



121 Million women lose out over state pension

122 Academies overspend
Victory on overtime and holiday pay

123 Twenty-five share over £49 million

124 Time for rethink on skills in UK

Annual Subscription £90.05 (£76.00 for LRD affiliates)

Volume 79, Issue 31, 3 August 2017

Million women lose out over state pension

The increase in the women's state pension age has already boosted the Treasury's coffers by £5.1 billion a year, while 1.1 million women are on average, £32 a week worse off, according to the respected think tank, the Institute for Fiscal Studies (IFS).

Between 2010 and 2016, the state pension age for women rose from age 60 to 63. The result is that 1.1 million fewer women are receiving a state pension and government is providing £4.2 billion less through state pensions and other benefits. This means that affected households are receiving about £74 a week less in state pensions and other state benefits as a result of this change.

For women aged 60 to 62, who are now under the state pension age, the reform has also increased employment rates substantially, boosting the gross earnings of these women by £2.5 billion in total. Across all 60 to 62-year-old women (including those not in paid work) this is equivalent to an average of £44 a week. This – and the fact that employee national insurance contributions are paid up to the (now higher) state pension age – has boosted government revenues by £0.9 billion.

The net effect is that household incomes for women in this age group have fallen by around £32 a week

on average. The reduction is similar in cash terms for richer and poorer households meaning that while the average drop in proportional terms is 12%, the decline is significantly larger, on average, for low income households (21%) than for high income households (4%).

Other key findings of the research include:

- reduced state benefits (most importantly the state pension), increased employee National Insurance Contributions, and higher employment mean the increased state pension age from 60 to 63 boosts the public finances by £5.1 billion per year by 2015-16. The female state pension age is currently continuing to rise, reaching 65 in 2018 and (along with men) 66 in 2020. This public finance benefit will increase as the state pension age rises further; and
- rates of income poverty among women are greater for those just below the state pension age than for those just above it. Before the reform, income poverty among 57 to 59 year-old-women was 17.5%, while that for 60 to 62 year old women was 14.8%. The increase in income poverty from increasing the state pension age is due to fact that the working age tax and benefit system is considerably less generous than that faced by those over the state pension age.

Jonathan Cribb, of the IFS, said the new policy was clearly putting pressure on the budgets of some households.

“The increased state pension age is boosting employment – and therefore earnings – of affected

women, but this is only partially offsetting reduced incomes from state pensions and other benefits," he said.

"Since both rich and poor women are losing out by, on average, roughly similar amounts the reform increases income poverty rates among households containing a woman who has reached age 60 but has not yet reached her state pension age."

The government replied that its policy was "fair and sustainable" and matched continuing rises in life expectancy.

However, the campaign group WASPI (Women Against State Pension Age Inequality) said the research was shocking.

"Once again, this shows that the government has implemented state pension age reforms without adequately considering the full impact of these changes on the women affected," said WASPI director Jane Cowley.

"Whether it is the 3.5 million WASPI women who were not given sufficient warning of rises to their state pension age, or the sharp rise in income poverty among 60 to 62-year-old women, the government needs to sit up and start realising that its changes have devastating consequences on the women affected."

www.ifs.org.uk/uploads/publications/wps/WP201710.pdf

<https://www.bailiwickexpress.com/jsy/uk/million-women-losing-out-after-state-pension-age-increase/>

Academies overspend

Academy schools in England overspent by £280 million last year, according to the latest statistics from the Department for Education.

The total income for academies during 2015-16 was £18.93 billion, but spending for the year came to £19.21 billion.

The figures showed academies overspent by 1.5% of their total income – up from 1% the previous year.

Just under half of single academy trusts (1,014 of 2,064) were found to have spent more than their income in 2015-16, while the figures showed six in 10 multi academy trusts (661 of 1,081 trusts) also overspent.

Paul Whiteman, general secretary designate of the NAHT head teacher's union, said the statistics were

"damning" and that although much of this could have come from reserves, it does show that school funding levels are "unsustainable".

"All schools, across all phases of education, are finding it hard to balance budgets," he added.

<https://schoolsweek.co.uk/academies-overspent-by-280m-last-year/>

Victory on overtime and holiday pay

The Unite general union has called on employers to urgently get their "house in order" over holiday pay after it secured a landmark legal victory meaning employers must now include voluntary overtime in holiday pay calculations.

The Employment Appeal Tribunal (EAT), in a binding decision, held that, where the pattern of work extends for a sufficient period of time on a recurring basis to justify the description "normal", voluntary overtime pay must be included in holiday pay.

The EAT's ruling means payments for entirely voluntary duties, such as voluntary overtime, standby, call-out work and travel-time linked to that work, should be included in the calculation of workers' holiday pay.

However, the EAT cautioned that each case must be decided on its own facts, and it is up to individual employment tribunals to determine whether or not the overtime payments are sufficiently "regular and settled" to require inclusion in holiday pay.

The case against Dudley council involved 56 Unite members employed by the council as tradespeople, including plumbers, electricians and carpenters, working on maintaining Dudley's housing stock.

They worked regular overtime, including on Saturdays, on a purely voluntary basis. They also elected to go on a standby rota every four weeks to deal with emergency call-outs and repairs.

In some cases their earnings for this additional voluntary work amounted to around £6,000 a year on top of their basic salary. While they would receive these payments when working, these amounts were not included in their holiday pay. The underpayments of holiday pay suffered by each claimant varied depending on how much voluntary work they performed by between around £350 and £1,500 a year.

Howard Beckett, assistant general secretary for legal services at Unite, said the victory further clarifies the law on holiday pay and is of "major significance to workers across the UK. It means employers must now include all earnings, including payments for voluntary duties and overtime, in calculating holiday pay".

"The ruling means unscrupulous employers no longer have carte blanche to fix artificially low levels of 'basic' hours and then contend the rest of time was 'voluntary' overtime that did not have to be paid in respect of annual leave."

The decision only applies to the first 20 days leave under the Working Time Regulations. Pay during additional leave over and beyond 20 days will be determined by the employee's contract.

www.unitetheunion.org/news/unite-secures-landmark-holiday-pay-legal-ruling-and-warns-employers-get-your-house-in-order/

<https://www.holmes-hills.co.uk/news/2016/august/regular-employee-overtime-and-holiday-pay-calculations/>

Twenty-five share over £49 million

Twenty-five executives, whose remuneration packages were worth £1 million or more in their firm's latest financial year, shared a total of £49.49 million.

These top executives received an average remuneration package of £1.94 million, but the top two – who work in the City of London – each received over £3 million apiece.

Steve Pateman only took over the chief executive's role at retail banker Shawbrook in January 2016, but received £3.51 million. That works out at £67,540 a week.

Alex Maloney, chief executive of global insurance group Lancashire, received £3.43 million, the equivalent of £65,870 a week.

Year-on-year comparisons could be made for 16 executives and none saw their remuneration package grow.

Nick Varney, chief executive of the Legoland to Alton Towers attractions group Merlin Entertainments, saw his package grow by 162.6% to £1.93 million or £37,020 a week. Magic!

His rise came on the back of a £1.19 million long-term bonus scheme paying out in 2016 against none the year before

The other two tops spot went to directors of energy group SSE. Chief executive Alistair Philips-Davies received a 72.5% rise taking him to £2.93 million or £56,250 a week. Finance director Gregor Alexander's package was worth 68.4% more at £2.17 million or £41,710 a week. The group's long-term bonus scheme was behind the rises.

At the other end of the scale, Andrew Jones, chief executive of property group LondonMetric, saw his package shrink by 15.4% to £2.36 million. Nevertheless, he still received the equivalent of £45,420 a week in the year to March 2017.

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 end) | Total remuneration package (£000) | % change |
|-------------------------|------------------------------|-----------------------------------|----------|
| Steve Pateman | Shawbrook (12.16) | 3,512 | n.a |
| Alex Maloney | Lancashire Holds (12.16) | 3,425 | -11.1 |
| Alistair Philips-Davies | SSE (3.17) | 2,925 | 72.5 |
| Pim Vervaat | RPC (3.17) | 2,776 | 14.3 |
| Robert Noel | Land Securities (3.17) | 2,721 | 35.3 |
| Elaine Whelan | Lancashire Holds (12.16) | 2,585 | -13.5 |
| Liv Garfield | Severn Trent (3.17) | 2,451 | -1.7 |
| Andrew Jones | LondonMetric (3.17) | 2,362 | -15.4 |
| Gregor Alexander | SSE (3.17) | 2,169 | 68.4 |
| Andy McCue | Paddy Power Betfair (12.16) | 2,152 | n.a |
| Cormac McCarthy | Paddy Power Betfair (12.16) | 2,019 | n.a |
| Nick Varney | Merlin Ents (12.16) | 1,925 | 162.6 |
| Martin Greenslade | Land Securities (3.17) | 1,794 | 35.8 |
| Simon Kesterton | RPC (3.17) | 1,741 | 4.4 |
| Breon Corcoran | Paddy Power Betfair (12.16) | 1,557 | n.a |
| Valentine Beresford | LondonMetric (3.17) | 1,412 | -13.6 |
| Mark Stirling | LondonMetric (3.17) | 1,412 | -13.4 |
| Martin McGann | LondonMetric (3.17) | 1,341 | 33.7 |
| Chris Louhglin | Pennon (3.17) | 1,318 | n.a |
| Craig Donaldson | Metro Bank (12.16) | 1,305 | n.a |
| James Bowling | Severn Trent (3.17) | 1,221 | -3.5 |
| Emma FitzGerald | Severn Trent (3.17) | 1,206 | n.a |
| Dominic Taylor | PayPoint (3.17) | 1,121 | 23.1 |
| Danie Meintjes | Mediclinic (3.17) | 1,029 | n.a |
| Alex Gersh | Paddy Power Betfair (12.16) | 1,015 | n.a |

Time for rethink on skills in UK

Key to ending the long stall in UK productivity, and the long squeeze in pay, will be improving our adult skills system, according to the Institute for Public Policy Research (IPPR).

However, the skills system is beset by systemic weaknesses. Firstly, employers in the UK are not investing enough in the skills of their workforce. Employers here invest half as much as the EU average in continuing vocational training, and employer investment declined by 14% per employee between 2007 and 2015. At the same time public investment has also been slashed, with the adult skills budget being cut by 41% since 2010.

Secondly, there is a lack of high quality vocational provision. Much of the training seen in the UK – both through apprenticeships and FE – is low level. The wage and employment returns of lower level vocational qualifications are often quite poor, and too few workers are progressing to higher level qualifications.

Finally, the skills system has failed to address stark social and regional inequalities. Those who could most benefit from training – adults who left school early, who have low or no qualifications, and adults stuck in low-pay occupations – are the least likely to be engaging with lifelong learning. Employers are more likely to invest in training for staff who are already higher-skilled, and entitlement to public funding for training for low-paid workers has recently been restricted.

The skills system has also failed to narrow the regional inequalities that scar our country. The Apprenticeship Levy is likely to accentuate rather

than address these; it will raise more money and stimulate more investment in London and the South East, where pay and productivity are far higher. Conversely, it will boost training least in the areas that need investment most.

In a new report – *Another lost decade* – the IPPR sets out a series of reforms to address these challenges and get our skills system fit for the economy of the future.

It calls for the Apprenticeship Levy to be reformed into Productivity and Skills Levy, which would raise £5.1 billion – double what is currently raised. If a quarter of the contributions of the largest employers were top-sliced, this would provide a £1.1 billion Regional Skills Fund which could be devolved according to skills need in order to address regional skills gaps and drive skills devolution.

In addition, to ensure individuals can invest in their own skills, the report calls for a Personal Learning Credit, which would provide £700 a year for low-skilled, low-paid workers to invest in training.

Writing on the Touchstone blog, Joe Dromey, senior research policy officer at the IPPR, said that the unions should play a much greater role in the skills system in order to drive up both the quality and the quantity of training.

"Unions already do important work in workplaces where they are present. The presence of trade unions in a workplace has a positive impact on the likelihood of employers providing training, even controlling for factors such as sector. UnionLearn [the TUC's learning and skills arm] does fantastic work, supporting hundreds of thousands of workers accessing learning and training to progress their career," he said.

www.ippr.org/files/2017-07/another-lost-decade-skills-2030-july2017.pdf

<http://touchstoneblog.org.uk/2017/07/another-lost-decade-time-fix-uks-broken-skills-system/>

NOW AVAILABLE!

LRD'S NEW BOOKLET

HEALTH AND SAFETY LAW 2017

£24.95 a copy

Order online and check for discounts at www.lrd.org.uk or phone 0207 928 3649