FACT SERVICE

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Thirty two executives on £1m or more a year

Thirty two top executives received a total of £73.88 million last year, the latest *Fact Service* examination of the remuneration reports of top FTSE 350 companies reveals.

The average (mean) package for the 32 was £2.31 million, while the midpoint (median) package was £1.46 million.

On a weekly basis, the average package was worth £44,400 and the median package £27,970 a week. As the latest official figure for a full-time worker's weekly salary is £550, the 32 received on average at least 51 times the average worker.

Gary Hoffman stood down as chief executive of general insurance group Hastings earlier this year. In his last full year at the top he received a remuneration package of £11.83 million, the equivalent of £227,490 a week.

Hastings has defied the UK corporate governance code by appointing Hoffman to the position of part-time chair.

The UK code on corporate governance says: "A chief executive should not go on to be chairman of the same company. If exceptionally a board decides that a chief executive should become chairman, the board should consult major shareholders in advance and should set out its reasons to shareholders at the time of the appointment."

In the 2017 annual report, the departing chair Mike Fairey said: "After full and careful consideration, the directors agreed unanimously that Gary's transition from chief executive officer to chairman would be in the best interests of the company and its shareholders."

There's a strong presence of insurance and retail executives in the table and second spot goes to David Potts, chief executive of supermarket group Morrisons. His package came to £5.81 million on £111,730 a week in the year ending January 2018.

Tesco appears to be on the road to recovery after hitting its accounting scandal in 2014. Dave Lewis was appointed as chief executive in the wake of the scandal and last year his package came to £4.87 million — or £93,730 a week. His package, however, has come under fire from shareholder advisory group Pirc. It considered the bonus awards, which together amounted to 260% of salary, to be too high, and the ratio of Lewis's pay to the average employee's — which stands at 267:1 — to be "unacceptable" and has recommended that shareholders vote down his package at the June AGM.

While Lewis takes third spot in our table, Tesco could well lose its top UK supermarket title if the merger between Sainsbury's and Asda goes ahead.

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Executive	Company (financial year end)	Total remuneration (£000)	% change
Gary Hoffman	Hastings (12.17)	11,829	1,381.7
David Potts	Wm Morrison (1.18)	5,810	107.9
Dave Lewis	Tesco (2.18)	4,874	17.5
Richard Hoskings	Hastings (12.17)	3,610	599.3
Trevor Strain	Wm Morrison (1.18)	3,545	31.0
Guy Wakeley	Equiniti (12.17)	3,106	221.9
Alan Stewart	Tesco (2.18)	2,769	23.8
Rajiv Sharma	Coats (12.17)	2,737	54.6
Alison Brittain	Whitbread (2.18)	2,336	-6.9
Gavin Patterson	BT (3.18)	2,307	71.5
Peter Cowgill	JD Sports (1.18)	2,303	-16.6
Stephen Harris	Bodycote (12.17)	2,280	160.6
John Stier	Equiniti (12.17)	2,055	202.7
Simon Lowth	BT (3.18)	1,840	n.a
Véronique Laury	Kingfisher (1.18)	1,583	-7.7
Ian Watson	Hansteen (12.17)	1,457	44.1
Morgan Jones	Hansteen (12.17)	1,452	44.2
Nicholas Cadbury	Whitbread (2.18)	1,437	-3.4
Ray Kelvin	Ted Baker (1.18)	1,321	8.5
Ian Hawksworth	Capital & Counties (12.17)	1,307	42.4
Lindsay Page	Ted Baker (1.18)	1,302	8.7
Roger White	AG Barr (1.18)	1,279	31.9
Paul Forman	Essentra (12.17)	1,267	n.a
Karen Witts	Kingfisher (1.18)	1,243	-14.9
Angela Spindler	N Brown (2.18)	1,208	-12.0
Gary Yardley	Capital & Counties (12.17)	1,166	41.3
Lord Wolfson	Next (1.18)	1,153	-37.0
Geraint Jones	Admiral Group (12.17)	1,113	85.7
Fredrik Widlund	CLS (12.17)	1,062	28.3
Lance Batchelor	Saga (1.18)	1,059	-57.5
Dominuque Yates	Bodycote (12.17)	1,049	n.a
David Nichol	Brewin Dolphin (9.17)	1,021	43.2

Year-on-year comparisons could be made for 29 of the 32 executives and 21 saw their remuneration packages increase last year by at least 8.5%, with six of the increases worth 100% or more. That's at a time when average earnings for the UK economy as whole were only increasing by 3.0% at most over the financial years of the companies covered.

Garry Hoffman of Hastings again takes spot with a 1,381.7% increase. The boost to his package came through a £10.97 million long-term "legacy incentives" arrangement, set up for the executive directors of Hastings before it was floated on the London Stock Exchange in 2014.

Chief finance officer at the group, Richard Hoskings, also saw his package boosted substantially by legacy incentives and a 599.3% increase meant his package in 2017 was £3.61 million or £69,430 a week.

Third spot, on the back of a 221.9% increase, goes to Guy Wakeley, chief executive of financial and admin services group Equiniti. His 2017 package was £3.11 million or £59,730 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.

www.frc.org.uk/getattachment/59a5171d-4163-4fb2-9e9d-daefcd7153b5/UK-Corporate-Governance-Code-2014.pdf

High-value deals boost inward takeovers

The values of inward and domestic mergers and acquisitions (M&A) deals in the first quarter of 2018 were above the values recorded in all quarters of 2017, but outward M&A activity fell to its lowest quarterly value for almost five years.

The value of inward M&A in the first quarter of the year reached £21.7 billion, that is, £18.2 billion or 511% higher than the final quarter of 2017; this partly reflects the impact of a small number of very-high-value deals.

Two such deals were the £8 billion deal by US payment processor Vantiv to takeover Worldpay and the £4 billion takeover of Labrokes Coral by the Isle of Man-based GVC Holdings to create one of the world's largest sports betting and gaming groups.

The number of inward deals was 75 in the first quarter compared with 44 in the final quarter of 2017.

However, outward M&A — UK companies buying abroad — saw a notable decline in value in the first quarter, falling to £1.7 billion — the lowest value recorded since the third quarter 2013.

Deals included the £148 million takeover of US engineering group Bimba by UK specialist engineering group IMI.

The number of outward deals was 33 in the first quarter against 27 in the fourth quarter of 2017.

Domestic mergers and acquisitions (M&A) in the UK totalled £5.9 billion in the first quarter of the year – 13% higher than the £5.2 billion total for the fourth quarter of 2017.

The major deal of the quarter was the £3.7 billion takeover by supermarket group Tesco of wholesale food group Booker.

There were 88 deals in the first quarter of this year compared with 54 in the final quarter of 2017.

www.ons.gov.uk/releases/mergersandacquisitionsinvolvingukcompaniesjanuary-tomarch2018

Striking figures on labour disputes

The number of strikes and the number of workers involved in strikes were at all-time lows last year. The number of days lost was the sixth lowest on record

In 2017, there were 79 stoppages – the lowest figure since records began in 1891. The 2017 total was down on the 101 figure for 2016.

The numbers of workers involved in strikes fell to 33,000 from 154,000 in 2016. The 2017 total was the lowest figure since records began in 1893.

The number of working days lost to industrial action in 2017 was 276,000 – the sixth lowest annual total since records began in 1891, the Office for National Statistics (ONS) said in its annual review of labour disputes.

Wage disputes – the main cause of industrial action in 2017, in terms of working days lost – accounted for three-quarters or 205,000 days lost, and around half of the stoppages – 39 out of the 79 total.

For the first time since 1999, there were more working days lost in the private sector – 232,000 – than in the public sector, which at 44,000 was the lowest figure on record for the sector. The private sector accounted for three out of five (62%) stoppages last year against two out of five (28%) in the public sector.

Hannah Reed, senior employment rights officer at the TUC, said the fewer number of days lost due to action in the public sector could be because public sector union members faced more barriers to call a strike.

"Making it harder for people to go on strike is not good for industrial relations. Unresolved disputes increase workforce tensions, as well as damaging morale and productivity," she added.

In 2017, the transport and storage sector accounted for two-thirds (68%) of all working days lost in the UK – 187,000 out of a total of 276,000 – and one in three (34%) of all strikes (27 out of 79) occurred in that sector. The strikes within the sector occurred mainly within public transport.

Ten years of industrial action

Year	Working days lost (000)	Workers involved (000)	Number of stoppages
2008	759	511	144
2009	455	209	98
2010	365	133	92
2011	1,390	1530	149
2012	249	237	131
2013	444	395	114
2014	788	733	155
2015	170	81	106
2016	322	154	101
2017	276	33	79

● Information regarding labour disputes within the UK is collected by ONS from a variety of sources. Certain major industries and public bodies provide regular centralised returns, but more often the information is collected directly from the employer or trade union involved after ONS have identified disputes from press reports.

The statistics exclude disputes that do not result in a stoppage of work, for example, work-to-rules and go-slows as they are not quantifiable to any degree of certainty. Stoppages involving fewer than 10 workers or lasting less than one day are also excluded unless the total number of working days lost in the dispute is 100 or more. Stoppages over issues not directly linked to terms and conditions between workers and employers are also omitted.

However, "lock-outs", where an employer prevents their employees from working by refusing entry to the place of work, and "unlawful" or wildcat strikes are included. Nevertheless, no distinction is made between a "strike" and a "lock-out" or between "lawful" and "unlawful" stoppages.

www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacedisputesandworkingconditions/articles/labourdisputes/2017

www.personneltoday.com/hr/labour-strikes-reach-lowest-level-since-records-began/

EU posted workers directive revised

Workers posted to another EU country will be entitled to the same rate of pay and working conditions as their local counterparts, under revised rules that have been adopted by the European Parliament.

Employers that send their staff on a temporary assignment abroad will need to comply with all of the host country's remuneration rules. They must also cover the employee's travel and accommodation costs and must not deduct these from the worker's salary.

The revised Posting of Workers Directive also sets the maximum duration of a worker's assignment abroad at 12 months, with the possibility for a six-month extension.

Beyond that period, a worker and their employer will have to comply with the host country's labour laws.

The number of workers posted to another EU country for a temporary job increased by 69% between 2010 and 2016, according to the European Parliament. There were 2.3 million posted workers in 2016.

The EU's 28 states will have two years to enact the legislation, meaning that the rules are likely to take effect during the Brexit transition period which will run from 29 March 2019 to 31 December 2020.

www.personneltoday.com/hr/eu-workers-posted-abroad-entitled-to-local-pay-rates/

Widening generational pay gap hits young

The pay gap between young and older workers has increased by half in the last 20 years, according to a new report published by the TUC.

The report shows that in 1998 the pay gap between over 30s and under 30s was 14.5% or £1.51 an hour in 2017 prices. However, by 2017 it had widened to 21.9% or £2.81 an hour.

The generational pay gap has increased in real terms from £3,140 in 1998 to £5,884 in 2017 for someone working a 40-hour week. It has grown by £2,744 over the last two decades.

To mark its 150th anniversary, the TUC is highlighting the challenges young people today face in the world of work, including low pay, insecurity and lack of progression.

The report says that young workers are increasingly likely to be concentrated in low-paid, low-skilled sectors, with few opportunities for progression

More than a third (36.1%) of under-30s are currently work in caring, sales or elementary occupations, compared to just over a quarter (25.8%) of over-30s.

The number of 21-30 year-olds working in low-paid industries like private social care (+104%) and hotels and restaurants (+80%) has shot up since 1998, even though today's young workers are the most qualified generation ever.

TUC general secretary Frances O'Grady said: "We're creating a lost generation of younger workers. Too many young people are stuck in low-paid, insecure jobs, with little opportunity to get on in life.

"This is the most qualified group of workers ever. But huge numbers of hardworking young people are struggling to meet basic living costs – and many more can't afford a home of their own or are putting off having children."

www.tuc.org.uk/news/%E2%80%98generational-pay-gap%E2%80%99-has-increased-half-last-20-years-warns-tuc

www.tuc.org.uk/sites/default/files/Stuck%20at%20the%20start-%20young%20workers%20progress%20and%20pay.pdf

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