FACT SERVICE



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## UK plc owned by rest of the world

The present government's desire to follow in Margaret Thatcher's footsteps with a sell-off of the family silver" – the nationalised industries – to create a shareholding democracy won't work. In fact, UK plc is majority-owned by the "rest of the world".

The latest figures from the Office for National Statistics (ONS) on share ownership show that at the end of 2014 "rest of the world" investors continued to hold significantly more shares (in terms of value) than any other sector, with ownership estimated at 53.8% of the value of the UK stock market. This was up from 30.7% in 1998, but relatively unchanged from the 2012 estimate of 53.6%.

Just 11.9% of the value of shares traded on the UK stock market was owned by individuals at the end of 2014. This is a slight increase on the record low of 10.1% in 2012 and the 10.2% in 2010, but well down on the 16.7% in 1998. The Royal Mail sell-off and the re-privatisation of Lloyds Bank probably helped lift the proportion owned.

Individual owners ranked second followed by unit trusts in third place, with 9.0% of shares owned at the end of 2014 – down from 9.5% in 2012, but up on the 8.8% in 2010.

Ownership by pension funds and insurance companies both show considerable shrinkage since 1998. Last year, insurance companies held just 5.9% of shares – down from 6.2% in 2012 and 21.6% in 1998.

Pension fund holdings were down to 3.0% from 4.7% in 2012 and 21.7% in 1998.

Multiple share ownership pooled accounts were allocated to various sectors by the ONS, using analysis of share registers.

www.ons.gov.uk/ons/dcp171778_415334.pdf

## Fight goes on for abolition of fees

The long-running legal process over the public services union UNISON's fight for the abolition of tribunal fees continues after the Court of Appeal rejected the union's case for a judicial review.

UNISON general secretary Dave Prentis called the decision "a huge disappointment and a major setback for people at work".

However, Lord Justice Underhill, giving the court's decision, said: "The decline in the number of claims in the tribunals following the introduction of the Fees Order is sufficiently startling to merit a very full and careful analysis of its causes; and if there are good grounds for concluding that part of it is accounted for by claimants being realistically unable to afford to bring proceedings the level of fees and/or the remission criteria will need to be revisited."

He did not feel there was any safe basis for concluding definitively that that must be the case, based on the evidence available before the court.

The appeal court also rejected a claim by UNISON based on indirect discrimination and the public sector equality duty.

Dave Prentis said: "There is stark evidence that workers are being priced out of justice and it is women, the disabled and the low-paid who are being disproportionately punished."

"Our fight for fairness at work and access to justice for all will continue until these unfair and punitive fees are scrapped."

An application for permission to appeal to the Supreme Court has been made by the union.

In June, the Lord Chancellor, Michael Gove, announced a post-implementation review, which would "consider how effective the introduction of fees has been in meeting the original financial and behavioural objectives while maintaining access to justice".

**Scotland** The Scottish government has announced its intention to abolish employment tribunal fees to ensure that employees "have a fair opportunity to have their case heard".

*A stronger Scotland,* which sets out the government's 2015-16 programme, says: "We will abolish fees for employment tribunals, when we are clear on how the transfer of powers and responsibilities will work. We will consult on the shape of services that can best support people's access to employment justice as part of the transfer of the powers for Employment Tribunals to Scotland."

www.bailii.org/ew/cases/EWCA/Civ/2015/935.html

www.unison.org.uk/news/press-release/2015/08/unison-to-continue-fight-over-employment-tribunal-fees-in-supreme-court/

www.gov.scot/Resource/0048/00484439.pdf

# Steady growth in 2015

The UK economy is growing, but only steadily, the latest official estimates show.

The economy, as measured by gross domestic product (GDP), expanded by 0.7% in the second quarter compared with the previous quarter, according to the second estimate from the Office for National Statistics. That's higher than the 0.4% growth for the first quarter.

Production output increased by 0.7% in second quarter compared with the previous quarter, a revision down by 0.3 percentage points from the previously published estimate. Within the production subindustries, the largest component — manufacturing — decreased by 0.3%.

Between second quarter of last year and the second quarter of 2015, GDP increased by 2.6%. Again, this is unrevised from the previous estimate.

www.ons.gov.uk/ons/dcp171778_414601.pdf

# Gender pay flip-flop

Women earn more than men in their 20s, but then gender pay gap flip flops back in favour of men, a new analysis finds.

Using data from the Office for National Statistics, the Press Association (PA) analysed the comparative earnings of men and women from 2006 to 2013.

A woman aged 22 at the beginning of that period and 29 at the end of it typically earned £1,111 more over the duration than men in the same age range.

But while women in their twenties came out on top in the earning stakes, the story was vastly different for workers in their thirties, the PA found.

A man turning 30 in 2006 would have brought in on average £8,775 more in the period to 2013 than a woman of the same age.

TUC general secretary Frances O'Grady said: "Many women start losing out on well-paid jobs and career opportunities as soon as they get into their thirties.

"Too many employers are stuck in a time warp when it comes to promoting women to senior positions and paying them the going rate. It is shocking that 40 years on from the *Equal Pay Act* women managers earn 22% less than their male equivalents."

The glass ceiling is not going to be dented, never mind broken, without a change in attitudes.

"We need pay transparency, equal pay audits and a requirement on companies to tackle gender inequality," said O'Grady.

The government is currently consulting on the new gender pay gap reporting requirements. However, new figures on pay transparency are disappointing.

Fewer than one in 10 (9%) manufacturing and engineering firms currently report any gender pay information, while many others do not have the right systems in place to provide accurate and robust pay data, a survey by the EEF manufacturers' body found.

www.theguardian.com/money/2015/aug/29/women-in-20s-earn-more-men-same-age-study-finds

www.tuc.org.uk/economic-issues/economic-analysis/equality-issues/gender-equality/tuc-raises-alarm-over-new-gender

www.worksmanagement.co.uk/strategy-and-finance/news/most-firms-lack-information-on-gender-pay-gap-reporting-eef-1/89004/

# Capability assessments 'not fit for purpose'

Nearly 90 people a month are dying after being declared fit for work, according to new data that has prompted unions and campaigners to call for an overhaul of the government's welfare regime.

Statistics released by the Department for Work and Pensions (DWP) revealed that during the period December 2011 and February 2014 2,380 people died after their claim for Employment and Support Allowance (ESA) ended because a work capability assessment (WCA) found they were found fit for work.

The DWP was at pains to point out that it doesn't hold information on the reason for death, therefore no causal effect between the WCA decision and the number of people who died within a year of that decision should be assumed from the figures.

Steve Turner, assistant general secretary of the Unite general union, said: "These disturbing figures show that there is something deeply wrong with Iain Duncan Smith's Work Capability Assessments.

"It is clear that the system isn't fit for purpose and in some instances is finding people 'fit for work' as they enter the final months of their lives. In its current form it is nothing more than an impersonal tick box exercise that takes no account of people's complex medical conditions and only causes worry and distress."

Duncan Smith is planning a shake-up of the rules on sickness benefit to encourage more people into work.

The work and pensions secretary said that the current system was too "binary" — with claimants deemed either fit or unfit for work.

Instead, claimants should be supported to take up any work they can, even if it is just a few hours, he said.

TUC general secretary Frances O'Grady said: "We urgently need an enquiry into the government's back-to-work regime. These disturbing findings cannot be swept under the carpet."

www.gov.uk/government/uploads/system/uploads/attachment_data/file/456359/mortality-statistics-esa-ib-sda.pdf

www.unitetheunion.org/news/work-capability-assessments-not-fit-for-purpose-as-more-than-4000-die-after-being-found-fit-for-work/?

www.tuc.org.uk/economic-issues/tuc-calls-urgent-enquiry-after-back-work-deaths-revealed

# Check out the tasty executive pay deals

There is retail and restaurant flavour to the latest list of executives whose remuneration packages amounted to over £1 million last year.

Sainsbury's hit the headlines recently over its 4% award to staff, which will come into effect from 30 August and increase the supermarket's standard rate of pay to £7.36 an hour. That is still 50p an hour below the voluntary Living Wage of £7.85 an hour, which is due to go up anyway in November.

In the year ending March 2015, Sainsbury's two executive directors — chief executive Mike Coupe and financial officer John Rogers — saw their basic salaries rise by 36.5% and 15.4% respectively, putting Coupe on £801,000 a year and Rogers £600,000. Coupe's basic rose in part on the back of him taking over the top job from Justin King.

The latest remuneration report from Sainsbury's says that both will get a smaller rise than the staff in the coming year — 1.75% — but that still means Coupe gets an extra £15,750 a year, putting him on a basic salary of £915,750 a year and Rogers an extra £10,500 a year, taking his basic salary to £610,500.

Both saw their total remuneration packages shrink last year — Rogers' by 38.2% and Coupe's by 24.2% — as annual bonuses and long-term incentive plans paid out less. Nevertheless, Coupe's £1.51 million package was the equivalent of £28,980 a week, well above someone earning the £27,200 average UK salary in 2014. Rogers' £1.05 million equates to £20,153 a week.

Year-on-year comparisons could be made for 20 of the 27 executives listed in the table. The Sainsbury duo were part of a sextet who saw their remuneration package shrink last year, the other 14 got rises.

The biggest rise of 1,674.8% went to John Hughes, chief executive of Just Eat, the online food takeaway group, which became a listed company on the London Stock Exchange last year. Most of Hughes' rise was due to an award under a long-term share bonus scheme on the company becoming quoted. His package came to £1.14 million or £21,904 a week.

That rise dwarfs the 160.8% rise that Richard Ashton, finance director of Home Retail, owners of the Argos and Homebase stores. Still, at £3.06 million, his packages equates to £58,788 a week.

A bonus of over £1 million last year, when none was paid the year before, was behind the 92.9% increase for Wm Morrison chief executive Dalton Philips. His total package of £2.1 million equates to £40,403 a week.

Upmarket clothes group Burberry pays their executives top dollar. Christopher Bailey took over as chief creative and chief executive officer with effect from 1 May 2014 so his £7.94 million package – the largest this week – was for only 10 month's work.

Andy Harrison, chief executive of Costa Coffee to Premium Inn hotels and Beefeater Grill restaurants owner Whitbread, saw his package shrink by almost a third (32.8%) to £4.55 million, but that still means he received the equivalent of £87,577 a week.

The total remuneration figure given in the table includes: basic salary, cash bonus, long-term share bonuses, 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 group.

| Executive | Company (financial year end) | Total remuneration (£000) | % change |
|---|---|---|---|
| Christopher Bailey | Burberry (3.15) | 7,943 | n.a |
| Andy Harrison | Whitbread (2.15) | 4,554 | -32.8 |
| Dave Lewis | Tesco (2.15) | 4,133 | n.a |
| Terry Duddy | Home Retail (2.15) | 3,364 | n.a |
| Christopher Rogers | Whitbread (2.15) | 3,190 | 14.4 |
| Richard Ashton | Home Retail (2.15) | 3,057 | 160.8 |
| John Walden | Home Retail (2.15) | 2,748 | n.a |
| Patrick Dempsey | Whitbread (2.15) | 2,426 | 16.8 |
| Alan Stewart | Tesco (2.15) | 2,301 | n.a |
| Rooney Anand | Greene King (4.15) | 2,135 | -15.2 |
| Dalton Philips | Wm Morrison (1.15) | 2,101 | 92.9 |
| Marc Bolland | Marks and Spencer (3.15) | 2,076 | 32.4 |
| Nicholas Cadbury | Whitbread (2.15) | 2,073 | 69.5 |
| Carol Fairweather | Burberry (3.15) | 1,729 | 64.8 |
| John Smith | Burberry (3.15) | 1,524 | 8.9 |
| Mike Coupe | J Sainsbury (3.15) | 1,507 | -24.2 |
| Louise Smalley | Whitbread (2.15) | 1,450 | 53.8 |
| Steve Rowe | Marks and Spencer (3.15) | 1,411 | 79.5 |
| Sir Ian Cheshire | Kingfisher (1.15) | 1,346 | n.a |
| Kevin O'Byrne | Kingfisher (1.15) | 1,246 | -50.6 |
| Roger Whiteside | Greggs (12.14) | 1,238 | n.a |
| Richard Harpin | Homeserve (3.15) | 1,200 | -0.7 |
| John Hughes | Just Eat (12.14) | 1,139 | 1,674.8 |
| Ralph Findlay | Marstons (9.14) | 1,104 | 17.8 |
| John Dixon | Marks and Spencer (3.15) | 1,103 | 17.5 |
| John Rogers | J Sainsbury (3.15) | 1,048 | -38.2 |
| Laura Wade-Gery | Marks and Spencer (3.15) | 1,037 | 17.4 |



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