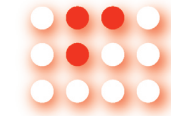


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Pension package aims to protect consumers

The regulator, the Financial Conduct Authority (FCA), has launched a consultation on a package of measures designed to protect consumers, improve engagement and promote competition in the retirement income market.

The measures will help consumers at key points when they make decisions about what to do with their pension pot, as well as providing ongoing support to consumers once they have accessed their pension savings.

The FCA is proposing that "wake-up" packs should be sent to customers from the age of 50 and then every five years until the customer has fully accessed their pension pot. The new packs will have to include a single page summary, sometimes called a "pensions passport" and firms will also have to include specific retirement risk warnings along with the new packs.

The regulator is inviting views on the introduction of investment pathways for customers at the point of entering drawdown. The FCA believes that a more structured set of options would help consumers to engage with the decisions they are making, consider what their retirement objectives

are and ultimately end up with a more appropriate investment solution. The FCA also believes that firms should ensure that consumers make an active choice to be invested in cash.

The consultation accompanies the publication of the final report of the *Retirement outcomes review*, the FCA's in-depth look at how the pensions and retirement income sector has been working since the pension freedoms were introduced in 2015. The FCA found that, while consumers have welcomed the freedoms, some are at risk of financial harm. For example, it estimates that some drawdown customers could receive over a third more (37%) retirement income from their pot every year by investing in a mix of assets rather than cash.

In its report, the FCA found that three out of five (60%) of consumers not taking advice about drawdown were not sure or only had a broad idea of where their money was invested. A third of consumers were wholly invested in cash with around half of these likely to be losing out on income in retirement.

The watchdog is proposing that all consumers who have accessed their pension should receive information from their provider annually, whether or not they are currently drawing an income from their pot. The FCA also believes that this information should include the actual charges paid in pounds and pence. The FCA found that currently some consumers do not receive annual informa-

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tion and for many who do, information on investment returns and annual charges is not given.

www.fca.org.uk/publications/consultation-papers/cp18-17-retirement-outcomes-review

www.fca.org.uk/publication/market-studies/ms16-1-3.pdf

Thirty-five £1m-a-year or more executives

Thirty-five executives whose remuneration package was worth over £1 million feature in the latest *Fact Service* trawl through the remuneration reports of top companies.

The total paid to the lucky 35 comes to £81.72 million, an average annual package of £2.34 million. On a weekly basis that works out at £44,900.

The median (midpoint) package is lower at £1.69 million or £32,410 a week.

Office for National Statistics data puts the average weekly wage of a full-time worker as £550, so the 35 received on average at least 59 times the average worker.

Simon Borrows, chief executive of private equity group 3i, tops the list with a remuneration package worth £6.85 million or £131,670 a week.

The next four places are split between top end clothing group Burberry and consumer credit reporting agency Experian.

Marco Gobbetti took over the reins as chief executive of Burberry in July 2017 so his £6.33 million works out at £171,080 a week. Gobbetti received £4.35 million as "compensation for the incentives he forfeited on leaving his previous employer".

Christopher Bailey, who stood down as Burberry's chief executive, received £4.23 million or £81,290 a week as he worked through to the end of the group's financial year in March 2018.

Brian Cassin and Lloyd Pitchford are chief executive and chief financial officer respectively at Experian. Cassin's £5.85 million package works out at £112,540 a week, while Pitchford's £4.12 million equates to £79,170 a week.

David Egan, finance director at distributor Electrocomponents, just squeezed in above the £1 million cut-off with £1.02 million, nevertheless his package still equates to £19,670 a week.

Executive	Company (financial year ending)	Total remuneration (£000)	% change
Simon Borrows	3i (3.18)	6,847	-9.2
Marco Gobbetti	Burberry (3.18)	6,330	n.a
Brian Cassin	Experian (3.18)	5,852	60.5
Christopher Bailey	Burberry (3.18)	4,227	20.5
Lloyd Pitchford	Experian (3.18)	4,117	54.3
Lindsley Ruth	Electrocomponents (3.18)	4,056	189.4
Adam Couch	Cranswick (3.18)	3,350	12.1
Julia Wilson	3i (3.18)	3,329	-7.9
Louise Makin	BTG (3.18)	3,027	0.2
Mark Allen	Dairy Crest (3.18)	2,671	99.6
Trevor Mather	Auto Trader (3.18)	2,630	168.4
Chris Grigg	British Land (3.18)	2,244	15.8
Mark Bottomley	Cranswick (3.18)	2,226	8.3
Jim Brisby	Cranswick (3.18)	2,215	14.8
James Gibson	Big Yellow Group (3.18)	2,178	156.1
Archie Bethel	Babcock Interntl (3.18)	2,041	10.7
Martin Davey	Cranswick (3.18)	1,751	-0.3
Nicholas Vetch	Big Yellow Group (3.18)	1,685	117.3
Julia Brown	Burberry (3.18)	1,680	n.a
Adrian Lee	Big Yellow Group (3.18)	1,544	153.9
John Trotman	Big Yellow Group (3.18)	1,538	154.1
Jonathan Murphy	Assura (3.18)	1,513	22.8
Andrew Darke	Assura (3.18)	1,359	n.a
Nathan Coe	Auto Trader (3.18)	1,302	n.a
Rolf Soderstrom	BTG (3.18)	1,253	n.a
Rod Flavell	FDM Group (12.17)	1,134	48.3
Tim Roberts	British Land (3.18)	1,125	18.0
Peter Rogers	Babcock Interntl (3.18)	1,100	n.a
Tim O'Toole	FirstGroup (3.18)	1,100	-13.2
Charles Maudsley	British Land (3.18)	1,081	14.6
James Kidd	AVEVA (3.18)	1,071	130.8
John Davies	Babcock Interntl (3.18)	1,049	-0.2
Franco Martinelli	Babcock Interntl (3.18)	1,048	2.2
Bill Tame	Babcock Interntl (3.18)	1,025	2.3
David Egan	Electrocomponents (3.18)	1,023	6.4

Year-on-year comparisons could be made for 29 of the 35 executive and 24 saw their package increase over the past two financial years. Twenty of the increases were for 10.7% or more at a time when average earnings for the UK economy as whole were rising by 3.0% at most. And seven of the increases were for at least 117.3%.

Lindsley Ruth, chief executive at Electrocomponents, saw his package increase by 189.4% to £4.06

million or £78,000 a week. The increase came on the back of a long-term bonus of £2.52 million in the year to March 2018 when no bonus was paid the year before.

Trevor Mather, chief executive of classified car ads group Auto Trader, received a 168.4% increase, taking him to £2.63 million a year or £50,580 weekly. As with Ruth, he received a substantial long-term bonus – £1.64 million in his case – when no such bonus was paid the year before.

The next three spots are taken by directors of storage firm Big Yellow. James Gibson, chief executive and co-founder of the firm, received a 156.1% increase to £2.18 million or £41,890 a week. Chief financial officer John Trotman got a 154.1% rise taking him to £1.54 million or £29,580 a week, while the 153.9% increase for operations director Adrian Lee put him on £1.54 million or £29,690 a week.

The overall increases were on the back of larger long-term bonuses paid to the trio.

Tim O'Toole resigned from the chief executive's post after the bus and rail group FirstGroup had slipped to a loss last year. His final year package also slipped – by 13.2% to £1.1 million, but that still works out at £21,150 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.cityam.com/286687/firstgroup-chief-executive-tim-otoole-steps-down-immediate

Growth for early 2018 revised upwards

The UK economy performed slightly better at the start of 2018 than previously thought, according to the Office for National Statistics (ONS).

The economy, as measured by gross domestic product (GDP), grew by 0.2% in first quarter of 2018 compared with the final quarter of 2017, revised up from the second estimate of 0.1%.

GDP was 1.2% higher than the same quarter 2017.

Quarter-on-quarter, manufacturing output contracted by 0.1%, but was 2.5% higher than the same quarter 2017.

The production industries – manufacturing, mining and utilities – saw output increase by 0.4% on the final quarter of last year 2017 and by 2.4% on the first quarter of 2017.

The output of services, which account for 80% on the economy, was unchanged at 0.3% and was 1.2% higher than the same quarter 2017.

www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/januarytomarch2018

Civil service unions oppose pay guidance

Civil service unions PCS, Prospect and FDA have united to call on the Cabinet Office to undertake a new consultation, warning an existing plan would leave civil service falling further behind on pay.

The leaders of the three civil service unions have jointly called on the government to withdraw the pay remit guidance after what was described as a “shambolic and contemptible consultation” on the guidance to departments.

The Treasury's updated pay guidance for civil servants has told departments to limit average pay awards for government workers in 2018-19 to a range of 1% to 1.5% in what the government said was an end to the 1% cap on increases that has been in place since 2012.

Following the publication of the new pay policy, Mark Serwotka, general secretary of the PCS, Prospect's Mike Clancy and FDA general secretary Dave Penman met Cabinet Office ministers David Lidington and Oliver Dowden to protest that the guidance had been issued without meaningful consultation.

The unions said that a fresh consultation was needed due to a lack of ministerial engagement, and highlighted that other public sector workers had received better awards.

A 1% cap on public sector annual pay rises has been in place since 2012, following a two-year freeze, though staff in sectors such as health, policing and local government, as well as civil servants

working for the Scottish government, have since been offered cap-busting increases. With the exception of the NHS pay deal, which is worth 6.5% over three years, most pay rises announced so far have been funded from within existing budgets.

In a statement, the PCS union said that there was "a frank exchange of views with Cabinet Office officials" where the three unions agreed the 1% to 1.5% pay remit was "unacceptable", and would treat government staff worse than many other parts of the public sector.

It also pointed out that ministers had promised two further consultation meetings prior to issuing the remit that did not take place.

Serwotka said it was clear ministers "were unprepared for the strength of feeling expressed not just by us but by our colleagues in the FDA and Prospect as well".

He said: "This show of strength by civil service unions has underlined to the government that they cannot continue to treat our members like second class staff. They need to sit down with us and negotiate a fair pay rise, just like they have with other public sector unions."

The PCS' ongoing pay ballot will continue and the union is looking for "the strongest mandate for strike action in order to secure the pay rise our members desperately need and deserve", Serwotka added.

Mike Clancy, general secretary of the Prospect union, which has more than 34,000 members in the civil service and related occupations, said the absence of engagement on the content of the guidance "demonstrated contempt both for the unions and the members we represent".

Prospect's website said that the Cabinet Office promised it would share a final draft of the guidance with the unions before it was published to allow negotiations and consultation to take place, adding that although the unions did receive a draft, the levels of pay increases permitted were not set out. Further meetings were scheduled but cancelled at short notice.

The union said it was clear that neither the Cabinet Office nor the Treasury ever intended to discuss the guidance.

FDA general secretary Dave Penman said the Treasury's hard-line position "cannot be allowed

to continue", and blasted the lack of talks as "shambolic and contemptible". The FDA has 19,000 members, some of whom are senior civil servants.

Penman highlighted that departments and other government employers had known since last September that the pay cap was being lifted and they should have used the subsequent nine months to plan the use of flexibilities they knew would exist.

www.civilserviceworld.com/articles/news/civil-service-unions-jointly-call-pay-guidance-be-withdrawn

www.personneltoday.com/hr/ministers-showed-contempt-in-bodged-civil-service-pay-consultation/

UK's current account deficit cut

The UK's trading position with the rest of the world improved somewhat in the first quarter of 2018.

The UK's current account deficit was £17.7 billion in the January-March quarter – a narrowing of £1.8 billion from the revised deficit of £19.5 billion in final quarter of 2017.

A narrowing in the trade deficit from £5.7 billion to £3.8 billion helped cut the current account deficit.

The trade in goods deficit in first quarter was £31.2 billion, compared with a deficit of £34.9 billion in final quarter 2017, helped by imports decreasing by £2.3 billion to £119.2 billion and exports increasing by £1.4 billion to a record £87.02 billion

Meanwhile, the trade in services surplus narrowed by £1.8 billion to £27.4 billion in the first quarter of 2018.

www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/balanceofpayments/quarter1jantomar2018

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