

# PAY TRACKER

*Comparing Chief Executive Officer pay in the FTSE 100  
with average pay and low pay in the UK*

March 2017

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The Equality Trust, Resource for London, 356 Holloway Road, London, N7 6PA

Registered in England & Wales. Company no. 6084965. Charity no. 1161545.

Phone: 020 3637 0324 | Email: [info@equalitytrust.org.uk](mailto:info@equalitytrust.org.uk)

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## 1. Introduction

The vast majority of working people in the UK rely on what they receive in their pay packets in order to live. It follows, therefore, that inequality in pay between the rich and the rest is a major driver of overall economic inequality in the UK. On average, the Chief Executive Officers (CEOs) of the UK's largest one hundred companies (the FTSE 100) take home around 190 times what the average employee takes home. Too often, bosses are treated as untouchable talent to be retained at all costs, while millions of workers are seen merely as costs to be reduced.

The result is that the UK is one of the most unequal countries in the developed world and there is, rightly, great concern about excessive rewards at the top end of the pay scale compared to the amounts most people take home. More unequal developed countries like the UK suffer from poorer mental and physical health, poorer educational outcomes, and lower levels of trust in others.

There is even evidence to suggest high inequality negatively impacts our economy and businesses. The huge gulf between bosses and workers fosters a sense that prosperity is not being shared. Polling from the [CIPD](#) has found that nearly half of employees (44 per cent) think their CEO's pay is either too high or far too high, and employees were more likely to say that their CEO was not rewarded in line with the level of the organisation's performance (38 per cent) than to say that it was (32 per cent).

Despite the wealth of evidence on the pernicious effects of inequality, and growing unease with pay inequality, there is still a lack of public knowledge and understanding as to just how extreme executive pay is compared to what most people have to live on. Very few FTSE 100 CEOs earn less than £1 million a year. It is hard to escape the conclusion that becoming a CEO of a top company in the UK is pretty much like having a guaranteed, good-sized lottery win every year.

The aim of this report is to drill down beyond average figures to show, company by company, the pay gaps between CEOs and the average and lowest UK wages. In doing so we can also reveal the extent to which some of our largest companies are more unequal than others in how they pay their staff.

Alongside this report we are campaigning for mandatory pay ratio reporting to be introduced for all medium-sized and larger companies (as defined in the Companies Act 2006) so we can achieve further transparency around pay inequality in the UK with a view to reducing it. Our petition calling for the Government to introduce these measures [can be found here](#).

While companies have been able to operate in the shadows, absurd and unequal pay practices have festered. We hope that the added transparency provided by this report will shine a light on the best and worst practices within our most successful companies, and feed into the evidence for top pay to be restrained, and for low pay to be boosted. It is only when pay inequality is challenged that we will see a meaningful reduction in the UK's very high level of inequality, for the benefit of everyone.



**Dr. Wanda Wyporska**  
Executive Director, The Equality Trust

## 2. Methodology

We have analysed all the 2015 Annual Report & Accounts for all companies in the FTSE 100 (as at 13 March 2017) as filed at the UK official registry, Companies House. We chose 2015 as this is the last year for which all the FTSE 100 have filed. Some of the companies have yet to file their 2016 accounts. Where companies have filed 2016 accounts, some of them have taken the opportunity to adjust their 2015 CEO remuneration figure slightly and we quote this adjusted figure.

The figure we have taken from the Annual Report & Accounts is the CEO's Single Total Remuneration figure<sup>1</sup> in each case. Where companies report in US dollars or euros, we have calculated the sterling equivalent using HMRC's average exchange rate for the month in which the company's year-end falls.<sup>2</sup> Using these figures, we have produced two ratios for each company:

Ratio 1. Total CEO remuneration : Average UK wage

Ratio 2. Total CEO remuneration : National Living Wage (the statutory adult UK minimum wage) or, if applicable:

Total CEO remuneration : real Living Wage (as set by the Living Wage Foundation)

The Average UK Wage annual figure is: £27,615<sup>3</sup>

The National Living Wage annual figure is: £13,662<sup>4</sup>

The real Living Wage figure for the UK (excl. London) is: £16,034<sup>5</sup>

In the absence of published lowest-paid figures (companies are not legally required to provide these, something we would like to see rectified) we are using the current National Living Wage figure for 2016/17 to generate the top-to-bottom ratios. Using Ratio 1, we have ranked all of the companies from highest to lowest so people can see how much each FTSE 100 company values their CEO compared to their other staff or, perhaps more accurately, how little each company values their staff compared to their CEO.

It is important to note that the first FTSE 100 company we are aware of voluntarily publishing the ratio of its CEO to median employee pay is Legal and General, providing a ratio of 94:1 in its 2016 accounts (versus the comparative of 142:1 for 2015). The 2015 ratio differs from the one we present because it uses the actual median within the company rather than the national median. In any event, we commend this decision, welcome the reduction of their ratio and hope they go further. We urge the rest of the FTSE 100 - and all medium and large companies - to follow Legal and General's example.

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<sup>1</sup> Since 1 October 2013, publicly listed companies have been required to publish a single total figure of remuneration in their Annual Report & Accounts for each of their Directors, including the CEO. This was a requirement of *The Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013*. The single figure comprises salaries and fees, taxable benefits, short-term performance-related remuneration (like bonuses), long-term performance-related remuneration, and pension benefits.

<sup>2</sup> <https://www.gov.uk/government/publications/hmrc-exchange-rates-for-2015-monthly>

<sup>3</sup> Median annual earnings of full-time employees. Annual Survey of Hours and Earnings, 2015  
[https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/allemployee\\_sashtable1](https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/allemployee_sashtable1)

<sup>4</sup> National Living Wage rate for 25yrs+ is £7.20 per hour. Salary calculated as £7.20 X 7.5hr day X 253 days = £13,662  
<https://www.gov.uk/national-minimum-wage-rates>

<sup>5</sup> Living Wage Foundation UK rate is £8.45 per hour. Salary calculated as £8.45 X 7.5hr day X 253 days = £16,034  
<http://www.livingwage.org.uk/what-is-the-living-wage>

### 3. Key findings

Analysis by The Equality Trust found the **£5,271,803 average pay** for a FTSE 100 CEO is:

- 165 times more than a nurse's.
- 140 times more than a teacher's.
- 132 times more than a police officer's.
- 312 times more than a care worker's.<sup>6</sup>

And that:

- Over two thirds (67%) of FTSE 100 CEOs are paid more than 100 times the average UK salary.
- Ninety per cent of FTSE 100 CEOs are paid at least 100 times more than a National Living Wage salary.
- Only six of the FTSE 100 CEOs were paid less than £1 million in 2015.

#### Top 10 most highly paid CEOs

Rank	Name of Company	CEO Single Total Remuneration Figure (£s)	CEO Total Remuneration is greater than the UK Average Wage by a factor of:	CEO Total Remuneration is greater than the UK National Living Wage or real Living Wage (R) by a factor of:
1	WPP	70,416,000	2,550	5,154
2	Reckitt Benckiser Group	23,190,895	840	1,697
3	Sky	17,873,503	647	1,308
4	Shire	14,188,692	514	1,039
5	BP	12,887,574	467	943
6	Prudential	12,682,000	459	928
7	RELX	11,416,000	413	712 (R)
8	Standard Chartered	9,689,000	351	604 (R)
9	Schroders	8,905,000	322	555 (R)
10	Lloyds Banking Group	8,704,000	315	543 (R)

<sup>6</sup> ONS Annual Survey of Hours and Earnings, 2016. The median gross full time annual pay for a nurse is £31,929; for teaching and educational professionals it is £37,715; for police officers (sergeant and below) it is £39,802; and for care workers and home carers it is £16,877.

<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/occupation4digitsoc2010ashtable14>

## 4. Rankings By Ratios

Below are tables showing the rankings of the FTSE 100 companies in terms of their CEO pay compared to the UK average full-time wage in 2015 of £27,615. We also show the ratio compared to the statutory UK 'National Living Wage' or, if applicable, the more generous and voluntary *real* Living Wage recommended by the [Living Wage Foundation](#) which is calculated by reference to the true cost of living. Companies that are accredited and pay the real Living Wage are indicated by (R) being shown next to the relevant figure.

### FTSE 100 companies ranked by pay ratios (highest to lowest)

#### Companies ranked 1 – 25

Rank	Name of Company	CEO Single Total Remuneration Figure (£s)	CEO Total Remuneration is greater than the UK Average Wage by a factor of:	CEO Total Remuneration is greater than the UK National Living Wage or real Living Wage (R) by a factor of:
1	WPP	70,416,000	2,550	5,154
2	Reckitt Benckiser Group	23,190,895	840	1,697
3	Sky	17,873,503	647	1,308
4	Shire	14,188,692	514	1,039
5	BP	12,887,574	467	943
6	Prudential	12,682,000	459	928
7	RELX	11,416,000	413	712 (R)
8	Standard Chartered	9,689,000	351	604 (R)
9	Schroders	8,905,000	322	555 (R)
10	Lloyds Banking Group	8,704,000	315	543 (R)
11	Provident Financial	8,455,000	306	619
12	3i Group	8,278,000	300	516 (R)
13	AstraZeneca	7,963,000	288	497 (R)
14	Burberry Group	7,508,000	272	468 (R)
15	Barratt Developments	7,363,000	267	539
16	HSBC Holdings	7,340,000	266	458 (R)
17	Unilever	7,207,056	261	449 (R)
18	Old Mutual	7,081,000	256	518
19	Taylor Wimpey	7,019,000	254	514
20	Carnival	6,869,987	249	503
21	TUI AG	6,723,258	243	492
22	GlaxoSmithKline	6,661,000	241	415 (R)
23	London Stock Exchange Group	6,612,000	239	412 (R)
24	British Land Co	6,551,000	237	480
25	International Airlines Group	6,455,000	234	472

FTSE 100 companies ranked by pay ratios (highest to lowest)

**Companies ranked 26 – 50**

Rank	Name of Company	CEO Single Total Remuneration Figure (£s)	CEO Total Remuneration is greater than the UK Average Wage by a factor of:	CEO Total Remuneration is greater than the UK National Living Wage or real Living Wage (R) by a factor of:
26	easyJet	6,241,000	226	457
27	Aviva	5,670,000	205	354 (R)
28	Legal & General Group	5,497,000	199	343 (R)
29	Compass Group	5,325,000	193	390
30	Randgold Resources	5,051,421	183	370
31	Mondi	4,945,841	179	362
32	Tesco	4,897,000	177	358
33	National Grid	4,845,000	175	302 (R)
34	Direct Line Insurance Group	4,815,000	174	352
35	Hikma Pharmaceuticals	4,810,021	174	352
36	Land Securities Group	4,776,000	173	350
37	Next	4,660,000	169	341
38	BT Group	4,562,000	165	334
39	Whitbread	4,554,000	165	333
40	British American Tobacco	4,543,000	165	333
41	Babcock International Group	4,448,000	161	326
42	Rio Tinto	4,255,190	154	311
43	Smiths Group	4,195,000	152	307
44	Ashtead Group	4,165,000	151	305
45	Barclays	3,981,000	144	248 (R)
46	ITV	3,972,000	144	248 (R)
47	Royal Dutch Shell	3,903,122	141	286
48	Wolseley	3,901,000	141	286
49	CRH	3,805,124	138	279
50	Diageo	3,792,000	137	278

FTSE 100 companies ranked by pay ratios (highest to lowest)

**Companies ranked 51 - 75**

Rank	Name of Company	CEO Single Total Remuneration Figure (£s)	CEO Total Remuneration is greater than the UK Average Wage by a factor of:	CEO Total Remuneration is greater than the UK National Living Wage or real Living Wage (R) by a factor of:
51	Imperial Brands Group	3,637,000	132	266
52	Bunzl	3,636,200	132	266
53	Standard Life	3,554,000	129	222 (R)
54	Smith & Nephew	3,512,411	127	219 (R)
55	Smurfit Kappa	3,511,830	127	257
56	Royal Bank of Scotland Group	3,492,000	126	218 (R)
57	Anglo American	3,462,000	125	216 (R)
58	DCC	3,357,926	122	246
59	InterContinental Hotels Group	3,197,000	116	234
60	Associated British Foods	3,139,000	114	230
61	St James's Place	3,135,490	114	196 (R)
62	Worldpay Group	3,108,103	113	227
63	Centrica	3,009,000	109	188 (R)
64	BHP Billiton	2,946,624	107	184 (R)
65	BAE Systems	2,929,000	106	214
66	United Utilities Group	2,884,000	104	211
67	Vodafone Group	2,810,000	102	206
68	Intertek Group	2,700,000	98	198
69	Paddy Power Betfair	2,604,648	94	191
70	RSA Insurance Group	2,469,000	89	154 (R)
71	Experian	2,379,042	86	148 (R)
72	SSE plc	2,311,000	84	144 (R)
73	Severn Trent	2,197,600	80	161
74	Hammerson	2,147,000	78	157
75	Coca-Cola HBC AG	2,108,358	76	154



FTSE 100 companies ranked by pay ratios (highest to lowest)

**Companies ranked 76 - 99**

Rank	Name of Company	CEO Single Total Remuneration Figure (£s)	CEO Total Remuneration is greater than the UK Average Wage by a factor of:	CEO Total Remuneration is greater than the UK National Living Wage or real Living Wage (R) by a factor of:
76	WM Morrison Supermarkets	2,101,000	76	154
77	Marks & Spencer Group	2,095,000	76	153
78	Hargreaves Lansdown	2,058,642	75	151
79	Informa	2,033,099	74	149
80	Persimmon	1,995,213	72	146
81	J Sainsbury	1,912,000	69	140
82	GKN	1,681,000	61	123
83	Antofagasta Holdings	1,666,009	60	122
84	Rentokil	1,655,757	60	121
85	Intu Properties	1,653,000	60	121
86	Sage Group	1,629,000	59	102 (R)
87	Johnson Matthey	1,594,000	58	117
88	Micro Focus	1,548,000	56	113
89	Royal Mail	1,522,000	55	111
90	Croda International	1,374,046	50	101
91	Kingfisher	1,306,100	47	96
92	Rolls Royce Holdings	1,297,000	47	95
93	Pearson	1,263,000	46	79 (R)
94	Glencore	992,768	36	62 (R)
95	Fresnillo	766,601	28	56
96	Merlin Entertainments	733,000	27	54
97	Mediclinic International	702,000	25	51
98	Admiral Group	397,688	14	29
99	Scottish Mortgage Investment Trust <sup>7</sup>	45,684	2	3
NF	ConvaTec Group plc <sup>8</sup>	No filing in 2015	No filing in 2015	No filing in 2015
	<b>Average FTSE 100 CEO pay in 2015</b>	<b>5,271,803</b>		

The average annual pay for CEOs in the UK's top 100 companies of £5.3m is 386 times that of a worker earning the National Living Wage.

<sup>7</sup> Scottish Mortgage Investment Trust does not have a chief executive, so the Chairman's remuneration figure is used.

<sup>8</sup> It should be noted that there are only figures for 99 companies as ConvaTec Group plc was newly publicly listed in 2016, and so has not yet provided a single total figure of remuneration for 2015. Therefore, it is excluded here and the average FTSE 100 CEO pay figure is the mean average of the remaining 99.

## 5. Conclusions

When looking at the ratios in this report it should be remembered that these companies enjoy the privileges of limited liability which are granted, on our behalf, by the state when it issues their certificates of incorporation. They also enjoy the privilege of listing on one of the world's leading stock exchanges. With these privileges come responsibilities, and we would argue that one of those responsibilities is for companies to pay their workforces fairly and not allow themselves to become engines of inequality that drive social and economic division in the UK.

In fact, Section 172 of the Companies Act 2006, in requiring the directors to promote the success of the company for its members, explicitly tasks them to have regard to the interests of the company's employees, the impact on the community and the reputation of the company. It could be argued that directors are flouting the spirit, if not the word, of the law when they preside over vast pay differences in their companies.

We know there is a great deal of concern within the business community about inequality and much discussion about the role business has to play in tackling it. We would therefore like to take this opportunity to invite all of the FTSE 100 companies to contact us and let us know their views, and how they intend to manage their pay gaps in future.

In the meantime, we are campaigning for mandatory pay ratio reporting to be introduced for all medium and large companies (as defined in the Companies Act 2006) so we can achieve proper transparency around pay inequality in the UK with a view to reducing it. We want to see these companies routinely disclose their top-to-median and top-to-bottom pay ratios so the public can see and compare companies by reference to how fairly they pay their employees. We believe this will be a great incentive for companies to bear down on their pay differentials.

### **And here's what you can do...**

If you agree that we need to tackle pay inequality, please [sign our petition here](#), and share this report and the petition with friends, family and colleagues as well as via any social media networks you might use.

For further information about how we see pay ratio reporting working in tandem with other reforms, you can [read our recent submission](#) in response to the Government's Green Paper on corporate governance. Again, please do share this widely. And there are plenty of other actions you can take to help us tackle inequality in the UK:

- Read our new activist pack [Inequality Is Not Inevitable](#)
- Join or form a [local equality group](#)
- Donate to [support our work](#)
- Ask your employer to [affiliate to us](#) or ask other organisations or groups that you know of to affiliate
- Ask your employer or any employer (e.g. FTSE 100 companies) to disclose their pay ratios [at Pay Compare](#).

Inequality is not inevitable. Together, we can reduce it and improve the quality of life for everyone in the UK. Thank you for your support.