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End the fat cat scandal

CORONAVIRUS is taking the biggest toll on dividends in modern times, with more than £4.3bn of payouts postponed or cancelled so far, and big distributors – such as oil majors – still to decide.

Preserving capital in times of strife is critical, particularly for banks, because of their key role in supporting the small- and medium-sized firms that are the backbone of the economy.

So far, however, the lenders are not having a good crisis. With 5.9m small businesses in the UK, we cannot be surprised that there are long delays in reaching account managers by telephone. What is distressing is the message received when connections are made. The demands for personal assets as collateral, when the Government is indemnifying most of the loan for 12 months, is irresponsible. It will destroy businesses.

As well as axing dividends, boards need to go a step further. The high level of pay and bonuses among FTSE 350 bosses has long been a national scandal and needs scrutiny.

Among the top 100 bosses, the ratio of CEO rewards to ordinary workers is 167:1. With a few exceptions, such as BA-owner IAG's chief executive Willie Walsh, and the boss of shoe company Kurt Geiger, Neil Clif-

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ford (featured on page 70), there has been silence about changing salary and bonus arrangements. If ever there was a moment for the upper echelons of British business to show that shareholders, employees and bosses are engaged in the battle against Covid-19 together, it is now.

It should be a condition of access to any loans through the Bank of England's £330bn Covid Corporate Financing Facility or the smaller corporate interruptions scheme, operated by the British Business Bank – which allows firms to borrow up to £5m – that the bonus slate is wiped clean of incentive plans. Directors' remuneration should be pared back to basic pay. Honourable CEOs should consider going even further.

There has been talk, from Boris Johnson and others, of turning a health emergency

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into an opportunity by creating a better society. Britain's corporate leaders have a chance to consign the much resented fat-cat label to the dustbin of history. They should show the right stuff and do it.

Easy money

STELIOS Haji-ioannou is the ultimate activist investor. The founder and biggest shareholder in Easyjet never loses an opportunity to unsettle management.

With the carrier now fully grounded and flight crews being offered to provide services for Covid-19 patients at the emergency Nightingale Hospital in London, Stelios may not have chosen the most opportune time to launch an assault.

In a rather ruthless technique, he is proposing to sacrifice a non-executive director every seven weeks at a series of rolling general meetings starting on April 1.

There is something to the Stelios argument that this is not the right moment for Easyjet to expand its fleet by spending £4.5bn on 107 Airbus aircraft to be purchased between 2020-23. He argues the contract is unenforceable since coronavirus has effectively triggered 'force majeure', which technically allows contracts to be invalidated. Courts might disagree.

Support for his advice might be greater if he had decided to redeploy some or all of the £60m dividend recently paid to him and

his family to assist the company and its staff in its hour of need. It is, of course, up to him how he uses his resources.

In this time of stress for management and workforce, the Easyjet founder might have been better advised to engage on the Airbus front quietly, rather than wasting time and money on noisy dissent.

Grand designs

BRITAIN'S creative and design industries are often overlooked in the grand scheme. So it is good to see that they are responding positively to the desolation all around.

Elton John and other high profile musicians are doing their bit to lift the spirits with the iHeart Living Room Concert for coronavirus charities. There are large numbers of unsung composers and performers without concerts and work. PRS for Music (the old Performing Rights Society) is offering members £1,000 grants to help see them through the health emergency.

On a separate front, Britain's newest creative hub, the Design District on Greenwich Peninsula in London, is pressing ahead with an opening later this year. It will host 1,800 innovators, fashion designers and arts workers in affordable workspaces in 16 buildings on a two-and-a-half acre campus.

Terrific to see industries which believe in self-help looking through the lock-down towards better days.