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Executive pay measures to be watered down

The government is said to be publishing a paper on corporate governance next week, but measures to rein in excessive pay in the boardroom are likely to be dropped.

The Conservative Party's manifesto for the 2017 general election promised: "The next Conservative government will legislate to make executive pay packages subject to strict annual votes by shareholders and listed companies will have to publish the ratio of executive pay to broader UK workforce pay. Companies will have to explain their pay policies, particularly complex incentive schemes, better."

It added: "To ensure employees' interests are represented at board level, we will change the law to ensure that listed companies will be required either to nominate a director from the workforce, create a formal employee advisory council or assign specific responsibility for employee representation to a designated non-executive director."

But that was before prime minister Theresa May found herself leading a minority government, so it looks like a case of fine words butter no parsnips.

Is change needed? The latest listing in the table on page 134 suggests so. This details the remuner-

ation packages of 28 top executives in FTSE 350 companies which were worth at least £1 million.

The 28 packages were worth £79.15 million in total, giving an average package of £2.83 million. On a weekly basis, the average works out at £54,360.

Benoît Durteste, now chief executive of specialist asset manager Intermediate Capital, tops the list. His remuneration package in the year to March came to £8.97 million – or £172,500 a week. Durteste took over from Christophe Evain in July this year. In his final full year at the helm, Evain received a package worth £6.89 million or £132,460 a week.

Geoff Drabble, chief executive of equipment rental group Ashtead came third with £5.51 million or £105,880 a week.

Year-on-year comparisons can be made for 26 of the 28 and 18 saw their package grow over the past two financial years. The increases ranged from 88.0% down to 4.5% at a time when average earnings in the whole economy were only growing by 2.7% at the most.

The four executive directors of Ashtead top the increases. Brenda Horgan, chief executive of the group's US operations, saw his package increase by 88.0% to £2.53 million or £48,670 a week. Finance director Suzanne Wood received an 82.4% rise, taking her to £2.5 million or £48,150 a week. Sat Dhaiwal, who heads Ashtead's UK operation, received a 69.7%

increase to £1.39 million or £26,790 a week. Group chief executive Geoff Drabble earns the most, but takes the fourth spot.

Much bigger long-term bonuses were the main factor in the increases,

At the other end of the scale, Willie Walsh, chief executive of British Airway's parent International Airlines, saw his package shrink by 61.9%, but he still received £2.46 million or £47,350 a week last year.

Executive	Company (financial year ending)	Total remuneration (£000)	% change
Benoît Durteste	Intermediate Capital (3.17)	8,970	63.4
Christophe Evain	Intermediate Capital (3.17)	6,888	60.4
Geoff Drabble	Ashtead (4.17)	5,506	65.8
Hendrik du Toit	Investec (3.17)	5,101	-6.6
Stephen Koseff	Investec (3.17)	4,892	12.1
Bernard Kantor	Investec (3.17)	4,892	12.1
Glynn Burger	Investec (3.17)	4,353	13.4
Philip Keller	Intermediate Capital (3.17)	4,226	59.5
Kevin Loosemore	Micro Focus Int (4.17)	4,226	-0.1
Rodney Cook	Just Group (12.16)	2,628	n.a
Brendan Horgan	Ashtead (4.17)	2,531	88.0
Suzanne Wood	Ashtead (4.17)	2,504	82.4
Willie Walsh	International Airlines (12.16)	2,462	-61.9
Mike Philips	Micro Focus Int (4.17)	2,370	18.9
Sebastian James	Dixons Carphone (4.17)	1,795	11.1
Simon Thomas	Just Group (12.16)	1,501	n.a
Peter Hetherington	IG Group (5.17)	1,451	-45.1
Sat Dhaiwal	Ashtead (4.17)	1,393	69.7
Martin Griffiths	Stagecoach (4.17)	1,313	-0.2
Enrique Dupuy de Lôme	International Airlines (12.16)	1,224	-53.2
Andrew Harrison	Dixons Carphone (4.17)	1,180	11.4
Rooney Anand	Greene King (4.17)	1,154	-49.7
Benzion Freshwater	Daejan (3.17)	1,150	4.5
Solomon Freshwater	Daejan (3.17)	1,150	4.5
Nick Henry	James Fisher (12.16)	1,104	21.7
Katie Bickerstaffe	Dixons Carphone (4.17)	1,088	11.1
Graham Stapleton	Dixons Carphone (4.17)	1,052	-40.5
Humphrey Singer	Dixons Carphone (4.17)	1,045	10.9

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.

Named and shamed but where is social care?

Retailer Argos tops a list of 233 employers named and shamed for National Minimum Wage offences.

As well as paying back the money owed to the 13,000 or so affected employees, employers on the list have been fined a record £1.9 million by the government, the largest fine, of £800,000, was levied on Argos.

In February, Argos admitted failing to pay 37,000 staff an average of £64 each. However, only a third of those are included in the latest figures, as the others were no longer working for the company at the time. The government press release notes that Argos failed to pay £1.46 million to 12,176 workers.

Sectors that feature prominently in this naming and shaming round are:

- hairdressing and other beauty treatment: around 60 employers and around £121,000 arrears owed to around 200 workers;
- hospitality: around 50 employers and around £77,000 arrears owed to around 220 workers; and
- retail: around 20 employers and around £1.5 million arrears owed to around 12,200 workers.

Eight adult social care employers are named and shamed in the latest government list for not paying workers the minimum wage. But that's not the full story.

At the end of June, Norman Lamb, a Liberal Democrat MP and a former minister in the coalition government, revealed in the House of Commons: "I got HMRC to do an in-depth investigation into the sector, and I now have the results: £2.5 million of underpaid wages in the care sector. That is a disgrace. In the case of one provider, more than £1 million was underpaid to the lowest-paid people in our country."

Yet, as reported in *Fact Service* issue 30, the government has announced that it was waiving historic financial penalties and, until October, temporarily suspending enforcement of the National Minimum Wage for workers required to "sleep-in" on their employer's premises overnight to look after social care residents.

Commission sets out pay gap strategy

All jobs should be advertised as available for flexible working, and greater support should be given to fathers to play more of a role in childcare, the Equality and Human Rights Commission (EHRC) says in a proposed shake-up of culture and working practices aimed at reducing pay gaps, .

The call comes as the commission's comprehensive strategy for tackling gender, ethnicity and disability pay gaps is released. *Fair opportunities for all: A strategy to reduce pay gaps* in Britain makes six recommendations outlining the action needed by government, in society and in our businesses to improve equality in earnings for women, ethnic minorities and disabled people.

The six recommendations are:

- unlock the earnings potential of education by addressing differences in subject and career choices, educational attainment and access to apprenticeships
- improve work opportunities for everyone, no matter who they are or where they live by investing in sector-specific training and regional enterprise;
- make jobs at all levels available on a flexible basis and part-time basis, with the right to request flexible working a day one right;
- encourage men and women to share childcare responsibilities by making paternity leave a more effective incentive and improving access to childcare;
- increase diversity at all levels and in all sectors by encouraging employers to tackle bias in recruitment, promotion and pay and introducing a new national target for senior and executive management positions; and
- report on progress towards reducing pay gaps by extending reporting to ethnicity and disability and collecting annual statistics.

The statistics that are already available throw up stark differences. For example, women are paid on average 15% less than men in Scotland; ethnic minorities are paid 5.7% less than white people; and disabled people are paid 13.6% less than non-disabled people.

Other differences within groups, include the fact that half of Bangladeshi and Pakistani men earn less than the statutory Living Wage compared to less than a fifth of white men. Meanwhile, men who experience depression have a 30% pay gap compared to their non-disabled peers and men with epilepsy have a 40% pay gap.

Caroline Waters, deputy chair of the EHRC, said the pay gaps issue was a symbol of the work still needed to achieve equality for all.

"Subject choices and stereotypes in education send children of all genders, abilities, and racial backgrounds on set paths," she said. "These stereotypes are then reinforced throughout the workplace in recruitment, pay and progression. For this to change, we need to overhaul our culture and make flexible working the norm; looking beyond women as the primary caregivers and having tough conversations about the biases that are rife in our workforce and society."

www.equalityhumanrights.com/en/pay-gaps

Links between health, jobs and unemployment

People employed in low-paying or highly stressful jobs may not actually enjoy better health than those who remain unemployed, a study by researchers from Manchester University found.

The aim of the study, published in the *International Journal of Epidemiology*, was to examine the association of job transition with health and stress. The researchers were particularly interested in comparing the health of those who remained unemployed with those who transitioned to poor quality work, and examining whether the health impacts of good or poor quality jobs.

The study monitored over 1,000 participants aged 35-75 who were unemployed during 2009-10, following up with them during the next few years about their self-reported health and their levels of chronic stress as indicated by their hormones and other biomarkers related to stress.

Researchers found evidence that formerly unemployed adults who moved into poor quality jobs had elevated risks for a range of health problems, compared to adults who remained unemployed.

There was a clear pattern of the highest levels of chronic stress for adults who moved into poor quality work, higher than those adults who remained unemployed. Adults who found a good quality job had the lowest levels of biomarkers.

Working into any type of job (whether it was a good or poor quality job) was not associated with an improvement in physical health compared to those who remained unemployed.

Good quality work was associated with an improvement in mental health scores compared to remaining unemployed, but there were no differences in mental health scores between those who transitioned into poor quality work and those who remained unemployed.

www.manchester.ac.uk/discover/news/having-a-bad-job/

Growth in UK economy slows 'markedly'

Growth slowed noticeably in the first half of the year is the latest official opinion on the UK economy.

UK gross domestic product (GDP) was estimated to have increased by 0.3% during the second quarter of the year compared with previous quarter – unchanged on the preliminary estimate for the quarter – but up from the 0.2% quarterly growth posted in the first.

"GDP growth has slowed markedly in the first half of the year with relatively robust services growth, partly thanks to a booming film industry, offset by weak performances from manufacturing and construction in the second quarter," said Darren Morgan, the Office for National Statistics' head of GDP.

The largest component within GDP is services, which grew by 0.5% compared with 0.1% in first, unchanged on the preliminary estimates.

Total production, however, decreased by 0.3%. Within production, two of the four components decreased between the first and second quarters – manufacturing (the largest component of production) by 0.6%, while electricity, gas, steam and air conditioning supply decreased by 0.2%. These decreases were moderated by increases in mining and quarrying of 0.4% and water supply and sewerage of 0.1%.

Construction was also a brake on growth with output estimated to have decreased by 1.3% in the second quarter of 2017. This compares with an increase of 1.1% in the first quarter of 2017. The contraction was driven by falls in both new work, and repair and maintenance.

GDP in the second quarter of 2017 was 1.7% higher than the same quarter 2016 – down on the 2.0% growth between the first quarter 2017 and 2016.

www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/secondestimateofgdp/apriltojune2017

McDonald's workers to vote to go on strike

Workers at two branches of the burger multinational McDonald's have voted to take industrial action on 4 September.

An initial threat of action by employees in Crayford, Kent, and Cambridge over zero-hours contracts prompted the burger chain to cave in to workers' demands over guaranteed hours.

But the workers, members of the BFAWU bakers and allied workers' union, are furious that it took McDonald's five months to formally inform them that their concerns over conditions would be addressed. And they still don't believe the burger chain will follow through on promises to end zero-hours contracts.

BFAWU president Ian Hodson said: "McDonald's have failed to deliver on the promises it made – it hasn't dealt with their grievances procedure properly, hasn't looked to seriously improve poor working conditions, and has failed to end the use of zero-hour contracts – something that was promised to workers just earlier this year."

www.morningstaronline.co.uk/a-0367-McDonalds-workers-hungry-to-go-for-September-4-strike

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