FACT SERVICE

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Top executive pay feast brings £121m to 41

Forty one executives feature in the table on page 74. They raked in £120.95 million in total last year.

The average (mean) salary was £2.95 million or £56,730 a week. The midpoint (median) salary was almost £1 million lower at £1.97 million or £37,810 a week.

The latest official figure for a full-time worker's weekly salary is £550, so the 41 received on average at least 68 times the average worker.

Even though his pay shrank by over £34 million over the last two financial years, Sir Martin Sorrell – now the former chief executive of the world's largest advertising agency WPP – heads this week's list.

In what turned out be his last remuneration package, Sorrell received £13.93 million or £267,890 a week or the equivalent of 487 average UK workers.

It was revealed this April that Sorrell was stepping down after an internal investigation into claims of personal misconduct. Sorrell said WPP had been his passion, but it was in "the best interests of the business" to resign.

Last month, WPP revealed that it had appointed a law firm to investigate claims of financial impropriety. While Sir Martin rejected the allegation "unreservedly", he accepted "the company has to investigate it".

The probe into alleged misuse of WPP money – which Sorrell rejects — is now over, WPP said. No more details were disclosed.

WPP's statement, released in April, said: "The previously announced investigation into an allegation of misconduct against Sir Martin has concluded. The allegation did not involve amounts that are material." Unbelievably, "material" meant it was only thought to involve less than £1 million.

Sorrell has in the past been thought of as being fast and loose with WPP's money. In 2015, Sorrell survived a shareholder revolt at the group's annual general meeting when some shareholders argued that the pay was "more than enough" and criticised him for all the add-on perks included in his package. His 2014 package, for example, included the cost of flights for his wife to accompany him on business trips.

The following year, WPP's 2015 remuneration report revealed in the small print: "The 2014 benefits figure for Sir Martin Sorrell has been adjusted to reflect his personal decision to repay a sum of £274,000 in respect of spousal travel costs."

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The next spots are taken by a quartet of executives from the insurance giant Prudential.

Barry Stowe, who heads the Pru's US business, received £9.62 million in 2017 or £185,040 a week. Chief executive Mike Wells was on £8.7 million or £167,350 a week. Nic Nicandrou, who heads the group's Asia business, received £4.82 million or £92,690 week, while the man he replaced in a management reshuffle, Tony Wilkey, left in mid-2017 with £4.81 million for seven months' work.

Year-on-year comparisons could be made for 34 of the 41 executives and 18 saw their package grow last year.

Thirteen of the increases were for 15.2% or more at a time when average earnings in the UK economy were only rising by no more than 2.8%.

Bruce Hemphill, chief executive of savings group Old Mutual, saw his package almost double – the 91.1% increase due mainly to a long-term bonus paid in 2017 when none was paid the year before. That put him on £4.74 million a year or £91,135 a week.

Bigger annual bonuses for three executives at engineering group IMI brought bigger remuneration packages. Chief executive Mark Selway saw his package increase by 45.9% to £2.77 million or £53,330 a week.

Finance director Daniel Shook pocketed a 35.7% bigger package last year, taking him into the million-a-year bracket on £1.09 million or £21,020 a week.

IMI's third executive director Roy Twite fills the fifth spot – a 32.0% rise taking him to £1.26 million or £24,250 a week.

Alex Chesterman, founder and chief executive of online property and price comparison group ZPG, takes fourth spot. A 34.5% rise put him on a package worth £1.7 million last year or £32,690 a week.

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.

Executive	**Company (financial year ending)**	**Total remuneration (£000)**	**% change**
Sir Martin Sorrell	WPP (12.17)	13,930	-71.1
Barry Stowe	Prudential (12.17)	9,622	25.3
Mike Wells	Prudential (12.17)	8,702	18.1
Nic Nicandrou	Prudential (12.17)	4,820	15.2
Tony Wilkey	Prudential (12.17)	4,808	n.a
Bruce Hemphill	Old Mutual (12.17)	4,739	91.1
John Foley	Prudential (12.17)	4,732	n.a
Stephen Carter	Informa (12.17)	4,279	25.6
Dean Finch	National Express (12.17)	4,067	4.6
Paul Richardson	WPP (12.17)	3,873	-58.4
Anne Richards	Prudential (12.17)	3,053	n.a
Michael McLintock	Prudential (12.17)	3,017	n.a
Clive Bannister	Phoenix Group (12.17)	2,902	0.8
Ingrid Johnson	Old Mutual (12.17)	2,794	6.9
Mark Selway	IMI (12.17)	2,773	45.9
David Bellamy	St James's Place (12.17)	2,539	-3.5
John Phizackerley	TP ICAP (12.17)	2,324	-31.3
Gareth Wright	Informa (12.17)	2,101	25.9
Derek Muir	Hill & Smith (12.17)	2,085	-2.4
Jeremy Helsby	Savills (12.17)	1,971	-11.9
David Atkins	Hammerson (12.17)	1,966	-26.7
Ian Gascoigne	St James's Place (12.17)	1,842	-3.3
James McConville	Phoenix Group (12.17)	1,833	1.0
David Lamb	St James's Place (12.17)	1,800	-2.1
Andrew Croft	St James's Place (12.17)	1,798	-1.8
Matthew Ashley	National Express (12.17)	1,792	28.7
John Fallon	Pearson (12.17)	1,758	15.8
Alex Chesterman	ZPG (12.17)	1,700	34.5
Roger Whiteside	Greggs (12.17)	1,677	-21.5
François Wanecq	Vesuvius (12.17)	1,675	n.a
Mark FitzPatrick	Prudential (12.17)	1,634	n.a
Simon Shaw	Savills (12.17)	1,495	-13.8
Peter Cole	Hammerson (12.17)	1,409	-27.7
Mark Pegler	Hill & Smith (12.17)	1,389	0.1
Timon Drakesmith	Hammerson (12.17)	1,381	-24.2
Roy Twite	IMI (12.17)	1,261	32.0
Jean-Philippe Mouton	Hammerson (12.17)	1,155	-18.8
Philip Howell	Rathbone Brothers (12.17)	1,104	-21.0
Daniel Shook	IMI (12.17)	1,093	37.8
James Ward-Lilley	Vectura (12.17)	1,041	n.a
Coram Williams	Pearson (12.17)	1,018	26.0

www.bbc.co.uk/news/business-43771974

www.wpp.com/wpp/investor/financials/reports/

Rise in child poverty in working households

The number of children growing up in poverty in working households is set to be one million higher this year than in 2010, according to new research published by the TUC.

The analysis – carried out for the TUC by Landman Economics – estimates that 3.1 million children with working parents will be below the official breadline in 2018, compared to 2.1 million at the start of the decade. That's a 48% increase over the period.

Children with at least one working parent will account for two-thirds of children living in poverty in 2018.

The analysis shows that 600,000 children (with working parents) have been pushed into poverty as a result of the government's in-work benefit cuts and public sector pay restrictions.

The TUC says that other key factors behind the one million rise in child poverty are:

- weak wage growth;
- the spread of insecure work;
- population growth; and
- the increase in working families.

The research also shows the impact of public sector pay restrictions and in-work benefit cuts on household incomes.

The analysis reveals that families where both parents work in the public sector are the biggest losers from the government's pay restrictions and benefit changes. Their average household income has fallen by £83 a week in real terms.

Meanwhile, households where one parent works in the public sector and another works in the private sector have lost, on average, £53 a week.

However, households with private sector workers only have seen their incomes fall by £32 a week on average.

A regional analysis shows that the East Midlands is set to see the biggest increase in child poverty among working families (+76%), followed by the West Midlands (+66%) and Northern Ireland (+60%).

TUC general secretary Frances O'Grady said: "Child poverty in working households has shot up since 2010. Years of falling incomes and benefit cuts have had a terrible human cost. Millions of parents are struggling to feed and clothe their kids.

"The government is in denial about how many working families just can't make ends meet. We need ministers to boost the minimum wage now, and use the social security system to make sure no child grows up in a family struggling to get by."

www.tuc.org.uk/news/child-poverty-working-households-1-million-children-2010-says-tuc

Union members fight to save CITB training

Staff at the Construction Industry Training Board (CITB) have launched a petition to put pressure on its new chair to reverse plans to outsource the organisation's unique construction training and oppose plans to outsource so-called "back office functions".

Members of the Unite general are collecting signatures for the petition at the organisation's Bircham Newtown headquarters in north Norfolk, Erith (south London), Thurmaston (East Midlands), Inchinnan (Renfrewshire, Scotland) and Bridgend (Wales).

Peter Lauener, the CITB's new chair and previously the head of the Education and Skills Funding Agency, has highlighted the need for an increase in construction apprenticeships. However, the CITB's plans will decrease training provision, especially in specialist areas.

The CITB is intending to sell its National Training College at Bircham Newton as well as its other training colleges and outsource its specialist training. The plan to stop directly providing training is a major part of the CITB's business plan which will see its employee head count slashed from 1,370 to 484 by 2020.

No private provider has yet been identified to take over CITB's training provisions, and if none comes forward then these courses are set to close and vital skills could be lost from the industry.

Unite is also encouraging the industry to write directly to the CITB opposing their proposals. Last month it emerged that the CITB had not consulted industry before announcing that they were no longer going to provide training directly. There had been no pressure from the industry for direct provision to cease.

Unite regional co-ordinating officer Mark Robinson, said the decision to sell off the training facilities was "a disservice to the industry and the employers who the CITB are supposed to represent".

"CITB chair Peter Lauener is a self-declared champion of apprentices, so it is essential that the plans for his organisation to end specialist apprentice training is reversed," he added.

www.unitetheunion.org/news/citb-workers-launch-petition-to-save-skills-training/

Proposals for new ways of measuring economy

Over recent years, there has been increasing concern among economists, statisticians and a variety of commentators and organisations in civil society about whether the current range of economic indicators accurately measure key aspects of economic behaviour and performance.

A discussion paper — *Measuring what matters: improving the indicators of economic performance* — from the IPPR think tank sets out two key propositions on rethinking the way we measure the economy and define economic success:

- new technologies, business models and economic goals require significant improvements in the measurement of key economic statistics; and
- new indicators of economic outcomes can better define and measure the goals of economic policy.

On the first point, author Catherine Colebrook sets out key areas for improvement into three categories: better measurement; better data; and better policy evaluation.

To address these issues, Colebrook says the Office for National Statistics should publish an evaluation of its current programme of economic statistics development, as a way of proving that further investment in our economic statistics, beyond the current investment programme, would represent value for money.

Secondly, the National Audit Office — the public spending scrutineer — should review the use of commissioning to carry out evaluation across government, and propose improvements to the current mix of approaches taken by government departments.

Finally, the Cabinet Office should establish a What Works Centre for industrial strategy, with the aim of building an evidence base for industrial policies, and ensuring that any new policies are properly evaluated.

Colebrook's call for new indicators of economic outcomes is pertinent as currently the focus on a small number of production indicators, notably gross domestic product (GDP), narrows economic debate and perpetuates the myth that economic growth encompasses all other economic goals.

As it is, GDP has a number of shortcomings if the goal is to understand societal welfare: it excludes unpaid work; does not take account of environmental resource use; ignores distributional concerns; and because it does not consider who is gaining from growth, is only weakly correlated with well-being.

The discussion paper proposes a dashboard of five outcome indicators, to be updated annually, which would directly measure progress against the outcomes the IPPR Commission on Economic Justice (and the public) wants the economy to deliver: broadly-shared prosperity, justice and sustainability.

These indicators are:

- the distribution of the gains from growth;
- poverty among children and adults;
- the level of well-being, disaggregated by income;
- the gap between the median income of the poorest region of the UK and the richest; and
- the gap between projected carbon emissions and the cost-effective path to decarbonisation.

Colebrook's discussion paper recommends that the Treasury publish a report alongside each annual update, assessing performance by each measure.

www.ippr.org/files/2018-04/cej-indicators-april18.pdf

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