

News story: Government to research whether companies buy back their own shares to inflate executive pay

- New research to address concerns companies may be repurchasing shares to artificially inflate executive pay
- Study forms part of the Government's corporate governance reforms and wider Industrial Strategy
- Announcement helps maintain the public's trust in big business and corporate standards

New research into whether some companies are repurchasing their own shares to artificially inflate executive pay has been announced today by the Government.

A share buyback is where a company buys back its own shares from the market, often to reduce the number of available shares in order to increase their value. While there are a number of valid reasons why a company would use these schemes, there are concerns that a minority of companies are using them to inflate executive pay and that they can crowd out investment.

This new research will help to understand how companies use share buybacks and whether any further action is needed to prevent them from being misused.

This review is part of the broader package of corporate governance reforms announced in August 2017 to address concerns that executive pay can sometimes be disconnected from company performance.

The Government has appointed consultants PwC to undertake the research into share buybacks and will be supported by Professor Alex Edmans, a leading academic at the London Business School. The findings will be published later this year.

Business Secretary Greg Clark said:

The UK is rightly recognised as having a world-leading business environment and responsible business practices – a key part of our Industrial Strategy.

But there are concerns that some companies may be trying to artificially inflate executive pay by buying back their own shares.

This review will examine how share buyback schemes are used and whether any action is required to prevent them from being abused.

As the part of last year's corporate governance reforms, the Government announced it would:

- support the Investment Association's world-first public register of FTSE-listed companies where more than one fifth of shareholders have opposed resolutions on executive pay packages and other issues;
 - introduce new legislation this year requiring companies to annually report and explain the pay ratio between chief executives and their UK employees;
 - ask the Financial Reporting Council to find new ways for companies to engage with their employees as part of the revised UK corporate governance code;
 - appoint a Chair of a group to draw up the first-ever corporate governance principles for large private companies – the Chair will be announced shortly.
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[Press release: Government acts to protect essential services from cyber attack](#)

- Organisations risk fines of up to £17 million if they do not have effective cyber security measures
- Sector-specific regulators will be appointed so essential services are protected
- National Cyber Security Centre today publishes new guidance for industry

Bosses of Britain's most critical industries are being warned to boost cyber security or face hefty fines for leaving themselves vulnerable to attack following [our consultation](#).

Energy, transport, water and health firms could be fined up to £17million if they fail to have the most robust safeguards in place against cyber attack.

New regulators will be able to assess critical industries to make sure plans are as robust as possible.

A simple, straightforward reporting system will be set up to make it easy to report cyber breaches and IT failures so they can be quickly identified and acted upon.

This will ensure UK operators in electricity, transport, water, energy, transport, health and digital infrastructure are prepared to deal with the increasing numbers of cyber threats.

It will also cover other threats affecting IT such as power outages, hardware failures and environmental hazards. Under the new measures recent cyber breaches such as WannaCry and high profile systems failures would be covered by the Network and Information Systems (NIS) Directive.

These incidents would have to be reported to the regulator who would assess whether appropriate security measures were in place. The regulator will have the power to issue legally-binding instructions to improve security, and – if appropriate – impose financial penalties.

Margot James, Minister for Digital and the Creative Industries, said:

Today we are setting out new and robust cyber security measures to help ensure the UK is the safest place in the world to live and be online.

We want our essential services and infrastructure to be primed and ready to tackle cyber attacks and be resilient against major disruption to services.

I encourage all public and private operators in these essential sectors to take action now and consult NCSC's advice on how they can improve their cyber security.

The National Cyber Security Centre (NCSC), the UK's centre of cyber excellence established in 2017, has today published [detailed guidance](#) on the security measures to help organisations comply. These are based around 14 key principles set out in our consultation and government response, and are aligned with existing cyber security standards.

National Cyber Security Centre CEO Ciaran Martin said:

Our new guidance will give clear advice on what organisations need to do to implement essential cyber security measures.

Network and information systems give critical support to everyday activities, so it is absolutely vital that they are as secure as possible.

The new measures follow the consultation held last year by the Department for Digital, Culture, Media and Sport seeking views from industry on how to implement the NIS Directive from 10 May 2018.

Fines would be a last resort and will not apply to operators which have assessed the risks adequately, taken appropriate security measures and engaged with regulators but still suffered an attack.

Following the [consultation](#), incident reporting arrangements have been simplified, with operators reporting to their Competent Authority. Penalties will be fixed at a maximum of £17 million and the new legislation will be made clearer for companies to know whether they have to comply with the NIS Directive.

The NIS Directive is an important part of the Government's five-year £1.9

billion National Cyber Security Strategy to protect the nation from cyber threats and make the UK the safest place to live and work online. It will ensure essential service operators are taking the necessary action to protect their IT systems.

Notes to editors

[News story: Alun Cairns: “The importance of saying no to hatred and prejudice”](#)

Secretary of State for Wales Alun Cairns has today (27 January) paid tribute to those who died in the Holocaust, and to the survivors working tirelessly to share their stories of courage with future generations.

Holocaust Memorial Day (27 January) is a national event dedicated to the remembrance of the victims of genocide and to the honour of the survivors of hatred regimes around the world. The theme for the 2018 commemorations is “The Power of Words”.

In 2018, with continued support and funding of the UK Government, the Holocaust Memorial Day Trust will be reaching out to more people than ever before. It will be organising more events than ever before. And it will be publishing and sharing more words than ever before.

In his own words, Secretary of State for Wales Alun Cairns underlines the importance of learning lessons from the tragic events of the Holocaust.

Alun Cairns said:

The power of words cannot be underestimated. They can entertain us, educate us, unite us, and uplift us. But, also, how they can wound and divide us – and even drive some towards hatred and violence.

Every year we hear the words of genocide survivors, sharing their most harrowing memories so that we can understand the importance of saying no to prejudice.

In a fragile world, it is more important than ever that we listen to those words and to educate the next generation about the dangers of hatred.

This part of our shared history must be remembered and commemorated. On Holocaust Memorial Day, we must all take the

opportunity to reflect upon the ways in which we live our lives and look at how we can create better, stronger communities together so that the events of our past are never repeated again.

The Holocaust Educational Trust works with schools, colleges and communities across the UK to educate about the Holocaust and its contemporary relevance.

Read more about [Holocaust Memorial Day](#)

[News story: Open letter to business on Implementation Period](#)

Secretary of State for Exiting the EU David Davis, Chancellor Philip Hammond, and Business Secretary Greg Clark have written to businesses setting out the UK's ambitions for an implementation period following Brexit.

In the joint letter, the three Cabinet Ministers outline the Government's commitment to providing businesses with the certainty and clarity they need to plan ahead.

[News story: Secretary of State welcomes US Trade Commission's decision on Bombardier](#)

Speaking a short time ago, Mrs Bradley commented:

It is excellent news that the International Trade Commission has unanimously found in favour of Bombardier. It is great that the company will continue to play a hugely important role in our economy as we build a Northern Ireland fit for the future.

I know Bombardier workers and their families have been waiting some time for this and I wish them well as we welcome this news together.

The UK Government has been working tirelessly to safeguard Bombardier jobs and argued from the very start this case was wholly unjustified.