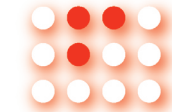


# FACT

S E R V I C E



69 Double digit rise in house prices  
No freeze in boardroom pay last year

70 Election donations  
Recession hits trade union membership

71 Union learning works for employers too  
Pay freezes show downward trend

72 Final salary pension scheme closures  
Tax rises and spending cuts are needed

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## Double digit rise in house prices

The annual rate of house price inflation has moved into double digits for the first time since June 2007, according to the mortgage lender Nationwide.

Seasonally adjusted house prices increased by 1.0% month-on-month in April making house prices on average 10.5% dearer than a year ago.

"April's figures show the first double-digit annual growth in UK house prices since June 2007," said Martin Gahbauer, Nationwide's chief economist.

The unadjusted average house price in April was £167,802 against £164,519 in March and £151,861 in April 2009 giving rises of 2.0% and 10.5% respectively.

"Given the very strong performance of house prices from May 2009 onwards, it will take monthly increases in excess of 1% for the annual rate of inflation to be maintained in double digits going forward. The smoother three month on three month rate of inflation edged down further from 1.5% in March to 1.1% in April, which primarily reflects the impact of February's 1.0% decline in house prices," according to Gahbauer.

[www.nationwide.co.uk/hpi/historical/Apr\\_2010.pdf](http://www.nationwide.co.uk/hpi/historical/Apr_2010.pdf)

## No freeze in boardroom pay last year

Workers may have been putting up with pay freezes, but the boardroom motto appears to be "As you were". Thirty-eight top executives on £500,000 or more, including 17 on over £1 million a year, feature in the table over the page.

Year-on-year comparisons can be made for 31 of the directors and 26 got a pay rise last year. Twenty-one of the rises are for 10.6% or more. That is well above official figures for average earnings for the whole economy which have risen by no more than 3.3%.

The top five rises are dominated by the four full-time executives at clothes retailer Next, where big bonuses were paid in the latest year against none the year before. Andrew Varley, the group property director, tops the list with an 86.5% rise, followed by his chief executive Simon Wolfson with a 68.1% rise. Group product director Christos Angelides and finance director David Keens saw their total pay packet including bonus rise by more than two-thirds – 67.5% and 67.1% respectively.

Keith Skeoch of finance group Standard Life takes fifth spot – a 56.5% rise comfortably takes him through the £2 million a year earnings bracket.

**LABOUR RESEARCH DEPARTMENT**

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Skeoch is beaten by two other directors in the big pay stakes. Andy Haste, chief executive of finance group RSA – formerly Royal and SunAlliance – picked up a tidy £2.33 million in 2009, while Ian Cheshire, who heads B&Q stores owner Kingfisher, got £2.11 million.

David J Illingworth, chief executive of medical products group Smith & Nephew, completes a quarter of executives on over £2 million a year – in his case £2.1 million.

Director	Company (year end)	Pay (£000)	% rise
Andy Haste	RSA Group (12.09)	2,329	14.3
Ian Cheshire	Kingfisher (1.10)	2,113	29.1
Keith Skeoch	Standard Life (12.09)	2,102	56.5
David J Illingworth	Smith & Nephew (12.09)	2,098	30.1
Sandy Crombie	Standard Life (12.09)	1,764	27.2
Alan Brown	Rentokil Initial (12.09)	1,656	n.a
Philip Cox	International Power (12.09)	1,612	28.2
Kevin Byrne	Kingfisher (1.10)	1,490	n.a
Simon Wolfson	Next (1.10)	1,397	68.1
Adrian Hennah	Smith & Nephew (12.09)	1,349	n.a
Sir Kevin Smith	GKN (12.09)	1,267	6.2
George Culmer	RSA Group (12.09)	1,261	13.4
Nick Buckles	G4S (12.09)	1,233	5.4
David Nish	Standard Life (12.09)	1,190	34.5
Tony Concannon	International Power (12.09)	1,123	8.3
Bruce Levy	International Power (12.09)	1,108	33.7
Simon Lee	RSA Group (12.09)	1,009	18.3
Christos Angelides	Next (1.10)	980	67.5
Graham Gibson	G4S (12.09)	947	10.6
Mark Williamson	International Power (12.09)	941	27.7
David Keens	Next (1.10)	936	67.1
Andy Ranson	Rentokil Initial (12.09)	934	n.a
Ranald Spiers	International Power (12.09)	850	n.a
Christopher Bell	Ladbrokes (12.09)	837	-52.3
Steve Riley	International Power (12.09)	830	23.7
Michael Murray	Rentokil Initial (12.09)	824	n.a
Andrew Varley	Next (1.10)	789	86.5
Nigel Stein	GKN (12.09)	772	4.5
William Seeger	GKN (12.09)	761	20.4
Ralph Topping	William Hill (12.09)	756	15.2
Trevor Dighton	G4S (12.09)	730	-0.1
Marcus Bryson	GKN (12.09)	713	16.3
Brian Wallace	Ladbrokes (12.09)	672	-52.6
Ray O'Toole	National Express (12.09)	644	-22.2
John O'Reilly	Ladbrokes (12.09)	634	-53.0
Andrew Reynolds Smith	GKN (12.09)	629	3.5
Jez Maiden	National Express (12.09)	621	n.a
Simon Lane	William Hill (12.09)	577	37.4

Source: Company remuneration reports

## Election donations

The Conservative Party received £4.3 million in the first three weeks of the 2010 general election period, figures from the political finance watchdog the Electoral Commission show.

Seventy four individuals gave £2.9 million and 28 companies pitched in with £1.4 million. The rich individuals include Sir Michael Bishop, who made his fortune through the BMI airline, who gave £265,000

and City financier Michael Farmer, a regular donor, who passed on £250,000 to party coffers.

On the company side, Juniper Property Finance Company was only registered as a company in November 2009, but it saw fit to give the Conservatives £150,000 as a donation. The only director of the firm is one Andrew Sobolewski, a property lawyer in Scotland. Of course there is nothing illegal about such a donation.

And there is nothing illegal about the Conservatives accepting a £100,000 donation from MECM, a UK registered company. This company is a subsidiary of the American finance group Moore Capital Holdings and the three directors are all US citizens, but as a UK-based subsidiary MECM can quite legally hand over money to the Tories.

The Bamford family, of construction equipment fame, are Tory stalwarts, and they gave £100,000, this time through their JCB Research company.

The Labour Party received over £600,000 less than the Tories. They received £3.69 million from the unions, individuals and companies.

Out of £2.2 million received from unions, the general union Unite gave £1 million and shop and distribution workers' union Usdaw gave a total of £871,000. Meanwhile, construction union UCATT gave £371,000.

Donations totaling over £846,000 from 16 individuals included £250,000 from City man Sir Ronald Cohen and £200,000 from curry king Sir Gulam Noon.

On the company side, Sir Alan Sugar through his Amshold Group gave £400,000 out of the £645,500 received from five firms.

[www.electoralcommission.org.uk/\\_data/assets/pdf\\_file/0003/88320/UKPGE-2010-Donations-and-Loans-Week3-2010-05-04.pdf](http://www.electoralcommission.org.uk/_data/assets/pdf_file/0003/88320/UKPGE-2010-Donations-and-Loans-Week3-2010-05-04.pdf)

## Recession hits trade union membership

Trade union membership for UK employees fell by 2.4% or 163 thousand to 6.7 million in 2009 compared with 2008, according to official figures from the Labour Force Survey.

The rate of union membership – or union density – for employees in the UK remained unchanged at 27.4% in 2009 compared with 2008. This is largely due to trade union membership falling at

broadly the same rate as total employment over the last year.

Amongst all those in employment, including self-employed, in the UK, union density fell from 24.9% in 2008 to 24.7% in 2009.

For the eighth consecutive year female union density was higher than the figure for men and the gap widened by a further 0.6 percentage points compared with 2008. Union density among female employees in the UK rose by 0.2 percentage points to 29.5% in 2009 while amongst male employees it fell by 0.4 percentage points to 25.2%.

Females had higher union densities in 2009 than males in all occupation groups except administrative and secretarial, skilled trades, operatives and elementary occupations.

The divide between private and public sector union densities remained the same as both sectors fell by around half a percentage point each to 15.1% and 56.6% respectively in 2009.

Of the four UK nations, Northern Ireland with two out of five employees had the highest union density (39.9% of employees). In Wales and Scotland union density was just above (35.4%) and just below a third (31.8%), while England had the lowest at just over a quarter (26.1%).

Across all sectors, just under half of UK employees (46.6%) were in a workplace where a trade union was present. A third of UK employees said their pay and conditions were affected by a collective agreement.

Collective agreements covered just under a fifth of private sector employees, but in the public sector this was nearly four times greater at 68.1%, although this has fallen by 2.4 percentage points from 70.5% in 2008.

[http://stats.bis.gov.uk/UKSA/tu/Press\\_Notice\\_Trade\\_Union\\_Membership\\_2009.pdf](http://stats.bis.gov.uk/UKSA/tu/Press_Notice_Trade_Union_Membership_2009.pdf)  
<http://stats.bis.gov.uk/UKSA/tu/TUM2009.pdf>

## Union learning works for employers too

More than half of employers say that their employees have improved their qualifications, thanks to union-led projects.

As a result, nine out of 10 say they will continue to be involved in union learning activities in the work-

place. Two-thirds said there had been a benefit to the organisation and eight out of 10 said there had been a benefit to individuals.

The findings, from a survey conducted by Leeds University's Centre for Employment Relations Innovation and Change, for unionlearn, the TUC's learning and skills organisation, show hard evidence of the positive effect that union-led learning has had on the workforce over the past 12 years. The survey is the largest ever of employer attitudes to union learning activity.

The 415 employers, which employed around one million employees, were evenly split between the public and private sector and covered a wide range of businesses and organisations.

Just over two-thirds of employers (68%) reported that union-led projects had led to employees with little history of learning taking up courses.

Almost three-quarters (71%) said it has increased the demand for learning among those with poor basic skills and learning or training increased for those with high-level skills by 28%.

More than half (54%) of organisations which liaised with unions on learning and training had set up a workplace learning centre. These can be found in bus depots and bakeries, community learning centres, a Sikh temple, fire stations, hospitals, schools, factories, shops, railway stations, airports, town halls and offices.

Unionlearn's strength has been to use union learning reps (ULRs) to act as advocates, encouraging and advising their colleagues on the advantages of improving their skills. It has trained more than 23,000 ULRs, delivered 30,000 Skills for Life courses and reaches 250,000 learners per year

[www.tuc.org.uk/skills/tuc-17879-f0.cfm](http://www.tuc.org.uk/skills/tuc-17879-f0.cfm)

## Pay freezes show downward trend

Any new government following the 6 May election may find it hard to sustain public sector pay curbs, new analysis of pay data from Labour Research Department (LRD) indicates.

LRD pay data shows that, following a slight increase in January this year, pay freezes in the private sector have now begun on a downward trend, while pay medians (midpoints) are slowly rising, suggesting

the end of concessionary bargaining by unions may be in sight.

An uplift in median pay levels and a reduction in the number of pay freezes, revealed in LRD's Payline database figures for the three months to April 2010, also suggests that it will be increasingly difficult to impose a pay freeze in the public sector, as all measures of inflation and private sector pay are now rising again following the recession. The Retail Prices Index (RPI) inflation measure, for example, currently stands at 4.4%.

In the private sector, the median (midpoint) pay increase according to LRD's Payline database of negotiated agreements was 2% in the three months to April, with pay freezes forming 17% of pay settlements. One quarter of private sector pay deals are now being agreed at 3% or more. In the public sector, the median was 2.3%. However, local government employers are attempting to impose a pay freeze on 1.6 million workers and the main political parties are all planning further pay restrictions.

[www.lrd.org.uk/issue.php?pagid=1&issueid=1380](http://www.lrd.org.uk/issue.php?pagid=1&issueid=1380)

## Final salary pension scheme closures

Almost 20% of UK final salary pension schemes are now closed to future accrual, according to research by Hewitt Associates.

Its survey of 154 schemes also showed the number of plans being frozen in this way could double over the next year.

Some employers while keeping their final salary scheme are capping growth in pensionable pay, or moving to a career average (Care) scheme.

Tony Baily, principal consultant at Hewitt Associates, said: "There are often good reasons for freezing plans. However, the recent wave of plan freezes potentially puts pressure on other companies simply to follow suit, without really understanding whether this best meets their business objectives and constraints."

**Lloyds double standards** Lloyds Banking Group is facing a row with one of its main trade unions over proposed changes to its pension scheme which the union argues disadvantages employees more than the boardroom bosses.

While Lloyds is keeping open its final salary pension scheme it wants to reduce the cost by limiting the pensionable pay of members to increases of the lower of 2% or the retail prices index.

But, the Lloyds TSB Group Union said it had discovered that the two boardroom executives who are members of the scheme – Eric Daniels, the chief executive and Archie Kane, who runs the insurance arm – will not be subjected to the same cap.

Mark Brown, assistant general secretary at Lloyds TSB Union, said: "Any pension changes should apply to everyone, equally or to no one at all. One has to question the judgment of people who believe this is in any way morally defensible".

[www.employeebenefits.co.uk/item/10544/pg\\_dtl\\_art\\_news/pg\\_hdr\\_art/pg\\_ftr\\_art](http://www.employeebenefits.co.uk/item/10544/pg_dtl_art_news/pg_hdr_art/pg_ftr_art)  
[www.guardian.co.uk/business/2010/apr/28/lloyds-tsb-pension-union-row](http://www.guardian.co.uk/business/2010/apr/28/lloyds-tsb-pension-union-row)

## Tax rises and spending cuts are needed

A triple economic whammy has been outlined by a respected think tank, the National Institute of Economic and Social Research (NIESR).

The basic rate of income tax should be raised by 6p in the pound, VAT at the full rate should be charged on everything except for food and children's clothes, and another £15 billion of spending cuts will be required to fix the public finances, the NIESR says.

Echoing the government's arguments against Conservative plans to take £6 billion out of public spending, the researchers say it would be unwise to take that amount of spending power out of the economy this year. Ray Barrell, a senior research fellow at the NIESR says that such a move would cost between 30,000 and 60,000 job losses, and cut growth by between 0.1%-0.2% over the year.

Reducing borrowing further than the current government plans, by a further 2% of GDP, is recommended by the NIESR, and it suggests that raising taxes might be a more effective method of raising the funds. Given the squeeze on spending over the next few years, they suggest income tax could be raised by 6p to do the job.

[www.independent.co.uk/news/business/news/huge-tax-hike-and-cuts-needed-says-niesr-1958723.html](http://www.independent.co.uk/news/business/news/huge-tax-hike-and-cuts-needed-says-niesr-1958723.html)