

Vince Cable, the Business Secretary, Want Tougher Regulations Against Rogue Company Directorss

No More Wrist Slaps

Nicholas Watt reports in the Guardian

A "small rotten core" of company directors, including bankers, are to face tougher laws to ensure they are banned from running British businesses, Vince Cable will say on Monday as he unveils a series of measures to promote a fairer economy.

In his keynote speech to the Liberal Democrat conference, the business secretary will announce plans for a tightening of the law to end the "slap on the wrist" approach to "dodgy directors".

Cable has in mind a "number of scandals", encompassing RBS at the time of the financial crash, the Farepak scandal and nursing homes. The Tyrie banking commission report prompted Cable to act. "We are aware that there are certain people who can work again who shouldn't be able to," one Lib Dem source said. "The damage can run to tens of billions of pounds if you get the wrong people running a public company. Look at the Tyrie report for evidence."

The targeting of rogue company directors is designed to promote a fairer labour market at the "top end". Cable will also announce plans to improve the "lower end" of the labour market by targeting zero-hours contracts.

A consultation will examine whether "exclusivity clauses", in which companies prevent employees going elsewhere even

when they have no guarantee of work, should be restricted.

The business secretary will also confirm, as he told the Guardian on Saturday, that he is to ask the Low Pay Commission to look at raising the minimum wage more quickly over the next four years.

He says it has fallen by about 10% to 12% below the anticipated level after the financial crash.

Cable will warn rogue directors that they face tough new laws. He will tell the conference in Glasgow: "We need to see fairness as well as trust in our director disqualification regime. For too long, a small rotten core has got away with either a slap on the wrist, a ban from working in their own industry or, at most, a time-limited ban.

"This neglects the fact that rogue directors' decisions affect the lives of the employees they are responsible for and the businesses they deal with. That is why I will beef up the laws to ban rogue directors from running British companies so dodgy directors face the strongest possible consequences for their irresponsible actions."

Cable will outline four measures to crack down on rogue directors. These are:

- A better compensation scheme for people who have suffered losses from directors guilty of criminal or reckless behaviour.
- Ensuring that directors banned from companies abroad are not allowed to run companies in Britain.
- Extending the time to investigate complex cases of alleged misconduct by company directors to ensure they cannot be "timed out".

- Raising standards of behaviour by introducing special corporate training. Cable expects his measures on company directors to be included in the final Queen's speech before the 2015 general election which will be unveiled in the spring next year. A discussion paper on his plans closes on Monday.