376	3.8
Matthew Ashley	National Express (12.15)	1,341	n.a
Dorothy Thompson	Drax Group (12.15)	1,248	-32.7
Keith Cochrane	Weir Group (12.15)	1,065	-26.9
Jeremy Townsend	Rentokil Initial (12.15)	1,061	35.0

www.theguardian.com/business/2016/may/05/companies-ladbrokes-reckitt-carillon-shareholder-wrath-executive-pay

Compensation for blacklisted workers

The Unite general union has become the third union to reach a settlement over the blacklisting of workers in the UK construction industry.

The union has announced 256 workers are set to receive £10.44 million in compensation. The pay-outs could range from £25,000 up to £200,000 per claimant, depending on such factors as the loss of income and the seriousness of the defamation.

Unite general secretary Len McCluskey said: "The massive scale of the agreed damages shows the gravity of the misdeeds of these major construction companies ... The sums to be paid out go a considerable way to acknowledge the hurt, suffering and loss of income our members and their families have been through over many years.

"Under the agreement they can once more apply for jobs in the construction industry without fear of discrimination."

The legal action was taken against four executives and 30 firms, including Balfour Beatty, Carillion, Costain, Kier, Laing O'Rourke, Sir Robert McAlpine, Skanska UK and Vinci.

The Unite settlement meant that the GMB and UCATT unions, which had already reached settlements, were able reveal more details.

The GMB settled its claim against the construction industry on behalf of 116 members for a total of £5.4 million plus almost £3 million in legal costs.

And construction union UCATT confirmed that the union had won £8.9 million on behalf of the 156 cases it took for its blacklisted members.

TUC head of safety Hugh Robertson said the settlements are "are no recompense for the thousands of ruined lives that resulted from the illegal actions of these companies, but they do show the importance of being in a union".

www.unitetheunion.org/news/blacklisting-victory-sees-10-million-pay-out-to-256-workers/
www.gmb.org.uk/newsroom/gmb-win-against-blacklisters
www.ucatt.org.uk/ucatt-wins-%C2%A389-million-blacklisted-workers
www.hazards.org/blacklistblog/

MPs keep it in family

Family members employed by MPs are paid on average £5,600 more than other staff, a watchdog has revealed.

Pay of such "connected parties" has also risen at twice the rate of other staff, the Independent Parliamentary Standards Authority (IPSA) found.

The watchdog called for a review of whether MPs should be allowed to employ relatives in the future, arguing jobs must not be "personal benefits".

In each financial year of the last parliament, between 130 and 160 connected parties were employed by MPs. This trend has continued since May 2015 and in March 2016, 139 connected parties were on the payroll. Total salary costs were typically around £4.5 million a year.

While family members are paid more on average than other staff, an IPSA review found there was no evidence, for example, that connected parties received better salaries than other staff with the same job descriptions and circumstances. But because, on average, connected parties occupied more senior roles, their salaries were significantly higher than the average across all MPs' staff. However, IPSA found that the salaries of connected parties had also risen at twice the rate of other staff.

The review will only apply to future staffing as IPSA said it would be "unfair and legally challengeable" to investigate existing contractual arrangements.

The watchdog, which is responsible for determining MPs' pay and expenses, said there was a lingering "perception of risk" about whether the taxpayer was getting value for money in terms of the number of family members and close business associates working for MPs.

After reviewing the matter in 2010, IPSA decided against prohibiting the employment of family members, saying it did not believe the system was being abused and family members played a "valuable role" in assisting MPs – while limiting their numbers to one per MP.

The issue will be considered as part of a wider review of business costs and expenses payable to MPs – with any change to the rules likely to take effect either next year or after the next election, scheduled for 2020.

http://parliamentarystandards.org.uk/NewsAndMedia/Pages/LatestNews2.aspx-?ListNews=739f9c00-b7d4-4282-bffd-9ae51fd8d92d&NewsId=101

Non-compliance with minimum wage rules

There is no accurate overall measure of non-compliance with the National Minimum Wage (NMW) regulations and, as a result, it has been difficult to assess the effectiveness of Her Majesty's Revenue and Customs (HMRC) enforcement activities over time. That's the damning finding of a National Audit Office (NAO) report into employers' compliance with minimum wage regulations.

The NAO, which scrutinises public spending, said the number of workers identified as being owed arrears in 2015-16 was 58,000 compared to 26,000 in 2014-15.

Non-compliance with the NMW in the social care sector remains a concern. The Low Pay Commission continues to assess this sector as high risk, the NAO said, and has previously reported that up to 10.6% of care workers may not be paid the NMW. The Department for Business, Innovation and Skills (BIS) reclassified the social care sector as a high priority sector for 2015-16.

As of March 2016, there were 141 current investigations by HMRC into complaints of non-compliance with the NMW in the sector.

The NAO said that the number of referrals passed to HMRC from a helpline has reduced significantly in the year ending December 2015 from 2,327 to 1,340. In April 2015, BIS changed the operator of the helpline and is now assessing how this change, and other factors, have affected the number of calls.

Amyas Morse, head of the NAO, said: “With the implementation of the National Living Wage, it is even more important that the government ensures its compliance programme reflects the changing risks within the labour market, and maintains its progress in ensuring all employers pay the minimum wage. The government also needs to reduce the time it takes to investigate complaints and resolve cases.”

Since the government began enforcing the NMW in April 1999, HMRC has identified £68 million in arrears for over 313,000 workers.

www.nao.org.uk/wp-content/uploads/2016/05/Ensuring-employers-comply-with-National-Minimum-Wage-regulations.pdf

Industry in recession

UK industry is in recession, the latest figures from the Office for National Statistics show.

Total production output is estimated to have fallen by 0.4% in the first quarter of the year compared with the final quarter of 2015. The largest contribution to the quarterly decrease came from mining and quarrying, which fell by 2.3%.

However, production also fell in the final quarter of last year — again by 0.4% — on the third quarter. Two consecutive quarters of contraction is classed as a recession.

Manufacturing output, the largest component of the index of production, is estimated to have decreased by 0.4% in the first quarter of the year compared with the final quarter of 2015. The largest contribution to the decrease came from the manufacture of coke and refined petroleum products, which decreased by 12.1%.

However, small comfort, factory output was up — by just 0.1% — in the final quarter of 2015 compared with the third quarter.

In first quarter of 2016, production and manufacturing output remained below the levels of the first quarter 2008 by 10.0% and 6.9% respectively.

www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/ukindexofproduction/mar2016

Lloyds to offer gender reassignment surgery

Lloyds Banking Group has become the first UK organisation to extend its staff healthcare plans to cover gender dysphoria, in a move that campaign groups say more employers should emulate.

Staff at Lloyds, including those working for Halifax, Bank of Scotland and Scottish Widows, can now access gender reassignment surgery through their company health insurance policy.

A Lloyds spokesperson said: "The health and well-being of all our colleagues is of utmost importance to the group, and we are committed to providing them with increasing and inclusive support."

While the banking group estimates that 830 staff in the UK do not conform to gender binaries, it said it expects that around 20 staff members will initially take up the offer.

A spokesperson from LGBT campaign group Stonewall said: "We know that not all trans people desire reassignment surgery, but there are many who do. Lloyds’ move to introduce gender reassignment surgery into its healthcare provision sends a clear message that the firm fully supports trans equality and its trans members of staff."

http://www.cipd.co.uk/pm/peoplemanagement/b/weblog/archive/2016/05/09/lloyds-extends-healthcare-to-cover-gender-reassignment.aspx

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