FACT SERVICE

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Forty executives share £82.5m in remuneration

With the company reporting season in full flow, the number of the £1 million-a-year or more remuneration packages given to top executives at FTSE 350 companies grows apace.

A further 40 top executives feature in our latest listing on page 73 and the total remuneration bill for them came to £82.52 million. That works out at an average package of £2.06 million or £1.91 million if the median (midpoint) is used.

The top earner this week is André Lacroix, chief executive of product testing group Intertek, who had a total remuneration package last year of £6.23 million. On a weekly basis that comes to £119,730. The average annual salary of a full-time UK worker was just over £29,000 in 2018.

Guy Wakeley, chief executive of financial and administration services group Equiniti, takes second spot with £3.53 million or £67,880 a week.

Rajiv Sharma was promoted to the chief executive's position at sewing thread group Coats in January 2017. His first full-year package in the job came to £3.29 million – the equivalent of £63,330 a week.

Steve Foots had a 2018 remuneration package of £3.2 million – £61,460 a week – as chief executive of speciality chemicals group Croda International.

Keith Barr became chief executive at InterContinental Hotels Group (IHG) in July 2017, and his first full-year package last year came to £3.09 million or £59,480 a week.

Year-on-year comparisons can be made for 33 of the 40 executives and 16 got a pay rise of between 142.0% and 5.2%. That's at a time when official data shows average weekly earnings in the UK economy were rising by just 1.8%.

Promotion to the chief executive's post at energy group Drax also gave Will Gardiner top spot in the pay rise league. His package grew by 142.0% in 2018 to £1.91 million or £36,770 a week.

Simon Boddie became chief financial officer at Coats in June 2016 and a 140.1% increase in his package in 2018 took him to £2.02 million or £38,840 a week.

The next two spots went to the main executive directors at marine engineering services group James Fisher. Chief executive Nick Henry received an 85.1% hike in his 2018 package taking him to £1.9 million a year or £36,520 a week, while a 78.9% hike for finance director Stuart Kilpatrick took him to £1.24 million a year or £23,770 a week.

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Fifth spot goes to John Stier, chief financial officer at Equiniti, who saw his package increase by 34.2% to £2.38 million or £45,750 a week.

Executive	Company (financial year end)	Total remuneration (£000)	% change
André Lacroix	Intertek (12.18)	6,226	-45.5
Guy Wakeley	Equiniti (12.18)	3,530	31.8
Rajiv Sharma	Coats (12.18)	3,293	28.3
Steve Foots	Croda (12.18)	3,196	-10.5
Keith Barr	IHG (12.18)	3,093	n.a
Willie Walsh	IAG (12.18)	3,030	-23.4
Andi Case	Clarkson (12.18)	2,758	-31.8
Moshe Greidinger	Cineworld (12.18)	2,756	17.5
Paul Edgeciffe-Johnson	IHG (12.18)	2,387	8.2
John Stier	Equiniti (12.18)	2,379	34.2
Elie Maalouf	IHG (12.18)	2,292	n.a
Stefan Bomhard	Inchcape (12.18)	2,269	-24.5
Caroline McCall	ITV (12.18)	2,212	n.a
David Lockwood	Cobham (12.18)	2,114	-0.5
Israel Greidinger	Cineworld (12.18)	2,096	28.5
Olivier Brousse	John Laing (12.18)	2,069	21.6
Mike Norris	Computacenter (12.18)	2,030	-11.4
Simon Boddie	Coats (12.18)	2,020	140.1
Maarten Slendebroek	Jupiter Fund (12.18)	1,944	-45.2
Will Gardiner	Drax Group (12.18)	1,912	142.0
Nick Henry	James Fisher (12.18)	1,899	85.1
Robin Watson	John Wood (12.18)	1,875	32.0
Edward Leigh	Intertek (12.18)	1,837	n.a
Jez Maiden	Croda (12.18)	1,793	-11.5
Rupert Pearce	Inmarsat (12.18)	1,679	-0.9
Enrique Dupuy de Lôme	IAG(12.18)	1,633	-14.2
Ian Griffiths	ITV (12.18)	1,597	-27.5
David Mellors	Cobham (12.18)	1,533	n.a
Patrick O'D Bourke	John Laing (12.18)	1,454	19.4
Richard Howes	Inchcape (12.18)	1,447	7.2
Paul Forman	Essentra (12.18)	1,420	n.a
Tony Bates	Inmarsat (12.18)	1,377	-1.1
John Burns	Derwent London (12.18)	1,276	-40.9
Stuart Kilpatrick	James Fisher (12.18)	1,236	78.9
Paul Waterman	Elementis (12.18)	1,229	-51.6
Tony Canophy	Computacenter (12.18)	1,194	-8.3
David Kemp	John Wood (12.18)	1,129	33.8
Fredrik Widlund	CLS (12.18)	1,117	5.2
David Arden	Metro Bank (12.18)	1,096	n.a
Simon Silver	Derwent London (12.18)	1,095	-41.2

Key: IHG — InterContinental Hotels Group; IAG — International Airlines Group

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.

Shareholders fail to flex their muscle over pay

Measures introduced by the Conservative-Liberal Democrat coalition government giving shareholders the power to tackle excessive executive pay have flopped, according to the High Pay Centre (HPC).

So-called "say on pay" reforms gave shareholders new powers to veto pay policies in votes at company AGMs. However, an HPC analysis found that between 2014 and 2018 — the first five full years of say on pay — every single FTSE 100 company pay policy put to AGMs was approved by shareholders.

The research also found that:

- across more than 700 pay-related resolutions voted on at AGMs over the same period, the average level of shareholder dissent was just 8.8%;
- only 11% of pay-related resolutions attracted "significant" dissent levels of over 20%; and
- only six advisory votes on the pay packages awarded in previous years were defeated over the period, barely 1% of the total. The average level of dissent was 9.3%.

However, the HPC found that 13 companies experienced significant dissent more than once over the period, suggesting that significant dissent does not prompt companies to change their approach to top pay. The 13 included BP, Burberry, Carnival, Experian, GlaxoSmithKline, Old Mutual, Pearson, Reckitt Benckiser, Sky, and Wm Morrison. There were five significant dissent votes at advertising group WPP over the period, usually relating to the remuneration package of the now former chief executive Sir Martin Sorrell. In addition, there were three such votes at both industrial equipment rental group Ashtead and drugs group Astra Zeneca.

The HPC's findings come as median levels of chief executive officer's (CEO) pay have reached £3.9 million in 2017 (the most recent year for which full figures are available) an increase of 11%. This is

approximately 137 times the annual salary of the typical UK worker.

The HPC says there are multiple reasons why shareholders are failing to hold companies to account.

There are conflicts of interest or sub-conscious biases in favour of highly-paid executives, on the basis that investment managers themselves tend to benefit from a culture of very high pay. Given that they are paid generously for taking investment decisions, it may suit their own interests to believe that other key decision-makers are the key determinants of their companies' performance (as opposed to other factors such as the wider economic context, the contribution of the wider workforce or pure luck) and thus deserve to be highly-paid.

Secondly, the HPC cites risk aversion, in terms of the market response to the sudden departure of a CEO in the event of their pay demands not being met — many investors may see agreeing to an executive's pay demands as the lesser of two evils compared with the loss of a CEO and the uncertainty that this entails (this outlook would suggest a lack of faith in the underlying strength of the company and its governance and succession planning).

Thirdly, the research shows there is dis-engagement and fragmentation and even the largest institutional shareholders with the greatest resources to engage with investee companies typically constitute a fraction of the shareholder base, meaning that action on top pay requires the engagement of multiple different shareholders.

http://highpaycentre.org/files/myth_of_shareholder_stewardship.pdf

Epilepsy — an uncomfortable truth

People with epilepsy still face discrimination at work. That is is the uncomfortable finding of an Institute of Employment Studies (IES) study.

In the UK, approximately one in 100 people (600,000) have a diagnosis of epilepsy, yet despite anti-discrimination legislation, people with epilepsy in the UK are more than twice as likely as those without the condition to be unemployed.

The report explores factors that contribute to people with epilepsy being disadvantaged at work and looks to identify what good employment support should look like. The research uncovered clear employer knowledge gaps, underpinned by a lack of awareness surrounding the fluctuating condition. Equally, employees were often very reluctant to discuss their health with employers until firmly established in the workplace — for fear of discrimination.

The employers interviewed were often unfamiliar with the range of epilepsy symptoms that exist, sometimes being unaware that medication can often prevent seizures — the chief health and safety concern cited when considering employing somebody with epilepsy. Employers frequently doubted that they could make adjustments to enable someone with epilepsy to work safely. Job roles involving machinery, vehicles, working remotely or alone, or caring for others were felt to be particularly difficult.

However, employers were more willing to make adjustments to help an existing employee to retain their job. And almost all employers wanted people with epilepsy to openly disclose their health condition, ideally during recruitment.

By contrast, people with epilepsy found discussing their health extremely difficult. The complexities of a fluctuating condition made it hard for them to explain to others and they often feared discrimination if employers knew about their epilepsy. People with epilepsy also reported being unable to seek work that suited their talents, because of safety concerns.

The IES recommends a personalised online toolkit — covering disclosure, health and safety, reasonable adjustments and other common concerns, could guide employers and employees in their conversations. Checklists and "job carving" would help employers to assess employees' capacity to fit with job tasks and make necessary adjustments.

https://www.employment-studies.co.uk/resource/employment-support-people-epilepsy

Care workers strike over pay

Over 650 members of the public service union UNISON employed by the care group Alternative Futures Group (AFG) have been on strike over cuts to their pay.

AFG has cut back care support workers' pay for sleep-in shifts. This will cost some staff as much as £2,000 a year. The care support workers are only paid at the level of the minimum wage for their

regular hours and many are now struggling to stay in the care sector due to not being paid adequately for their night work.

UNISON has offered to meet with AFG for negotiations aimed at averting the strike, but the company has rejected this.

Staff have received great support, with a public petition amassing more than 13,000 signatures.

UNISON North West regional convenor Paula Barker said: "AFG staff and council commissioners are furious that AFG senior managers have refused to negotiate to resolve the dispute.

Barker said AFG's pay cuts are jeopardising the future provision of care services for vulnerable people, as experienced and skilled care staff are being driven out of the sector.

"AFG's senior management have been entrusted with providing a very important public service, but their actions are both unjust and reckless," she added.

"AFG need to get back round the table and enter into serious talks to get this matter resolved."

www.unison.org.uk/news/article/2019/05/afg-workers-set-begin-seven-day-strike/

Employers urged to sign disability pledge

Businesses need to take urgent action and pledge to tackle the UK's disability employment crisis.

Disabled people remain overlooked by employers and outdated attitudes and the failure to discuss disability at board meetings puts the UK in the middle of a disability employment crisis, according tot the disability equality charity, Scope and Virgin Media.

There are one million disabled people in the UK who want to work, but are not being given the opportunity. New YouGov research focused on HR decision makers reveals that businesses are creating a disability employment crisis because of outdated attitudes and a failure to engage with the issue:

Other findings include:

- half of businesses surveyed say it's easier to recruit a non-disabled person over a disabled person;
- four in 10 HR decision-makers say their company's board of directors never or rarely discuss disability;
- more than half (56%) believe – wrongly according to Scope – the main reason disabled people don't get jobs is because they lack the right skills or qualifications;
- more than one in 10 (11%) questioned think disabled people should accept lower paid positions, and more than two in 10 (23%) think disabled people need to adapt better to a business' culture; and
- a quarter (26%) of businesses questioned claim that they have never had a disabled candidate for a job interview, despite there being 7.6 million disabled people of working age in the UK (That's one in five working adults in the UK).

It will, therefore, come as no surprise that the UK's disability employment gap – the rate at which disabled people are employed compared to non-disabled people – hasn't changed for more than a decade, with disabled people's employment still stuck about 30 percentage points behind.

To tackle these entrenched, structural issues, Scope and Virgin have launched the #WorkWithMe pledge. It is a free ground-breaking initiative to bring businesses – large and small – together to help improve workplace practices, and to support a million disabled people to gain the skills and confidence to get and stay in work.

To date, 19 companies from a wide range of sectors have signed the pledge to support disabled people and will share their experiences and best practice with other businesses.

The key elements of the pledge include:

- a senior leader taking accountability for disability inclusion;
- a complete review of how a company supports disabled people – from recruitment to the policies in place to provide support in the workplace, and implementing a disability action plan;
- helping line managers become confident about how to support disabled people, such as how to implement reasonable adjustments;
- recording progress on disability inclusion, such as measuring the number of disabled people employed and tracking disabled employees' views on how well the company is doing at creating inclusive workplaces; and
- sharing best practice and lessons, and co-creating with other businesses.

www.virginmedia.com/corporate/media-centre/press-releases/businesses-urged-to-take-action-over-disability-employment-crisis

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