FACT SERVICE

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Rich bankroll Tories to tune of £25 million

A record £40 million was raised by British political parties in the second quarter of the year, particularly in the run-up to the general election in early June.

The period 1 April 2017 to 30 June 2017 saw £9.4 million more in reported donations than the previous highest quarter on record, which coincided with the 2015 general election.

The Election Commission figures show that the Conservative Party left the Labour Party in its financial wake as it received £24.8 million against Labour's £9.5 million.

The Liberal Democrats attracted £4.4 million — the only other party out of 11 parties that received over £1 million in donations in the election quarter.

The Electoral Commission's totals include donations to local parties and non-cash donations from individuals and organisations. *Fact Service* has stripped out these donations to find out how much the two main parties attracted in cash at their respective headquarters.

The Conservative Party received 231 donations from individuals totalling £14.9 million, while 95 corporate donations brought in £6.1 million, with a further £184,000 coming from other sources such as party clubs and events. In total, the Conservatives received £21.18 million in cash donations at Central Office.

The largest donation of £1.5 million came from JCB Service, part of the construction equipment empire owned by the Bamford family. Mark Bamford, a director of various Bamford subsidiaries signed over a personal cheque worth £750,000.

John C Armitage, co-founder of hedge fund firm Egerton Capital, was one of three individuals to give over £1 million each to the Tories. Armitage gave £1.1 million, while John Griffin, founder of courier and cab firm Addison Lee, gave £1.03 million and John E Gore gave £1 million plus £50.

Labour Party headquarters received a total of £7.99 million from various sources, but the lion's share of £7.56 million came from 13 trade unions.

General union Unite topped the donors with £4.06 million given in 25 donations (and affiliation fees). The other major general union, the GMB, gave 23 donations totalling £1.06 million.

The CWU communications workers' union gave 31 donations worth £925,022 in total, while public service union UNISON gave £852,250 in 27 donations. Shop and distribution workers' union Usdaw took fifth spot with nine donations totalling £328,422.

www.electoralcommission.org.uk/

Four programmes for career-break returners

New programmes to help people return to work after career breaks have been launched by the Government Equalities Office.

The returner programmes – part of the £5 million fund announced in this year's Budget – are formal schemes offered by employers to provide training and support to people who have taken time out of the workplace.

The Government Equalities Office will be establishing four new returner schemes across the public sector, working alongside the Local Government Association, Health Education England and Civil Service.

The schemes will be open to women and men, with the aim of giving people who have taken career breaks the opportunity to refresh their skills and build professional networks.

The Civil Service will launch an initial returner programme for 50 returners across the UK in October. Returners will be offered paid placements of between six weeks to six months, which will include a bespoke learning and development opportunities.

In addition, the Local Government Association (LGA) will build on the success of its Come Back to Social Work pilot and this November will join with three regions across England to offer placements to 100 social work returners. The placements will include tailored training and development to prepare them for a return to practice.

The Department for Health is to build on the existing nurses scheme and run a returner programme with Health Education England for 300 allied health professional returners across England, including physiotherapists, podiatrists, dietitians, and radiographers. The placements will include education, retraining and tailored support with the aim of returners ready to practice within six to 12 months.

Finally, the Government Equalities Office will also work with the Department for Education to explore a returner programme for teachers.

Anne Milton, minister of state for apprenticeships, skills and women, said: "Millions of us need to take time out from our careers, but it can be really hard to return. This is bad for the people affected, and the businesses who miss out on their talents. Women in particular find the routes back into employment closed off after taking time out to start a family."

According to research by professional services group PwC, addressing the career-break penalty could provide a £1.7 billion boost to annual economic output. For female professionals, that could increase the annual earnings of that group by an average of £4,000 per woman.

The Government Equalities Office has also launched a public call for evidence to allow individuals and employers to contribute to its understanding of how best to support people returning to work, particularly within the private sector. The call for evidence will run for eight weeks to 29 October. It will be an opportunity for returners, employers and the wider public to inform the government's future plans on returners.

www.gov.uk/government/news/career-break-returner-programmes-launched-to-help-people-back-to-work

Conservatives bottle it on governance reforms

Trade unions have accused prime minister Theresa May of "watering down" plans to tackle corporate excess after the government revealed its plans on corporate governance.

Under new corporate governance laws, which are due to come into effect by June 2018, some 900 publicly listed companies will have to reveal the pay ratio between boardroom and shop floor.

The government is to invite the City watchdog, the Financial Reporting Council (FRC), to revise the UK Corporate Governance Code to "be more specific about the steps that premium listed companies should take when they encounter significant shareholder opposition to executive pay policies and awards (and other matters).

In addition, the Code should give company remuneration committees "a broader responsibility for overseeing pay and incentives across their company and require them to engage with the wider workforce to explain how executive remuneration aligns with wider company pay policy (using pay ratios to help explain the approach where appropriate)".

However, they will only have to reveal how much more their chief executives are paid compared with the average worker, along with a narrative explaining the changes to that ratio from year to year and setting the ratio in the context of pay and conditions across the wider workforce.

TUC general secretary Frances O'Grady said: "This is a far cry from Theresa May's promise to crackdown on corporate excess. It's a feeble proposal, spelling business as usual for boardrooms across Britain.

"Firms will rightly have to publish the pay gap between bosses and ordinary workers, but we are concerned that the government's calculations will take the focus off the lowest-paid."

The government's proposals on wider representation in the boardroom also pass the buck to the FRC.

May had initially promised to force companies to have an employee representative on the board, during her bid to become Conservative Party leader in July 2016. However, she backtracked last November and said businesses would not be mandated to implement the move.

The government says it will "invite the FRC to consult on the development of a new Code principle establishing the importance of strengthening the voice of employees and other non-shareholder interests at board level as an important component of running a sustainable business".

Meanwhile, the government merely offers more consultation, as it will "invite the FRC to consider and consult on a specific Code provision requiring premium listed companies to adopt ... one of three employee engagement mechanisms: a designated non-executive director; a formal employee advisory council; or a director from the workforce".

Whatever is agreed, any requirement will be included in the UK Corporate Governance Code, which operates on a "comply or explain" basis.

Frances O'Grady said: "The prime minister's pledge to put workers on company boards has been watered down beyond all recognition. This now amounts to little more than a box-ticking exercise."

The TUC has for a long time called for companies over a certain size to have worker directors elected by all staff, as already happens in many other European countries such as Germany and Sweden.

The GMB general union called the government's proposals "a pathetic climbdown", while general secretary of the Unite general union Len McCluskey, said: "Once again the big business lobby has brought the Tory party to heel."

In a nod to naming and shaming companies that ignore shareholders on executive pay, the government has proposed a public register of listed companies where a fifth of investors have objected to executive annual pay packages. This new scheme will be set up in the autumn and overseen by the Investment Association, a trade body that represents UK investment managers.

While most of the new measures will only apply to companies listed on the London Stock Exchange or the AIM market, the government has also asked the FRC, to work with the Institute of Directors, the CBI, and other members of the business lobby, under the guidance of a business figure with relevant experience, to develop a voluntary set of corporate governance principles for large private companies.

The government will: "Introduce secondary legislation to require companies of a significant size to disclose their corporate governance arrangements in their Directors' Report and on their website, including whether they follow any formal code. This requirement will apply to all companies of a significant size unless they are subject to an existing corporate governance reporting requirement."

The government is also to consider extending a similar requirement to Limited Liability Partnerships (LLPs), such as business support groups PwC and Deloitte, of equivalent scale.

www.gov.uk/government/news/world-leading-package-of-corporate-governance-reforms-announced-to-increase-boardroom-accountability-and-enhance-trust-in-business

www.gov.uk/government/uploads/system/uploads/attachment_data/file/640470/corporate-governance-reform-government-response.pdf

www.tuc.org.uk/industrial-issues/feeble-government-corporate-governance-package-far-cry-promised-crackdown-says-tuc

www.gmb.org.uk/newsroom/climbdown-workers-voice

www.unitetheunion.org/unites-response-to-proposals-on-corporate-pay/

Dying to work milestone

A milestone was reached when the Royal Mail Group recently signed the TUC's Dying to Work Charter. It means that over half a million workers are now covered by charter, which guarantees rights for workers facing a terminal diagnosis.

Royal Mail joins 50 other employers who have signed the charter, including Santander, Legal and General, the Co-op, universities, local authorities, and various public bodies. Energy company E.ON was the first to sign in April 2016.

The charter is part of the TUC's wider Dying to Work campaign which is seeking greater security for terminally-ill workers.

The campaign began following the case of Jacci Woodcook, a 59-year-old sales manager from Derbyshire, who was forced out of her job after being diagnosed with terminal breast cancer.

The TUC is asking employers across all sectors to sign up to the voluntary charter to stop cases like Jacci's happening in the future.

TUC general secretary Frances O'Grady said: "Your job should be the least of your worries when you get a terminal diagnosis. Royal Mail has shown real leadership in this area, working with unions like the CWU to guarantee fair treatment for terminally-ill workers."

www.tuc.org.uk/workplace-issues/half-million-workers-now-covered-tuc%E2%80%99s-dying-work-charter-royal-mail-signs

PFI — profiting from infirmaries — big time

Companies that have built NHS hospitals in England under the private finance initiative (PFI) have made pre-tax profits of £831 million over the past six years and are poised to make almost £1 billion more over the next five years.

Large sums that could have been used for patient care have, therefore, gone into the pockets of a handful of PFI companies at a time when the health service is starved of funding, according to a report from the Centre for Health and the Public Interest (CHPI) think tank.

Profiting from infirmaries found that over the next five years, almost £1 billion of taxpayer funds (£973 million) will go to PFI companies in the form of pre-tax profits — equivalent to almost a quarter (22%) of the additional amount of money (£4.5 billion) that the government has promised the NHS over this period.

A number of PFI schemes are generating particularly high pre-tax profits for their operators, the report finds.

For example the company which holds the contract for the hospital at University College London has made pre-tax profits of £190 million over the past 11 years out. This is out of £527 million paid to the company by the NHS. The total value of the hospital is £292 million.

Just eight companies own or have equity stakes in 92% of all the companies holding PFI contracts with the NHS — meaning that there is very little competition between the companies bidding to build and run NHS PFI hospitals.

The CHPI calculates that if the PFI companies continue to accrue the same percentage profit — 9.4% — as in 2015, they will earn about £973 million in real terms pre-tax profit over the next five years.

The report makes a number of recommendations to curtail excess profits, including:

- using public sector loans to buy-out PFI contracts;
- taxing PFI companies to recoup some of the profits which have been made;
- capping the amount of profit that can be made by a private company which has an exclusive public-sector contract with the NHS;
- sharing out the profits made from sales of equity stakes in PFI contracts;
- mandating greater transparency of equity sales to prevent the unnoticed consolidation of market power by a small number of investors; and
- renegotiating contracts with the PFI companies to reduce the amounts the NHS has to pay.

https://chpi.org.uk/wp-content/uploads/2017/08/CHPI-PFI-ProfitingFromInfirmaries.pdf

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