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## Shareholder revolt over executive pay

There's an old saying about one swallow does not a summer make and it could be said that one shareholder revolt does not make a shareholder spring. However, shareholders in energy firm Drax have voted against the pay packet of its chief executive.

Over a third of shareholders voted down last year's £1.58 million remuneration package packet for group chief executive Dorothy Thompson, which gave her a 26.7% rise on her total pay for 2015.

As it stands Thompson's package only puts her in 30th place out of the 38 executives featured in the table on page 62.

Rakesh Kapoor, chief executive of health, hygiene and household goods group Reckitt Benckiser, tops the table with a £14.61 million remuneration package, despite substantial shrinkage over the past two years in his long-term bonus. He earned the equivalent of £280,942 a week.

Over £4 million behind on £10.56 million comes Erik Engstrom, chief executive of information multinational RELX. His package works out at £203,135 a week.

Nicandro Durante, chief executive of tobacco multinational British American Tobacco (BAT), takes third spot with a £7.63 million package, putting him on £146,730 a week.

Holding up the rest of table in 38th place is David Ritchie of Bovis Homes on £1.03 million or £19,788 a week for 2016. Ritchie resigned as chief executive with immediate effect in January 2017 after the housebuilder issued a profits warning.

Year-on-year comparisons can be made for 32 out of the 38 executives and half of them saw their packages grow.

Two Rentokil Initial executives take the top spots. Chief executive Andy Ransom, on the back of a substantial boost in his long-term bonus, saw his package grow by 222.2% to £5.34 million or £102,615 a week. Meanwhile, Jeremy Townsend, chief financial officer at the services group, received a 162.0% rise £2.78 million or £53,462 a week.

These increases in remuneration packages came at a time when average weekly earnings in the whole economy were rising by just 1.9% in 2016.

Clive Washbourn, who heads the marine division of specialist insurers Beazley, saw shrinkage of 51.7% in his package, but he still received £2.06 million or £39,692 a week.

**LABOUR RESEARCH DEPARTMENT**

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Executive	Company (financial year ending)	Total remuneration package (£000)	% change
Rakesh Kapoor	Reckitt Benckiser (12.16)	14,609	-42.7
Erik Engstrom	RELX Group (12.16)	10,563	-7.5
Nicandro Durante	BAT (12.16)	7,630	68.0
Adrian Hennah	Reckitt Benckiser (12.16)	6,482	-6.9
Andy Ransom	Rentokil Initial (12.16)	5,336	222.2
Nigel Wilson	Legal & General (12.16)	5,287	-3.8
Nick Luff	RELX Group (12.16)	4,974	57.7
Ashley Almanza	G4S (12.16)	4,790	74.9
Ben Stevens	BAT (12.16)	4,545	36.4
Ian Conn	Centrica (12.16)	4,151	37.2
Mark Zinkula	Legal & General (12.16)	3,781	29.0
Mark Gregory	Legal & General (12.16)	3,501	4.4
Andrew Horton	Beazley (12.16)	3,498	-5.8
Matthew Ingle	Howden (12.16)	3,098	-40.7
Jeremy Townsend	Rentokil Initial (12.16)	2,780	162.0
Philip Jansen	Worldpay (12.16)	2,605	n.a
Adrian Cox	Beazley (12.16)	2,374	-3.2
Neil Maidment	Beazley (12.16)	2,346	-4.6
Himanshu Raja	G4S (12.16)	2,321	n.a
Mark Robson	Howden (12.16)	2,203	-40.2
Nick McKittrick	Rightmove (12.16)	2,127	-7.5
Jayne-Anne Gadhia	Virgin Money (12.16)	2,076	28.4
Roger Whiteside	Greggs (12.16)	2,072	-15.9
Clive Washbourn	Beazley (12.16)	2,064	-51.7
Martin Bride	Beazley (12.16)	2,022	-3.4
Mark Hodges	Centrica (12.16)	1,951	n.a
Martyn Coffey	Marshalls (12.16)	1,914	-7.3
Mark Hanafin	Centrica (12.16)	1,879	16.3
Peter Brooks-Johnson	Rightmove (12.16)	1,797	-1.7
Dorothy Thompson	Drax Group (12.16)	1,581	26.7
Jeff Bell	Centrica (12.16)	1,564	n.a
Richard Howson	Carillion (12.16)	1,510	17.7
Robyn Perriss	Rightmove (12.16)	1,422	12.0
Rick Medlock	Worldpay (12.16)	1,336	n.a
Ron Kalifa	Worldpay (12.16)	1,276	n.a
Jack Clarke	Marshalls (12.16)	1,103	77.0
Richard Adam	Carillion (12.16)	1,060	9.2
David Ritchie	Bovis Homes (12.16)	1,029	-31.6

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. It does not include dividends received from their shareholdings in their company.

[www.telegraph.co.uk/business/2017/04/13/drax-shareholders-stage-revolt-executive-pay-boom/](http://www.telegraph.co.uk/business/2017/04/13/drax-shareholders-stage-revolt-executive-pay-boom/)

## Single parents hit by benefit sanctions

The government is systematically underestimating the risk of sanctions to single parents, according to new research from pressure group Gingerbread.

*On the rise: single parent sanctions in numbers* is a new examination of the government's ongoing commitment to stringent "conditionality" in the welfare system – the ever-tougher standards that claimants of Jobseeker's Allowance must satisfy in order to receive benefits.

Gingerbread's findings include:

- the risk of sanctions is far higher than the government claims – at its peak, around one in five single parents a year were referred for a sanction, and one in seven had a sanction imposed;
- single parents are at particular risk of unfair sanctions – they are more likely than other claimants to get their sanction overturned; and
- sanctions stop millions of pounds in benefit payments – £40 million has been stopped since new rules came in.

The findings are especially troubling since the new benefits system – Universal Credit – is set to increase the scope of conditionality, with 165,000 single parents of three- and four-year-olds soon to be at risk of being sanctioned if they are not actively seeking work. The new changes will also see the introduction for the first time of "in-work conditionality", with single parents facing the prospect of sanctions if they don't work enough hours or earn enough money.

The government defends the sanctions regime as a last resort, only used in a "tiny minority" of cases against those who deliberately refuse to cooperate. Yet in the last decade, around 160,000 single parents have been sanctioned, affecting 250,000 children. And, says Gingerbread, this new evidence suggests that sanctioning is a much more common threat since stricter rules were introduced in 2012.

Sumi Rabindrakumar, research officer at Gingerbread, said: "Single parents want to work – already

two-thirds do. We know through our helpline, however, that single parents increasingly feel punished for being unable to juggle seeking work and looking after their children; this report confirms this is in fact a widespread experience. Parents not only fall foul of an inflexible system, but are also sanctioned for errors made by the DWP itself – with resulting hardships that risk pushing them further from work.”

<https://gingerbread.org.uk/news/344/single-parent-sanctions>  
<https://gingerbread.org.uk/uploads/media/17/10052.pdf>

## Factory output stalls

Manufacturing output posted a 2.1% increase in the three months to February – the same percentage rise as January.

There were strong performances from other machinery with a 4.2% increase on the previous three-month period and textiles and clothing with a 4.0% increase. On the downside, coke and petroleum products output decreased by 3.7%.

Manufacturing output was 3.4% higher than the same period a year ago against a 2.9% increase for the respective January three-month periods.

In February, output of the production industries – manufacturing, mining and utilities – was 1.6% up on the previous three-month period, and 3.5% higher than the same period a year ago.

Both production and manufacturing output have steadily risen, but remain well below their level reached in the pre-downturn gross domestic product peak in first quarter of 2008 by 6.7% and 3.0% respectively in the three months to February 2017.

[www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/indexof-production/feb2017](http://www.ons.gov.uk/economy/economicoutputandproductivity/output/bulletins/indexof-production/feb2017)

## Let's talk about racism

Racial harassment still goes on in too many workplaces, a new report from the TUC finds.

*Let's talk about racism* presents findings from a self-report survey of more than 5,000 working people. It gives voice to the everyday experience of racism in the British workplace, and is part of an ongoing project to challenge racism at work.

The black and minority ethnic (BME) workers who completed the survey faced many forms of racial

harassment in the workplace, including bullying, racist abuse and violence, hearing racist remarks or opinions, seeing racist material online and on posters, graffiti or leaflets. They reported that the perpetrator was most likely to be a work colleague, with a significant number saying that the perpetrator was their manager.

The TUC survey also showed that BME workers experience significant discrimination in the workplace, including excessive surveillance and scrutiny by colleagues, supervisors and managers. Respondents told us that they have been denied promotion, development or acting up opportunities and training and some have been unfairly disciplined because of their race.

It is clear that large numbers of BME workers are less likely to formally raise issues about racism at work with their employers. Most respondents prefer to speak to family members, friends or work colleagues – especially women respondents.

The findings show that many BME workers do not have the confidence that their employer would deal with their complaint satisfactorily – and some worry that making a complaint risks them being identified as a trouble maker or forced out of their job.

Racism at work clearly has a huge impact on BME workers' wellbeing. The survey shows that experiencing racism at work significantly impacts on BME workers' mental health and causes stress. For many, the experiences had a negative impact on their work and some had to take time off sick.

The report sets out clear recommendations for action by government and employers.

To tackle racist discrimination and harassment at work, employers should ensure they have a strong equality, diversity and dignity policy that explicitly includes zero tolerance for racism. They must make it clear that they will support all staff who raise concerns about racism and act to protect staff who are subject to racial abuse.

Secondly, there must be a simple method for BME workers to report racism at work. Employers must make sure that BME workers feel confident that complaints about racism will be taken seriously, acted on and dealt with satisfactorily. Workers who raise concerns about racism should not be victimised for doing so.

The TUC calls on employers to:

- publish data on BME pay, recruitment, promotion and dismissal;

- set aspirational targets for diversity at their organisation; and
- measure progress against those targets annually.

It also says that employers should work with the unions to establish targets and develop measures to address racial inequalities in the workforce.

Actions recommended for government include that it should:

- develop a race equality strategy, focussed on the lived experiences of BME workers, which includes tough action to crack down on harassment and discrimination at work, online and in everyday life;
- legislate to make employers responsible for protecting their workers against racism by third parties, such as clients, contractors and customers; and
- demonstrate that it takes stopping racism at work seriously by abolishing fees for employment tribunals. These are a major barrier for BME workers facing discrimination at work.

[www.tuc.org.uk/sites/default/files/LetstalkaboutRacism.pdf](http://www.tuc.org.uk/sites/default/files/LetstalkaboutRacism.pdf)

## UK at bottom of class for skills

The UK's skills crisis is laid bare in a new report that shows the nation is bottom of the international class on at least four key measures, including literacy and numeracy, learning and digital skills.

In its report – *From 'inadequate' to 'outstanding': making the UK's skills system world class* – the CIPD, the professional body for HR, warns that the UK is sleepwalking into a low-value, low-skills economy which leaves the nation ill-prepared for its post-Brexit future, particularly if the UK is to face restrictions on accessing talent from outside of the UK.

The analysis, which forms part of the CIPD's formal response to the government's Industrial Strategy Green Paper, highlights multiple failings in the UK's skills system including:

- England and Northern Ireland together rank in the bottom four OECD countries for literacy and numeracy among 16- to 24-year-olds;
- out of 19 countries, the UK ranks bottom of the class on young peoples' computer problem-solving skills;
- UK employers spend less on training than other major EU economies and less than the EU average, and the gap has widened since 2005; and

- the UK lies fourth from the bottom on the EU league table on participation in job-related adult learning, with evidence showing a marked deterioration since 2007.

Lizzie Crowley, skills adviser for the CIPD and co-author of the report, said the report should "serve as a real wake-up call for the government to break with the past two decades of failed skills policy and set the UK on a new course that delivers the right results for individuals, organisations and the economy as a whole."

The CIPD has called on the government to: make additional skills funding for the workplace a priority; put skills at the heart of the industrial strategy; encourage organisations to raise their ambitions and invest more in workplace learning and ongoing skills development.

[www.cipd.co.uk/about/media/press/170419-uk-skills-crisis](http://www.cipd.co.uk/about/media/press/170419-uk-skills-crisis)

## Pay premium on zero-hours contracts?

Companies in the UK could be forced to pay a premium rate for short-notice work, the government's employment practice adviser has suggested.

Matthew Taylor, who is leading a review into labour rights, said employers would be incentivised to guarantee work in advance if they were made to pay more for every "non-guaranteed" hour.

In an interview with the *Financial Times* newspaper, he claimed that a higher rate on zero-hours contracts could stop "lazy" employers from offloading risks onto workers, and stop them demanding "one-sided flexibility". He said: "The problem in the labour market is not security of work, it's security of income," he said.

Taylor added: "We've been hearing today about people in the social care sector who are told 'be ready to leave the house at seven in the morning,' then a phone call [comes to say]: 'No, we haven't any work for you today'."

The number of people employed on zero-hours contracts in Britain has grown by 101,000 over the past year – and now represents 2.8% of all people in employment, according to figures from the Office for National Statistics.

[www.rte.ie/news/2017/0415/867924-zero-hour-contracts/](http://www.rte.ie/news/2017/0415/867924-zero-hour-contracts/)