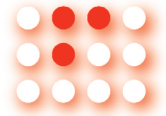


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## Call for transparency on boardroom pensions

Companies must be more upfront with shareholders about the pension perks of their top executives, institutional investors have warned.

The investors warned that a lack of transparency around boardroom pensions is an obstacle to shareholder scrutiny, and that generous pensions risk rewarding bosses for poor performance.

The National Association of Pension Funds (NAPF) and the Local Authority Pension Fund Forum (LAPFF), whose members hold £800 billion and £85 billion of assets respectively, have written to the chairpersons of the top 350 UK stock exchange-listed companies (the FTSE 350).

The letter notes that firms already offer some information about boardroom pensions, but it calls on them to volunteer more, so that shareholders can judge total pay policies more effectively.

Pensions are not linked to performance in the same way that annual pay, share options or bonuses are. The NAPF and LAPFF are concerned that the generous pension terms found in many boardrooms could reward directors in their retirement despite failure in the job.

Joanne Segars, chief executive of the NAPF, said: "There should be no reward for failure, and pensions must be scrutinised as a key part of the overall pay package. Pensions are not usually linked to performance and so must not become a back door to increasing directors' pay.

"Where boardroom pensions are more generous than those on the shop floor, investors may have questions about fairness that need to be answered."

The NAPF and LAPFF are calling for greater transparency on:

- accrual rates in defined benefit pensions, which include "final salary" schemes. Some directors benefit from a rapid accrual rate, such as 1/30th, when other employees may typically be on a rate of 1/60th or 1/80th;
- company contributions to defined contribution pension schemes. Recent studies have shown that directors' contributions are often far higher than those made to other staff;
- payments in lieu of pensions as an increasing number of firms offer cash payments instead of a pension contribution. These can be sizeable – in some cases over 50% of salary;
- the retirement ages of directors. The reasons for any differences between the boardroom and other employees should be explained; and
- special early retirement provisions. Firms should make it clear that an unreduced pension on early retirement is usually inappropriate.

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TUC general secretary Brendan Barber said: "Unlike the public sector, top directors frequently have special gold-plated pensions that are not open to other staff. These are often specially designed to hoover up maximum tax relief too.

"While keen to lecture low paid public servants on their pensions and cut the pensions their own staff get, top directors remind us every day that we are not all in this together."

[www.napf.co.uk/News/Index.cfm](http://www.napf.co.uk/News/Index.cfm)  
[www.tuc.org.uk/pensions/tuc-18077-f0.cfm](http://www.tuc.org.uk/pensions/tuc-18077-f0.cfm)

## Inflation may be on a downward trend

Inflation may have peaked if the latest monthly figures are a good indicator. Under the Retail Prices Index (RPI), inflation was 5.1% in May, against 5.3% the previous month.

The largest contribution to the fall came from lower food prices, the Office for National Statistics said.

Under the Consumer Prices Index (CPI), inflation rose by 3.4% last month against 3.7% in April. This measure does not include housing costs.

	RPI	% increase on a year earlier		
		RPI	RPIX <sup>1</sup>	CPI
<b>Jan 1987=100</b>				
<b>2009</b>				
May	212.8	-1.1	1.6	2.2
June	213.4	-1.6	1	1.8
July	213.4	-1.4	1.2	1.8
August	214.4	-1.3	1.4	1.6
September	215.3	-1.4	1.3	1.1
October	216.0	-0.8	1.9	1.5
November	216.6	0.3	2.7	1.9
December	218.0	2.4	3.8	2.9
<b>2010</b>				
January	217.9	3.7	4.6	3.5
February	219.2	3.7	4.2	3.0
March	220.7	4.4	4.8	3.4
April	222.8	5.3	5.4	3.7
May	223.6	5.1	5.1	3.4

<sup>1</sup> RPI except mortgage interest payments

The May data is likely to mark the beginning of a gradual downward drift in inflation," said Andrew Goodwin, an economic adviser to accountants Ernst & Young.

"The temporary factors which have kept inflation above 3% since the beginning of the year are be-

ginning to fade and the massive amount of spare capacity in the economy is likely to become increasingly influential."

Three of the 14 groups that make up the RPI posted increases above the overall rate of 5.1%.

The motoring expenditure group's 16.4% rise included a 24.4% rise in tax and insurance and a 23.0% rise in petrol and oil prices.

The 4.6% rise in the fares and travel costs group was just under the overall rise, but included an 8.7% rise in rail fares.

Food prices posted an overall rise of 1.5%, but the price of tea rose by 24.8%. And a sweet tooth proved costly as sweets and chocolates were 6.5% dearer and biscuits and cakes up by 3.3%. Being healthier proved not particularly cheaper – fruit prices rose by 4.8%.

The 3.5% rise in the housing group included a 4.6% rise in mortgage interest payments, but rents and "council tax and rates" were only up by 1.8% and 1.7% respectively.

The fuel and light group showed an overall fall of 1.8% fall, with gas and electricity prices down by 6.6% and 0.5% respectively, offset by a 35.7% rise in "oil and other fuel" prices.

More than 5.1%	%	Less than 5.1%	%
Motoring expenditure	16.4	Leisure services	5.0
Tobacco	7.8	Fares etc	4.6
Clothing & footwear	6.7	Household services	4.0
		Household goods	3.7
		Personal goods & services	3.6
		Housing	3.5
		Alcoholic drink	3.2
		Catering	3.0
		Food	1.5
		Leisure goods	1.2
		Fuel & light	-1.8

[www.statistics.gov.uk/pdfdir/cpi0610.pdf](http://www.statistics.gov.uk/pdfdir/cpi0610.pdf)

<http://uk.reuters.com/article/idUKTRE665E10U20100615>

## Manufacturing posts best rise for 12 years

Manufacturing is showing a strong recovery, according to the latest official figures from the Office for National Statistics (ONS).

The output of the UK's manufacturing sector rose by 2.5% in the three months to April compared with

the previous three months. That is the highest increase since October 1998 when it rose by 2.6%.

There was a 7.9% rise in the engineering and allied industries, while output in basic metals and other products rose by 3.6%.

On the same three-month period a year earlier, manufacturing was 2.9% higher.

The more volatile monthly figures produced by the ONS showed that in April 2010 manufacturing output rose by 3.4% on a year earlier.

Output rose in 11 of the 13 manufacturing sub-sectors and fell in the other four. The largest increase in output – 10.6% – was in the transport equipment industries and within this sub-sector there was a particularly strong performance in car manufacturing with a 28.6% rise.

Output of the production industries (manufacturing, mining and utilities) rose by 2.1% in the three months to April 2010 on the previous three-month period, and was 1.6% up on the same three-month period a year earlier.

On a monthly basis, production was up by 2.1% on a year earlier.

[www.statistics.gov.uk/pdfdir/iop0610.pdf](http://www.statistics.gov.uk/pdfdir/iop0610.pdf)

## Jobless numbers up

Unemployment rose by 23,000 on the main official count, official figures have shown.

Under the Labour Force Survey count, it reached 2.47 million in the three-month period ending April compared with the previous period ending January 2010.

TUC general secretary Brendan Barber said that the figures "should serve as a stark reminder to the government that the jobs market is still bleak".

"Unemployed people are facing a postcode lottery in their search for work with dole claimants outnumbering job vacancies by over 10 to one in some employment blackspots," Barber warned.

"The worst possible response would be to slash spending which will cut demand in the economy and send hundreds of thousands of public and private sector workers on to the dole."

The unemployment rate rose to 7.9% from 7.8% in the three-month period ending January.

Male unemployment was up by 5,000 to 1.52 million and their unemployment rate was steady at 9.0%. Meanwhile, the number of jobless women rose by 18,000 to 956,000 and their unemployment rate was up to 6.6% from 6.5% previously.

The claimant count, which only includes those claiming Jobseeker's Allowance, posted a fourth consecutive monthly fall. In May, it fell by 30,900 to 1.48 million and the unemployment rate fell to 4.6% from 4.7% the previous month.

It is the first time the claimant count has been below 1.5 million since March 2009.

	Unemployment seasonally adjusted			
	Claimants (000s)	% <sup>1</sup>	LFS <sup>2</sup> (000s)	%
2004	853	2.7	1,424	4.8
2005	862	2.7	1,465	4.9
2006	945	3.0	1,671	5.4
2007	865	2.7	1,653	5.3
2008	906	2.8	1,781	5.7
2009	1,529	4.7	2,395	7.6
2009				
April	1,506	4.6	2,280	7.3
May	1,539	4.7	2,376	7.6
June	1,560	4.8	2,431	7.8
July	1,582	4.9	2,467	7.9
August	1,602	4.9	2,466	7.9
September	1,617	5.0	2,461	7.8
October	1,628	5.0	2,482	7.9
November	1,619	5.0	2,459	7.8
December	1,601	5.0	2,457	7.8
2010				
January	1,617	5.0	2,449	7.8
February	1,577	4.9	2,502	8.0
March	1,544	4.8	2,510	8.0
April (r)	1,512	4.7	2,472	7.9
May (p)	1,481	4.6		

<sup>1</sup> Percentage of working population – the employees, unemployed, self-employed and the armed forces. <sup>2</sup> The Labour Force Survey definition of unemployment – the number of unemployed people who want a job and are ready to start work in two weeks, and have looked for work in the past four weeks. Each figure is the average of the past three months – a rolling average. (p) provisional, (r) revised

**Regions** The claimant count showed a fall in all but one region of the 12 regions – Northern Ireland saw a rise. However, the unemployment rate was above the UK average of 4.6% in seven regions. The highest rates were 6.5% in the North East, 6.2% in Northern Ireland and 5.9% in the West Midlands.

The LFS count showed rises in six regions, no change in one – the East region – and was down in

the other five regions. There were rises of 24,000 in Yorkshire and the Humber and 12,000 in the South East. They were partially offset by falls of 14,000 in the West Midlands and 10,000 in Wales.

The unemployment rate was above the UK average of 7.9% in seven regions. The highest rates were 9.6% in Yorkshire and the Humber, 9.3% in the North East and 9.0% in both the West Midlands and London.

Region	May claimants		LFS Feb - Apr	
	Number	%	Number	%
North East	79,800	6.5	119,000	9.3
North West	181,800	5.1	294,000	8.6
Yorkshire & the Humber	148,200	5.6	255,000	9.6
East Midlands	100,600	4.5	164,000	7.2
West Midlands	162,400	5.9	240,000	9.0
East	109,600	3.8	196,000	6.6
London	215,700	4.4	366,000	9.0
South East	138,700	3.1	286,000	6.4
South West	82,300	3.0	161,000	6.1
Wales	72,500	5.1	123,000	8.5
Scotland	134,000	4.8	212,000	8.0
Northern Ireland	55,500	6.2	58,000	6.9

[www.statistics.gov.uk/pdffdir/lmsuk0610.pdf](http://www.statistics.gov.uk/pdffdir/lmsuk0610.pdf)

## Earnings are on a roller coaster ride

Average weekly earnings rose by just 0.9% in the year to April, according to the latest figures from the Office for National Statistics.

The small rise compares with the revised figure of a 6.2% rise for March and 5.7% the month before that. Meanwhile, the January rise was only 1.2%, with a 0.7% rise at the end of 2009.

Manufacturing earnings fell to show just a 3.2% annual rise, compared with an 8.6% rise in March. Services, on the other hand, only managed a rise that matched that for the economy as a whole – 0.9%, down from 6.8% the previous month.

For the private sector, growth was just 0.2% against 7.4% in March, while in the public sector (excluding the nationalised banks), the rise was 2.1% compared with 3.0% the previous month.

The headline rate (the three-month rolling average) for the whole economy was 4.2% in April against 4.3% for the previous three months to March.

Manufacturing earnings also held up well with a 5.8% rise, against 6.1% previously.

Earnings growth in services was 4.5% in the three months to April compared with 4.1% in March.

For the private sector, growth was up to 4.5% from 4.2%, while public sector growth was much lower at 2.5% compared with 2.8% figure for March.

£ a week	Average weekly earnings <sup>1</sup>				
	Whole economy	Manufacturing	Services	Private sector	Public sector <sup>2</sup>
<b>2009</b>					
March (r)	434	501	423	437	443
April (r)	451	506	435	449	448
May	448	502	433	447	446
June	449	505	434	447	449
July	448	499	432	443	448
August	449	506	433	445	449
September	450	507	436	447	452
October	451	509	436	448	452
November	449	512	435	447	453
December	447	517	436	449	451
<b>2010</b>					
January	446	522	414	426	455
February (r)	452	521	439	453	456
March (r)	461	544	451	469	457
April (p)	455	522	439	450	457
<b>% annual change</b>					
Single month	0.9	3.2	0.9	0.2	2.1
3-month average <sup>3</sup>	4.2	5.8	4.5	4.5	2.5

<sup>1</sup> Average weekly earnings in Great Britain, seasonally adjusted, including bonuses, but excluding arrears. <sup>2</sup> Excludes financial services. <sup>3</sup> Average of the seasonally adjusted data for the latest three months compared with three months a year earlier. (p) provisional, (r) revised

The table below gives estimates of full-time average weekly earnings by occupation. It is based on figures from the Annual Survey of Hours and Earnings 2009, uprated by the 0.9% increase in the average weekly earnings figures between April 2009 and April 2010.

Full-time average weekly earnings by occupation	
	£ a week
All employees	592.60
All male	648.80
All female	505.70
Managers	870.80
Professionals	791.00
Associate professionals	612.10
Admin & secretarial	415.40
Skilled/craft	488.90
Services	352.30
Sales	327.40
Operatives	448.00
Other manual jobs	349.80

[www.statistics.gov.uk/pdffdir/lmsuk0610.pdf](http://www.statistics.gov.uk/pdffdir/lmsuk0610.pdf)