

CEO TO WORKER PAY GAPS IN THE FTSE 350:

Five years of pay ratio disclosures



Annual Report

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Introduction

The 2018 Companies (Miscellaneous Reporting) Regulations require UK-incorporated listed companies to publish ‘pay ratio’ disclosures showing the relationship of their CEO’s total remuneration to the total remuneration of employees at the 75th (upper quartile), median and 25th (lower quartile) percentile of the pay distribution of the company’s UK employee population.¹ Companies are also required to disclose the absolute levels of total remuneration for the employees at these percentiles. These requirements first came into effect for annual reports with year-ends on 31st December 2019. HPC has conducted an annual analysis of the disclosures since 2020.

From the perspective of incomes and living standards, pay ratios are of interest for two reasons.

Firstly, the way in which reporting companies distribute expenditure on pay is a critical determinant of standards of living in Britain. These companies not only set the pay for their own employees, but as major economic actors drive market practices within their industries and beyond, helping to establish trends across the economy more generally. The ratios illustrate how billions of pounds worth of wealth accumulated by business is shared between high, middle and low-earning workers, and inform discussion of whether or not this is fairly apportioned.

Secondly, the relationship between higher levels of income inequality and worse socio-economic outcomes is well-documented. Pay gaps between high, middle and low earners are major determinants of income inequality.² Understanding the scale of these gaps in turn increases our understanding of how they occur and what action is required from policymakers to mitigate them.

Additionally, pay ratios should be of interest to anyone concerned about productivity and business performance. The question of optimal levels of intra-company inequality and the point at which pay gaps exceed their incentive value and become a source of resentment has been the subject of considerable academic attention. It makes intuitive sense that some degree of inequality is necessary within organisations, encouraging lower earners to be more productive and accumulate greater skills with the aim of achieving promotion to a higher-earning role. Equally, it is possible that very large differences in pay between colleagues within the same organisation foster resentment that is not conducive to high performance, positive corporate culture or commitment towards organisational goals. There is a considerable volume of research showing that wider CEO worker pay gaps can lead to employees forming more negative perceptions of their company and CEO, with implications for employee engagement and productivity.³ Pay ratios highlight the potential for these problems to arise at UK companies.

This report analyses pay ratio disclosures published by FTSE 350 companies covering the financial year 2023/24 (up to the date March 31 2024) and compares them to the previous three years for which comparable ratios are available.

The report looks at both CEO to employee pay gaps, as well as the pay levels for employees across the pay distribution in absolute terms, before looking at intra sector/industry pay ratios. It also discusses the insights into the potential for intra-company redistribution, and the role this might play in raising pay and reducing economic inequality in the UK. The report concludes by summarising some of the insights provided by the pay ratio disclosures, as well as noting their limitations.

Finally, the report recommends measures through which either companies and investors, through voluntary action, or policymakers and regulators, through laws and regulations, might further improve the transparency and governance of the pay practices of corporate Britain.

¹ UK Government (2018), *The Companies (Miscellaneous Reporting) Regulations 2018* https://www.legislation.gov.uk/ukdsi/2018/9780111170298/pdfs/ukdsi_9780111170298_en.pdf

² For examples of research on the influence of income inequality on a wide range of socio-economic factors, from health to education and social mobility, please see: American Journal of Public Health. (2021). *Income and income inequality are a matter of life and death* via <https://ajph.aphapublications.org/doi/full/10.2105/AJPH.2021.306301>; Kearney, M and Levine, P. (2016). *Income inequality, social mobility and the decision to drop out of high school* via <https://www.jstor.org/stable/43869027>; Reardon, S. (2011). *The widening achievement gap between the rich and the poor: new evidence and possible explanations* via <https://cepa.stanford.edu/sites/default/files/reardon%20whither%20opportunity%20-%20chapter%205.pdf>.

³ For examples of research showing the damaging effect of wider CEO to worker pay gaps on employee engagement, productivity and perceptions of fairness see Boone, Audra and Starkweather, Austin and White, Joshua T (2023), *The Saliency of the CEO Pay Ratio* via <https://ssrn.com/abstract=3481540>; Takeuchi, R. Qian, C. Liu, Yilin and Junfeng, Wu. (2025). *Whistleblowing is more common when CEO's are overpaid* via <https://hbr.org/2025/03/research-whistleblowing-is-more-common-when-ceos-are-overpaid?ab=HP-topics-text-10>; Rouen, E. (2017). *Rethinking measurement of pay disparity and its relation to firm performance* via https://www.hbs.edu/ris/Publication%20Files/18-007_182aaa61-979e-4f84-ac61-d7e3837779d6.pdf; Wade, J. O'Reilly, C. Pollock, T. (2006). *Overpaid CEO's and underpaid managers: fairness and executive compensation* via <https://pubsonline.informs.org/doi/abs/10.1287/orsc.1060.0204?journalCode=orsc>.

Methodology

This report analyses pay ratio disclosures for the FTSE 350 for the financial year 2023/24.

2023/24 refers to those annual reports relating to each company's financial year end occurring between April 1st 2023 and March 31st 2024. This is the same methodology that was used for our previous pay ratio report covering the 2022/23 financial year (April 1st 2022 to March 31st 2023). It is worth noting that, for the years prior to this, the HPC pay ratio reports were compiled based on the calendar year in which the firm's financial year end occurred. Under this model, for instance, any financial year end in 2021 would have been allocated to the 2021 data set. So, the historic figures in this report slightly differ from those recorded in our older publications.

To ensure consistency in data, only those FTSE 350 companies that were in the index on the date of the publication of their annual report and that are legally required to publish a pay ratio in their annual reports have been included. This includes all firms that are UK incorporated, have a premium stock market listing and employ over 250 UK employees. In total, 213 firms met this criteria. All pay ratios relate directly to the UK employee population.

Companies use different financial year ends and publish annual reports in arrears, often some months after their particular year end. As a result, there is an inevitable time lag between the end of the financial year and a full data set covering all companies' pay ratio disclosures for the year. By the time the data is fully available, some companies have published disclosures for subsequent years, meaning that in some cases the figures in this report are not the most recent for the company in question. To see the most up-to-date pay ratios, please visit the High Pay Centre Pay Ratio Database, which is typically updated on a monthly basis: <https://highpaycentre.org/uk-pay-database/>.

Executive Summary

Pay ratios

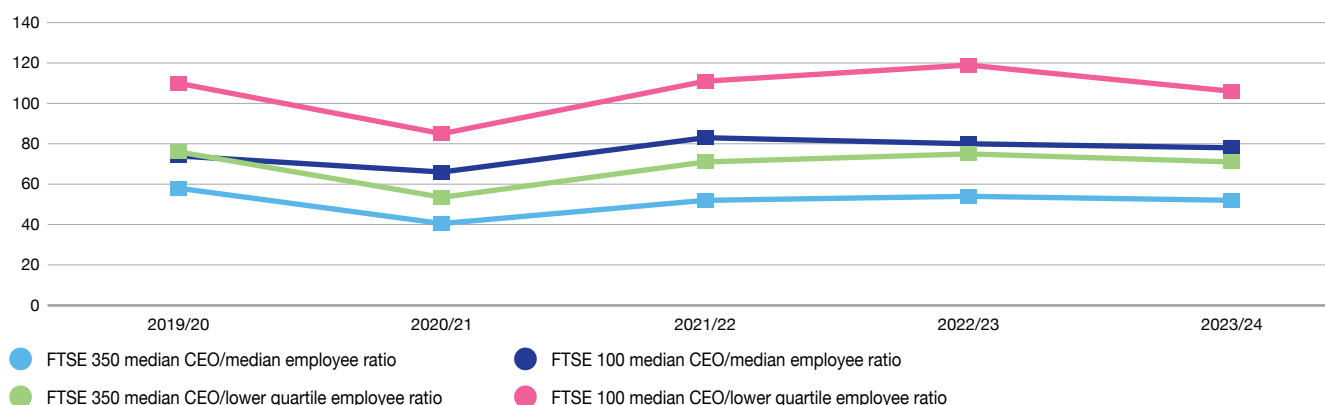
The median ratio of the CEO's pay to that of the median UK employee was 52:1 across FTSE 350 companies in 2023/24, down from 54:1 in 2022/23. The median pay ratio of FTSE 350 CEOs to their UK employee at the 25th percentile (or lower quartile threshold) of the pay distribution was 71:1 in 2023/24, down from 75:1 in 2022/23.

These ratios are higher for the FTSE 100, where the median CEO/median employee ratio was 78:1, and the median CEO/lower quartile employee ratio was 106:1 (80:1 and 119:1 in 2022/23). 18% of FTSE 350 companies had a CEO to median employee ratio of over 100:1 in 2023/24 while at 5% it was over 200:1. The CEO/lower quartile employee ratio was over 100:1 at 28% of companies and over 200:1 at 9%.

The 2023/24 ratios are broadly consistent with those disclosed since pay ratio reporting began in 2019, other than the narrower levels recorded in 2020/21. This fall and subsequent rebound reflects executive pay trends during the pandemic, when the declining value of incentive payments linked to stock market performance and voluntary CEO pay cuts led to a fall in CEO pay while workers' pay remained steadier. As such, the pay ratios declined. When lockdown restrictions eased in 2021, and markets and CEO pay awards rebounded, pay ratios widened again.

This trend has endured. Figure one shows the reduction during the pandemic looking increasingly like a one-off dip. All the highlighted ratios remain between a third and a fifth higher than their 2020/21 lows.

Figure 1: Historic pay ratios – CEO pay as a multiple of UK employee pay (full-time equivalent basis)



The companies with the widest pay ratios were as follows:

Table 1: Highest CEO/median employee ratios 2023/24

Company	Index	Sector	CEO/median employee ratio 2023/24	CEO/median employee ratio 2022/23
Mitie	250	Industrials Good and Services	575	248
Tesco	100	Food and Drug Retailers	431	197
Compass	100	Travel and Leisure	303	129
Rolls Royce	100	Aerospace and Defence	219	64
Ashtead	100	Industrial Transportation	216	179

Table 2: Highest CEO/lower quartile employee ratios 2023/24

Company	Index	Sector	CEO/lower quartile employee ratio 2023/24	CEO/lower quartile employee ratio 2022/2023
Mitie	250	Industrial Goods	628	271
Tesco	100	Food and Drug Retailers	447	231
Compass	100	Travel and Leisure	323	159
Pearson	100	Media	304	214
RELX	100	Media	294	188

Pay for low earners

Table three shows the ten companies with the lowest pay levels at the 25th percentile point (or lower quartile threshold) for 2023/24. These companies can be considered to have the lowest paid UK employees across the FTSE 350, (subject to caveats about indirectly-employed workers, who are not covered by the pay ratio reporting requirements).

Average pay for workers at the 25th percentile across the ten companies with the lowest lower quartile thresholds has increased by £2,094 since last year, an increase of 11.46%. This suggests that there has been some progress toward raising pay levels for lower earning workers (at least for those classed as direct employees and therefore included in the pay ratio figures). However, the changes could also reflect changes to the employee population used to make the calculation – if the size of the workforce has been reduced or jobs outsourced or relocated this might significantly change pay at the 25th percentile of the UK employee population without workers experiencing a significant change in their pay levels. It is striking that in the cases of JD Sports and Mitchells and Butlers, for example, there is no detail in the pay ratio statement as part of their annual report explaining the dramatic increase in the recorded pay levels.

Table 3: Lowest pay for low-earning employees in 2023/24

Company	Index	Sector	Lower quartile employee's pay in 2022/23 (£)	Lower quartile employee's pay in 2023/24 (£)	% change from 2022/23 to 2023/24
JD Sports	100	General Retailers	11,240	18,053	+60.6%
Mitchells and Butlers	250	Travel & Leisure	15,161	18,218	+20.16%
Curry's	250	General Retailers	19,690	23,707	+20.4%
Tesco	100	Food and Drug Retailer	19,196	22,180	+15.5%
WH Smith	250	General Retailers	18,850	21,598	+14.6%

The lowest pay ratios were in the financial services sectors, with the median CEO to median employee ratio across the eleven calculations disclosed by investment banking and brokerage services firms standing at 26:1, exactly half the FTSE 350 median.

The highest ratios were in the general retail sector where 102:1 was the median of the fourteen ratios disclosed, over double the median ratio of those disclosed across the FTSE 350 as a whole.

Redistribution

The ratios imply significant potential to raise pay for low and middle earners by reducing expenditure on those at the very top. If the pay of the CEOs of non-living wage accredited companies in the sample was capped at 10 times the pay of their median UK employee, their aggregate pay would have reduced from over £319m to approximately £53m. The difference of nearly £266m would hypothetically have been enough to raise the annual pay of over 86,000 full time workers earning the 23/24 National Living Wage (the statutory minimum for workers aged 23 or over) to the Real Living Wage announced in Autumn 2023.

The opportunity to redistribute from the top quarter to the bottom quarter of employees is more limited because the gaps between the groups is small compared to the gap to those at the top. The median upper quartile to lower quartile ratio across the companies was 2:1, in comparison to the median CEO to upper quartile ratio of 34:1. In other words, an employee moving from the lower quarter to the top quarter of a company's internal pay scale can expect their pay to nearly double. Going from the top quarter threshold to the very top would see it increase 34 times over.

There are very likely to be employees within the top quartile of most companies, beyond the 75th percentile, who are very highly-paid. A portion of the aggregated pay of these individuals might equate to the cost of funding significant pay increases across the wider workforce, potentially while retaining pay levels that most people would still consider very high for the top earners.

However, to make any firm conclusions on the scale of redistribution that might be possible - and the costs and value of top earners more generally - would require more information on expenditure on the pay of employees between the 75th percentile and the CEO than the pay ratio disclosures provide.

Conclusions and recommendations

Significant limitations to the pay ratio reporting requirements remain:

- **Lack of granular detail on top pay** - Better disclosure of pay for very high earners would not only provide better insights into intra-company and potentially societal inequality, but could also support the pay negotiation position of lower- and middle-earning workers and their representatives by providing them with better information on the hypothetical potential to fund pay increases through internal redistribution.
- **Lack of coverage of employers that are not listed companies** - Pay ratio requirements apply solely to companies with a premium listing on the UK stock market, leaving a substantial gap in data regarding pay and pay gaps at those employees of private non-listed firms, UK subsidiaries of foreign-incorporated parent companies and staff within the public sector.
- **Inadequate narrative reporting requirements** - Most companies assert that their pay ratio is consistent with pay, reward and progression policies without providing supporting evidence; providing little insight into the factors that cause pay inequality.

To improve reporting and strengthen the value of the pay ratio disclosures, government should:

- **Mandate consistent and detailed disclosure of distribution of expenditure on pay** - large employers should be required to publish the breakdown of their expenditure on pay, detailing the number of employees in prescribed pay bands and the total expenditure on the pay of the employees in each band.
- **Incorporate indirectly employed workers into the pay ratio calculations** - reporting requirements should include indirectly employed workers who would be commonly understood as working for the reporting company in the prescribed methodology for the calculation of pay ratios.
- **Expand reporting on pay distribution to a wider range of employers** - the pay ratio reporting requirements should be applied to a wider pool of companies, equalising reporting requirements and enabling a fuller insight into the pay practices of major employers.

In the longer term, it is time to seriously consider the prospect of a maximum wage expressed legally binding maximum CEO to employee as a pay ratio. The level of income inequality and concentration of income at the top of the distribution are high in the UK by international and historical standards, suggesting there is considerable potential to raise incomes for the majority by re-balancing distribution. A maximum ratio, which could achieve this pre-taxation, may prove more appealing, empowering and politically durable than sole reliance on taxes and transfers to redress inequalities.

Section 1: CEO to employee pay ratios at FTSE 350 companies

FTSE 350 CEO to employee pay ratios

The median ratio of the CEO's pay to that of the median UK employee was 52:1 across FTSE 350 companies in 2023/24, down from 54:1 in 2022/23. The median pay ratio of FTSE 350 CEOs to their UK employee at the 25th percentile (or lower quartile threshold) of the pay distribution was 71:1 in 2023/24, down from 75:1 in 2022/23.

These ratios are higher for the FTSE 100, where the median CEO/median employee ratio was 78:1, and the median CEO/lower quartile employee ratio was 106:1 (80:1 and 119:1 in 2022/23).

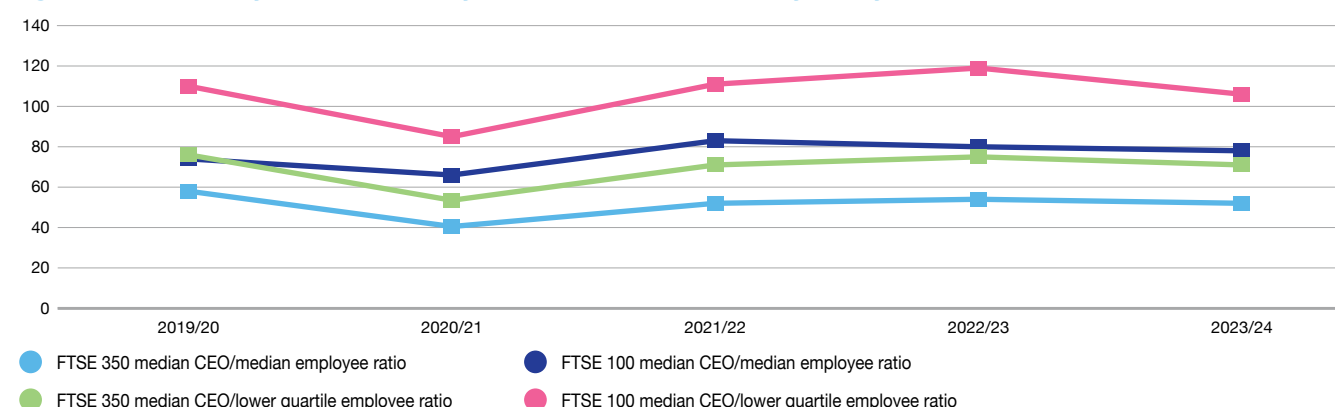
In 2023/24, 18% of FTSE 350 companies had a CEO/median employee ratio of 100:1 or over. In 2022/23, it was 21%. In 2023/24, 5% of companies had a CEO/median employee ratio of over 200:1, which is a slight increase from 3% of companies in 2022/23.

In 2023/24, 28% of FTSE 350 companies had a CEO/lower quartile ratio that exceeded 100:1 and 9% that exceeded 200:1. In 2022/23, by comparison, 35% of FTSE 350 companies had a CEO/lower quartile ratio that exceeded 100:1 and 9% that were 200:1 or greater.

The 2023/24 ratios are broadly consistent with those disclosed since pay ratio reporting began in 2019, other than the narrower levels recorded in 2020/21. This fall and subsequent rebound (highlighted in figure one) reflects executive pay trends during the pandemic, when the declining value of incentive payments linked to stock market performance and voluntary reductions in CEO pay led to a fall in CEO pay while workers' pay remained steadier. As such, the pay ratios declined. When lockdown restrictions eased in 2021, and markets and CEO pay awards rebounded, pay ratios widened again.

This trend has endured. Figure one shows the reduction during the pandemic looking increasingly like a one-off dip. All the highlighted ratios remain between a third and a fifth higher than their 2020/21 lows.

Figure 1: Historic pay ratios – CEO pay as a multiple of UK employee pay (full-time equivalent basis)



Highest and Lowest Pay Ratios

Tables one and two show the companies with the highest CEO/median employee and CEO/lower quartile employee pay ratios.

These are predominantly FTSE 100 companies, highlighting a link between market capitalisation and pay ratios that has been apparent since the first disclosures. Wider pay ratios at bigger companies can be explained on the basis that CEOs of larger companies have to oversee larger and more complex operations, potentially involving oversight of a higher number of employees, more extensive physical and intangible assets, a deeper presence in a wider range of markets or a bigger and more diverse budget.

Conversely, ordinary employees pay is less likely to differ dependent on company size – work as a shop worker or an investment banker remains essentially the same whether the employer is a FTSE 100 giant or a smaller FTSE 250 rival. Therefore, companies with larger market capitalisation typically have wider pay ratios.

This argument should not be accepted uncritically however: CEOs of larger firms may be more reliant on their colleagues to advise and execute their decisions and be better resourced in this respect. Larger companies may also be historically well-established, meaning the task of management may be less challenging than at a comparator attempting to grow new business rather than maintain established operations. Smaller companies by market capitalisation may also be more complex in other ways – for example, a FTSE 250 retailer or hospitality firm would still expect to have thousands more employees and physical property to manage than a FTSE 100 asset manager or technology firm.

Retail firms are particularly well-represented in the tables, as has been the case in previous years. Retailers often depend on a large number of low-earning shop and warehouse workers, while (as noted above) their CEOs are paid at comparable rates to firms in other sectors with similar levels of market capitalisation, resulting in very high pay ratios.

Of the 16 companies included in tables one and two, five also featured in last year's ten highest CEO/median and CEO/lower quartile ratios: BP, Mitie, Sainsbury's, Tesco and AstraZeneca.

Table 1: Highest CEO/median employee ratios 2023/24

Company	Index	Sector	CEO/median employee ratio 2023/24	CEO/median employee ratio 2022/23
Mitie	250	Industrials Good and Services	575	248
Tesco	100	Food and Drug Retailers	431	197
Compass	100	Travel and Leisure	303	129
Rolls Royce	100	Aerospace and Defence	219	64
Ashtead	100	Industrial Transportation	216	179
Bunzl	100	General Industrials	213	163
Kingfisher	100	General Retailers	212	86
Sainsbury's	100	Food and Drug Retailers	212	229
Pearson	100	Media	210	181
Next	100	General Retailers	202	114

Table 2: Highest CEO/lower quartile employee ratios 2023/24

Company	Index	Sector	CEO/lower quartile employee ratio 2023/24	CEO/lower quartile employee ratio 2022/2023
Mitie	250	Industrial Goods	628	271
Tesco	100	Food and Drug Retailers	447	231
Compass	100	Travel and Leisure	323	159
Pearson	100	Media	304	214
RELX	100	Media	294	188
HSBC	100	Banks	291	167
Clarkson	250	Industrial Transportation	274	210
AstraZeneca	100	Pharmaceuticals and Biotechnology	271	230
BP	100	Oil and Gas Producers	268	421
BAE Systems	100	Aerospace and Defence	264	228

The CEO/median and CEO/lower quartile ratios for Mitie were the third highest ratios to be published since the disclosures began to appear in annual reports in 2020, behind Ocado in 2019 and Safestore Holdings in 2021 (see tables 3 and 4). Melrose Industries also subsequently reported pay ratios of 1112:1 (CEO:median employee) and 1403:1 (CEO:lower quartile employee) for their financial year ending 31 December 2024, but this fell outside the sample for this research and will be included in a future report when full data for the financial year 2024/25 is available. Both the Melrose ratio and that published by Ocado in 2019 were affected by very large CEO pay awards (£103m for Melrose and £59m for Ocado, compared to FTSE 100 median of between £3-5m throughout this period).

Table 3: Highest historic CEO to median employee pay ratios (2019-2024)

Company	Index	Year End	Sector	CEO: Median employee ratio
Ocado	100	02.12.2019	Food and Drug Retailers	2,605
Safestore Holdings ⁴	250	31.10.2021	Real Estate Investment Trusts	656
Mitie	250	31.03.2024	Industrial Goods and Services	575
Tesco	100	24.02.2024	Food and Drug Retailers	431
Safestore Holdings	250	31.10.2022	Real Estate Investment Trusts	313
Ocado	100	02.12.2020	Food and Drug Retailers	312
JD Sports	100	01.02.2020	General Retailers	310
Tesco	100	29.02.2020	Food and Drug Retailers	305
Compass	100	30.09.2023	Travel & Leisure	303
CRH	100	31.12.2021	Construction & Materials	289

⁴ The figures Safestore recorded in their 2021 annual report were revised in subsequent years to 554:1 (CEO to 25th percentile) and 500:1 (CEO to median) as a result of revisions to the value of their CEO pay award. HPC's pay ratio database is based on disclosures provided in the annual report for the year in question, as it is not feasible to repeatedly check for revisions in subsequent reports in case the company in question failed to accurately calculate their CEO's pay. Revisions on this scale are unusual.

Table 4: Highest historic CEO to lower quartile employee pay ratio (2019-2024)

Company	Index	Year End	Sector	CEO: Lower quarter employee ratio
Ocado	100	02.12.2019	Food and Drug Retailers	2,820
Safestore Holdings ⁵	250	31.10.2021	Real Estate Investment Trusts	726
Mitie	250	31.03.2024	Industrial Goods and Services	628
BP	100	31.12.2019	Oil and Gas Producers	543
Tesco	100	24.02.2024	Food and Drug Retailers	447
BP	100	31.12.2022	Oil and Gas Producers	421
CRH	100	31.12.2021	Construction & Materials	390
CRH	100	31.12.2020	Construction & Materials	368
JD Sports	100	28.01.2023	General Retailers	360
Darktrace	250	30.06.2022	Software and Computer Services	358

The ten lowest CEO/median employee and CEO/lower quartile employee ratios in 2023/24 are displayed in tables five and six below.

Both tables are exclusively made up of FTSE 250 firms, which again reflects the convention that the CEOs of larger firms (by market capitalisation) merit higher pay. In 2023/24, 9% of FTSE 250 firms had a CEO to median employee pay ratio of less than 20:1, while the lowest CEO to median employee pay ratio in the FTSE 100 was 23:1 at Real Estate company Segro.

Technology and financial services firms are heavily over-represented amongst those companies with the lowest pay ratios. These capital-intensive sectors typically employ a relatively low number of 'highly skilled' employees who earn higher wages than those working in labour-intensive sectors like hospitality or retail, resulting in lower-than-average CEO to worker pay ratios.

Of the twelve companies included in these two tables, three were also present in last year's ten lowest CEO/median and lowest CEO/lower quartile companies: Kainos, CMC and Integrafin.

Table 5: Lowest CEO/median employee ratios 2023/24

Company	Index	Sector	CEO/median employee ratio 2023/24	CEO/median employee ratio 2022/23
Bytes Technology	250	Software and Computer Services	8	15
Kainos	250	Software and Computer Services	9	9
Ithaca Energy	250	Oil, Gas and Coal	9	57
CMC	250	Financial Services	12	11
Trustpilot	250	Support Services	12	8
Crest Nicholson	250	Household Goods and Home Construction	12	37
St James's Place	250	Investment Banking and Brokerage Services	13	54
Integrafin	250	Financial Services	13	12
NCC	250	Software and Computer Services	14	14
Victrex	250	Chemicals	15	27

⁵ See footnote four.

Table 6: Lowest CEO/lower quartile employee ratios 2023/24

Company	Index	Sector	CEO/lower quartile employee ratio 2023/24	CEO/lower quartile employee ratio 2022/23
Ithaca Energy	250	Oil, Gas and Coal	11	65
Bytes Technology	250	Software and Computer Services	12	22
Kainos	250	Software and Computer Services	15	15
Trustpilot	250	Support Services	16	9
Crest Nicholson	250	Household Goods and Home Construction	16	55
Integrafin	250	Financial Services	17	16
Victrex	250	Chemicals	17	32
Hill and Smith	250	Industrial Metals and Mining	17	39
CMC	250	Financial Services	19	17
St James's Place	250	Investment Banking and Brokerage Services	19	75

Section 2: Pay for low earners

Lowest earning workers

Pay ratio reporting requirements require firms to disclose the total remuneration of employees at the 25th, 50th and 75th percentile of the workforce. As reporting requirements cover some of the UK's largest employers, the pay levels provide useful insights into general earnings and living standards for UK workers, as well as enabling comparisons of workforce pay at different companies.

Table seven shows the ten companies with the lowest pay levels at the 25th percentile point (or lower quartile threshold) for 2023/24. These companies can be considered to have the lowest paid UK employees across the FTSE 350, (subject to caveats about indirectly-employed workers, who are not covered by the pay ratio reporting requirements). Seven of the ten companies also had the lowest-earning employees at the lower quartile threshold in 2022/23: JD Sports, Mitchells and Butlers, Curry's, WH Smith, Entain, Associated British Foods and Next. Again, it is worth noting the prominence of companies with large retail operations amongst the lowest-payers.

Table 7: Lowest paid low-earning employees in 2023/24

Company	Index	Sector	Lower quartile employee's pay in 2022/23 (£)	Lower quartile employee's pay in 2023/24 (£)	% change from 2022/23 to 2023/24
JD Sports	100	General Retailers	11,240	18,053	+60.6%
Mitchells and Butlers	250	Travel & Leisure	15,161	18,218	+20.16%
Curry's	250	General Retailers	19,690	23,707	+20.4%
Tesco	100	Food and Drug Retailer	19,196	22,180	+15.5%
WH Smith	250	General Retailers	18,850	21,598	+14.6%
Entain	100	Travel & Leisure	18,917	20,893	+10.4%
B&M European Value Retail	250	General Retailers	19,844	21,766	+9.7%
Sainsbury's	100	Food and Drug Retailer	19,990	21,685	+8.5%
Associated British Foods	100	Food Producers	20,049	20,957	+4.5%
Next	100	General Retailers	19,852	19,965	+0.6%

The (mean) average lower quartile threshold of the ten companies in table seven is £20,373, compared to average pay at the lower quartile threshold of £18,279 across the ten companies with the lowest pay at this threshold in 2022/23. This means that average pay for workers at the 25th percentile in the ten companies with the lowest lower quartile thresholds has increased by £2,094 since last year, an increase of 11.46%.

Given that companies operate on different year-ends, the exact inflation rate for the periods to which the figures in the tables refer will vary. However, the 11.46% increase is higher than the wage growth rates across the UK economy at both the beginning (April 2023) and end (March 2024) of the period in question (7.6% and 6.4% respectively), whilst inflation between April 2023 and March 2024 averaged 5.91%.^{6,7,8} This suggests that there has been some progress toward raising pay levels for lower earning workers (at least for those classed as direct employees and therefore included in the pay ratio figures).

These averages disguise considerable variation between different companies, however. The increases of 60.6% at JD sports or 20.16% at Mitchells and Butlers contrast with much smaller rises. Next, for instance, reported a modest 0.6% increase, while Dunelm even saw pay decrease by 0.6%.

It is possible that changes in recorded pay levels may be entirely due to changes in employee compensation. However, they could also reflect changes to the employee population used to make the calculation – if the size of the workforce has been reduced or jobs outsourced or relocated this might significantly change pay at the 25th percentile of the UK employee population without workers experiencing a significant change in their pay levels. It is striking that in the cases of JD Sports and Mitchells and Butlers, for example, there is no detail in the pay ratio statement as part of their annual report explaining the dramatic increase in the recorded pay levels.⁹ For Curry's, however, the disclosure notes that the increase was a result of raises in the minimum base hourly rate for all staff.¹⁰

Below living wage employment

It is useful to contrast these figures to the income levels that experts estimate is necessary to ensure a decent standard of living. The UK 'Real Living Wage' is calculated for this purpose by the Resolution Foundation on behalf of the Living Wage Foundation, based on living costs and public opinion research aimed at identifying minimum income requirements for UK households.

The 2023/24 living wage announced in Autumn 2023 was set at an hourly rate of £12.00 across the UK and £13.15 for employees in London.¹¹ Calculated on the basis of a 37.5-hour week, the 2023 UK rate was equivalent to £23,400 per year, while the London rate was £25,643 per annum. In 2023/24 10% of FTSE 350 companies reported pay at the 25th percentile of their pay distribution that was below the annualised equivalent of the 2023/24 Real Living Wage, up from 8% in the previous year. 22% of firms disclosed pay below the annualised equivalent of the 2023/24 London Living Wage, up from 15% last year.

Furthermore, the Real Living Wage covers base pay only, but the pay ratio disclosures refer to total pay, including employer's pension contributions. This means that even when disclosures ostensibly show pay levels at the 25th percentile above the annualised living wage, actual pay may be below this level. The Living Wage Foundation also set a 'Living Pension' standard, again based on estimates of the amount necessary to ensure a decent standard of living in retirement, with a minimum 7% employer contribution.¹² To meet both the 23/24 living wage rate and the living pension standard would have required a minimum £25,038 total pay in 2023/24, or £27,438 in London. Using this definition, the proportion of companies paying below 'living rates' of total pay rises to 19%, while 29% pay below the London rate.

It is also worth iterating that by definition, pay at the lower quartile threshold is greater than that earned by a quarter of the company's workforce. So, while 19% of companies pay at least a quarter of their UK employees less than the annualised equivalent of the Real Living Wage and Living Pension, there are likely to be many more companies where a significant proportion of the work force are paid below living wage levels, meaning they make less than the amount considered necessary to ensure a decent standard of living.

Between them these companies employ tens of thousands of workers, so the numbers affected are significant. They are multi-billion-pound corporations who regularly pay out hundreds of millions to shareholders, and make vast executive pay awards. Therefore, when they employ workers on pay levels below the living wage rate it is likely to be controversial.

⁶ Office for National Statistics (2024). *Average Weekly Earnings in Great Britain: March 2024* via <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/march2024>.

⁷ Office for National Statistics (2024). *Average Weekly Earnings in Great Britain: April 2023* via <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/averageweeklyearningsingreatbritain/april2023#analysis-of-average-weekly-earnings-awe->.

⁸ UK Inflation Rate Monthly Trend via https://ycharts.com/indicators/uk_inflation_rate.

⁹ JD Sports (2024) *JD Sports Fashion Annual Report and Accounts 2024* via https://s204.q4cdn.com/980191062/files/doc_financials/2024/ar/jd-sports-fashion-annual-report-and-accounts-2024.pdf.

¹⁰ Curry's (2023) *Curry's Annual Report 2024* via https://www.annualreports.com/HostedData/AnnualReports/PDF/LSE_CURY_2023.pdf.

¹¹ Living Wage Foundation. *What is the real living wage?* via <https://www.livingwage.org.uk/what-real-living-wage>.

¹² Living Wage Foundation, *Guidance and FAQs: Living Pension* via [https://www.livingwage.org.uk/sites/default/files/2024-10/Living%20Pension%20Guidance%20and%20FAQs%20\(1\).pdf](https://www.livingwage.org.uk/sites/default/files/2024-10/Living%20Pension%20Guidance%20and%20FAQs%20(1).pdf)

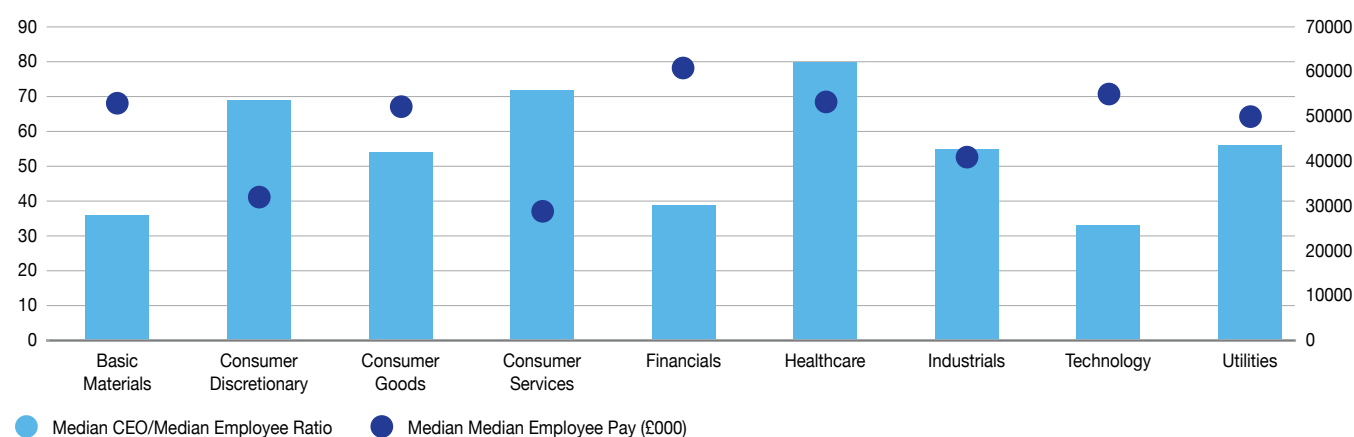
Section 3: Pay ratio disclosures by industry and sector

Pay ratios by industry

The prominence of retail businesses amongst the companies with the lowest pay levels at the lower quartile threshold highlights the significant variation in pay ratios and pay levels across the different types of company.

Figure two highlights the median CEO-to-median employee pay ratio and the median pay for median earners across a range of different industries (industries with fewer than six FTSE 350 firms reporting a pay ratio were excluded). Healthcare reports the highest median CEO-to-median employee ratio at 80:1, 54% higher than the median ratio for the FTSE 350 as a whole, followed by Consumer Services at 72:1. At the other extreme, the median ratio in the Technology industry was 33:1, a pay gap less than two thirds the size of the FTSE 350 median.

Figure 2: median CEO/median employee pay ratios and median employee pay by industry



The figures for healthcare partly reflect the fact that the sample is comprised of just seven companies, including two of the largest companies by market capitalisation in the FTSE 350, Astra Zeneca and GSK, where CEO pay awards were in excess of £10m resulting in very high pay ratios.

The Consumer Services industry is perhaps a better indicator of the role in which workforce pay plays in shaping pay ratio outcomes. The sector is comprised of firms that are generally less capital-intensive and customer-facing– for example supermarkets and high street retailers, or leisure companies like gambling firms and hotel chains. These companies require a large number of employees, so pay is distributed more thinly across larger workforces comprised of lower-paid individuals

Contrastingly, industries like Technology or Finance typically employ fewer individuals who tend to be placed in highly specialised and well-paid roles, resulting in lower pay ratios. Tech and Finance firms represent less than a quarter of the FTSE 350 companies that published a pay ratio in 2023/24 yet account for more than half of the 19 companies that recorded a pay ratio of less than 20:1.

Tables eight and nine exemplify how, as one would expect, both elements of the pay ratio calculation, the CEO pay award (numerator) and the median employee's pay (denominator) affect the size of the ratio.

The consumer service firms with the widest ratios combine very high CEO pay awards common at large FTSE 100 companies (Tesco and Compass were in the top quartile of FTSE 100 firms by market capitalisation) with low pay for employees – all three companies record a median employee pay level lower than that of over 90% of companies in the sample.

Conversely, the FTSE 250 tech firms with the lowest ratios all record comparatively low levels of CEO pay, and at each company their median employee is paid at least double and, in some cases, triple the median employee at the three consumer services firms.

Table 8: Highest CEO/Median Employee Pay Ratios in the Consumer Services Industry

Company	Index	CEO Pay (£m)	Lower Quartile Ratio	Median Quartile Ratio	Lower Quartile Pay Threshold (£)	Median Quartile Pay Threshold (£)
Tesco	100	9.925	447	431	22,180	23,010
Compass	100	7.494	323	303	23,000	25,000
Kingfisher	100	5.073	221	212	22,900	23,900

Table 9: Lowest CEO/Median Employee Pay Ratios in the Technology Industry

Company	Index	CEO Pay (£m)	Lower Quartile Ratio	Median Quartile Ratio	Lower Quartile Pay Threshold (£)	Median Quartile Pay Threshold (£)
Bytes Technology	250	0.427	12	8	36,385	55,647
Kainos	250	0.572	14.7	8.9	39,000	64,000
NCC	250	1.031	22	14	47,000	74,000

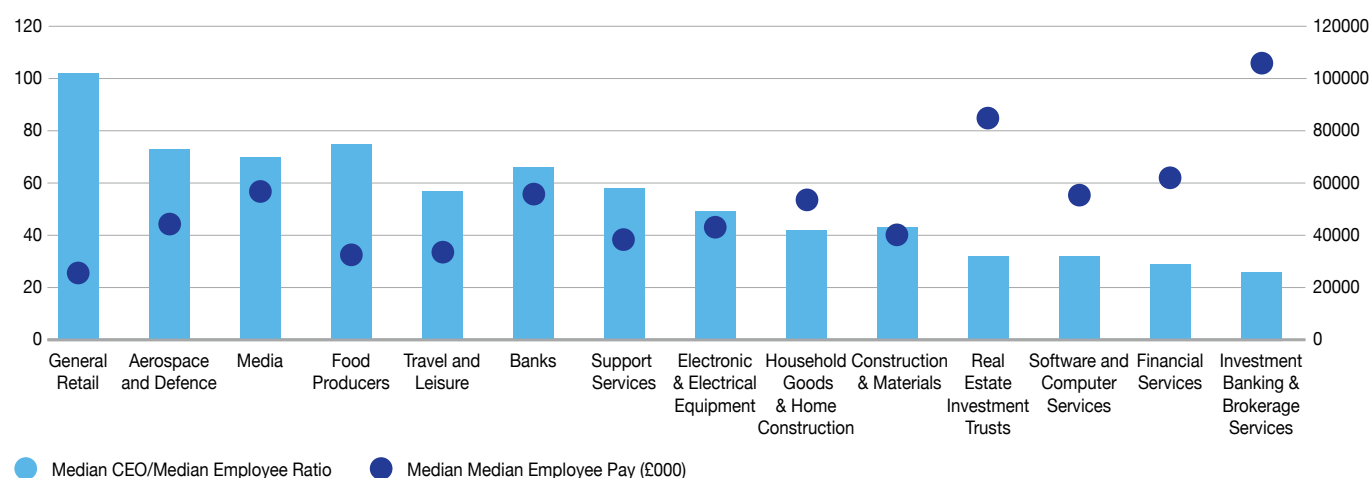
Pay ratios by sector

Looking a level lower at the underlying sectors within these industries the variations are even starker. Figure three presents the median CEO-to-median employee pay ratio and the median pay threshold across all sectors that contain at least six FTSE 350 firms.

The lowest pay ratios were in the financial services sectors, with the median CEO to median employee ratio across the eleven calculations disclosed by investment banking and brokerage services firms standing at 26:1, exactly half the FTSE 350 median.

The highest ratio was in the general retail sector where 102:1 was the median of the fourteen ratios disclosed, over double the median ratio of those disclosed across the FTSE 350 as a whole. Again, this emphasises characteristics of the different sectors. Retailers generally employ large numbers of workers in perceived unskilled roles – often on a short term or temporary basis. Investment banking and brokerage firms are less labour-intensive, generating their capital through a smaller number of so-called highly-skilled roles requiring rarer skillsets and more specialist training and experience.

Figure 3: Median CEO/median employee pay ratios and median employee pay by sector



Even these sectoral figures hide significant variation, however. Looking only at retailers, the widest CEO to median employee ratio is thirteen times the size of the narrowest. The highest lower quartile pay threshold (Moonpig) is 77% higher than the lowest (JD Sports). Similarly, across the Investment Banking and Brokerage firms, the ratios range from 13:1 to 60:1, while pay at the lower quartile threshold ranges from under £36,660 at Rathbones (roughly the median full-time earnings in the UK) to over £100,000 at Man Group and Ninety One.

Table 10: CEO/Median Employee Pay Ratios in the General Retailers Sector

Company	Index	CEO Pay (£m)	Lower Quartile Ratio	Median Quartile Ratio	Lower Quartile Pay Threshold (£)	Median Quartile Pay Threshold (£)
ASOS	250	0.815	26	16	31,035	49,832
Pets at Home	250	0.652	29	24	22,532	27,353
Games Workshop	250	1395	53	44	25,000	30,000
AO World	250	1433	56	48	25,383	29,828
JD Sports	100	1586	88	70	18,053	22,751
Dunelm	250	1985	93	87	21,445	22,880
Curry's	250	2236	94	89	23,707	25,212
Moonpig	250	6266	198	115	32,000	54,000
WH Smith	250	2914	135	135	21,598	21,598
Watches of Switzerland	250	3642	158	136	23,100	26,900
B&M	100	3200	147	147	21,766	21,766
Marks and Spencer's	100	4729	200	183	24,000	26,000
Next	100	4520	226	202	19,965	22,407
Kingfisher	100	5073	221	212	22,900	23,900

Table 11: CEO/Median Employee Pay Ratios in the Investment Banking & Brokerage Services Sector

Company	Index	CEO Pay (£m)	Lower Quartile Ratio	Median Quartile Ratio	Lower Quartile Pay Threshold (£)	Median Quartile Pay Threshold (£)
St James's Place	250	0.781	19	13	40,828	59,600
Ninety One	250	2584	25	16	102,205	160,563
Jupiter Fund Management	250	2067	25	17	83,000	124,000
Rathbones	250	1413	39	19	36,660	75,057
TP ICAP	250	3092	47	26	65,189	117,661
Quilter	250	1556	40	26	39,300	60,000
Abrdn	250	2143	39	27	55,000	78,000
M&G	100	2745	44	28	62,550	99,317
London Stock Exchange	100	5127	61	46	84,375	111,358
Schroders	100	6190	93	59	66,536	105,779
Man Group	250	7265	90	60	101,097	151,181

These differences between firms do not necessarily indicate good or bad practices. In some cases, they may partly reflect differences in business models, even within the sector. For example, the retailers with the highest-paid low earners, Moonpig and Asos, are online businesses with smaller operations than 'bricks and mortar' retailers with thousands of generally lower earning shop workers.

Nonetheless, there are sufficient similarities between many of the companies and the roles throughout the organisation to make the comparisons relevant and any differences in pay practices noteworthy.

Enabling these intra-sector comparisons is one of the primary ways in which the pay ratios provide value for stakeholders interested in companies' pay practices. For example, a board or investor noting that pay levels at the median or lower quartile of the UK pay distribution are lower at their organisation than at a sectoral peer might be concerned about their ability to recruit and retain staff with similar capabilities. A trade union representative might highlight similar information, when arguing that their members (workers at the company) merit a pay increase.

In this way, the pay ratio disclosures can potentially facilitate better pay outcomes for low and middle earning workers, incentivising employers to deliver the most progressive pay practices amongst their peer group, and equipping workers and their representatives with more information to support their case for higher pay.

Section 4: Pay for top earners and the potential to re-balance pay distribution

'Limitarianism' and the re-distribution of earnings

Insights from the pay ratio disclosures are very relevant to an emerging debate about 'limitarianism' - the notion that in a world of finite resources, there should be an upper limit on individual wealth - and growing interest in the potential to raise living standards of those in the middle and at the bottom by redistributing the excess income and wealth of those at the top.¹³

The premise of this argument is very simple. Those at the top hoard excessive income and wealth beyond that necessary to proportionately incentivise and reward innovation and productivity. If this income and wealth were shared more evenly throughout society, it would significantly raise living standards. The debate has mostly focused on taxation of the super-rich, in particular a wealth tax on multi-million pound fortunes. However, if we want to address the problem of extreme and inefficient concentrations of income and wealth, then it should be a priority to prevent them from emerging in the first place. This could mean regulating CEO to worker pay gaps.

Re-distributing CEO pay

The way in which major employers distribute their expenditure on pay is a key enabler of extreme concentrations of income and subsequently wealth, so mechanisms that might achieve a more even balance directly (for example, a maximum pay ratio) or indirectly (for example, stronger worker rights to a voice in business governance structures) are a potential way in which policymakers might achieve this. The pay ratio disclosures provide some insight into the scale of the redistribution possible.

53% of companies in the sample (112 companies) are not accredited living wage employers. These companies paid their CEOs a total of £320m in 2023/24.

Previous HPC research found that 49% of survey respondents believe that CEOs should be paid no more than ten times their middle and low earning colleagues while 62% felt it should be no more than 20 times, compared to just 11% who felt that a ratio of over 20:1 was appropriate.¹⁴

In a thought experiment where the pay of the CEOs of these non-living wage accredited companies was capped at 20 times the pay of their median UK employee, their aggregate pay would have reduced to £107m. The difference of nearly £213m would hypothetically have been enough to raise the annual pay of over 69,000 full time workers earning the National Living Wage, the statutory minimum for workers aged 23 or above (equating to full time annual pay of £20,319, based on hourly pay of £10.42) to the annualised equivalent of the Real Living Wage (full time annual pay of £23,400).¹⁵ If this was also accompanied by a 7% employer's pension contribution (the minimum necessary to qualify for 'Living Pension' accreditation), there would still have been enough to cover the increase to pay and pension for over 45,000 workers. The pay of the CEOs would be reduced to an average of £951k each.

If CEO pay was reduced to ten times the pay of the median worker, this would free up sufficient funds to raise almost 87,000 National Living Wage workers to the Real Living Wage (over 56,000 if a 7% pension contribution was also included). If it were reduced to ten times a worker at the 25th percentile, this could have funded a Real Living Wage for over 91,000 minimum wage workers (just under 60,000 with a 7% pension contribution).

¹³ Examples of prominent figures including the author and academic Ingrid Robeyns, think tank New Economics Foundation and UN Special Rapporteur on Poverty and Human Rights Olivier De Schutter discussing the concept of excess income or wealth include Guardian (2024), *Limitarianism: why we need to put a cap on the super-rich* via <https://www.theguardian.com/books/2024/jan/21/limitarianism-the-case-against-extreme-wealth-ingrid-robeyns-extract>; New Economics Foundation (2025), *Exploring an Extreme Wealth Line* via <https://neweconomics.org/2025/01/exploring-an-extreme-wealth-line>; LinkedIn (2024) *Time to set a limit on extreme wealth* via https://www.linkedin.com/posts/olivier-de-schutter-83990552_time-to-set-a-limit-on-extreme-wealth-d-activity-7313474872498601984-Q88b/

¹⁴ High Pay Centre (2024), *A Charter for Fair Pay: policy reforms to raise pay and reduce inequality* via https://highpaycentre.org/wp-content/uploads/2024/11/STA0924292460-001_aFFT_A-Charter-for-Fair-Pay_v8.pdf

¹⁵ Gov.uk (2025), *National Minimum Wage and National Living Wage rates* via <https://www.gov.uk/national-minimum-wage-rates>

Table 12: hypothetical impact of redistribution of CEO pay at non-living wage accredited companies

CEO pay cap	Excess CEO pay redistributed (£)	Number of minimum wage to Real Living Wage increases funded	Number of minimum wage to Real Living Wage plus Living Pension increases funded	post redistribution average CEO pay (£)
20 x median UK employee	212.5m	68,965	45,027	951k
10 x median UK employee	265.7m	86,249	56,312	475k
20 x lower quartile UK employee	240m	77,897	50,859	705k
10 x lower quartile UK employee	279.4	90,715	59,227	353k

It is worth emphasising that though the scale of reduction to CEO pay implied in this thought experiment would be significant, even the most drastic reduction would have left the CEOs with average pay of £353k, well over double the amount necessary to qualify for the top 1% of UK earners.

This shows that companies could hypothetically afford to raise the pay of low earning workers by re-directing some of the money they spend on their CEOs, while still paying the CEO very large amounts of money by the standards of the overwhelming majority of people. It is important to emphasise that this report is not saying that every company should automatically undertake a redistribution along these lines – some companies would no doubt argue that it would affect their ability to recruit the right CEO, and thus the quality of their leadership and the value the business generates for all stakeholders including lower earning workers. But debate on how companies distribute the wealth is important and worthwhile to achieving the best outcomes for companies and society. By enabling these insights into the value of expenditure on CEO pay and the associated costs and potential opportunity costs, the pay ratios provide a useful service.

Redistribution from upper to lower quartile employees

CEOs are also not the only high earners at major employers, so the potential to raise pay of lower earning workers is actually much higher than implied by the thought experiment.

Unfortunately, corporate reporting on the pay for senior staff beyond the CEO is inconsistent and lacking in key detail. The pay ratio disclosures don't provide any insight, beyond the CEO, into expenditure on top pay for any above 75th percentile, where pay is typically high by most people's standards but not at the level people have in mind when talking about excess levels of income or wealth.

Median pay at the 75th percentile across the FTSE 350 companies in 2023/24 was £72,000, around the threshold for the top 10% of UK earners.¹⁶ However, this remains a tiny fraction of the £2.51 million awarded to the median CEO in the sample, and far closer to that of lower earning colleagues. The median upper quartile to lower quartile ratio across the companies was 2:1, in comparison to the median CEO to upper quartile ratio of 34:1. In other words, an employee moving from the lower quarter to the top quarter of a company's internal pay scale can expect their pay to nearly double. Going from the top quarter threshold to the very top would see it increase 34 times over.

The pay ratio disclosures indicated very few examples of companies with potential for meaningful and feasible redistribution from the upper quartile to the lower quartile, based on the published pay levels at the 75th and 25th percentiles alone.

BP (just under 6:1) was the only company where the ratio exceeded 5:1. When the gap between the top and bottom quarter of earners reaches this point, there appears to be some potential to raise the pay of low earners by spending a little less on those from the 75th percentile upwards. At BP, the top quarter of workers made at least £150,704 each (on a full-time equivalent basis) in 2023 while those in the bottom quarter made a maximum of £25,535.

¹⁶ Pay for a the worker at the 90th percentile of the pay distribution for all full time workers in the UK in 2024 was £72,150, compared to median full time worker pay of £37,430 - via Office for National Statistics (2024), *Estimates of earnings for the highest paid employee jobs by public and private sectors, UK* via <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/estimatesofearningsforthehighestpaidemployeejobsbypublicandprivatesectorsuk>

Hypothetically, it would require a relatively small transfer from those in the top quarter (less than 2% of the pay of the employee at the 75th percentile and even less to those above this point) to fund, for example, a £2,530.50 pay increase for those in the bottom quarter, representing a pay increase of at least 10%. However, there are very few other companies where this was the case – just 6% of those in the sample had a 75th percentile-to-25th percentile ratio of over 3:1. Aside from BP, five firms reported 25th percentile pay below median full time UK earnings (£37,430) and more than 3 times lower than the 75th percentile: IHG, Softcat, Law Debenture, HSBC and Rathbones.

Table 13: FTSE 350 highest 75th percentile to 25th percentile ratios (2023/24)

Company	Index	Sector	25th percentile pay (£)	75th percentile pay (£)	75th percentile to 25th percentile pay ratio
BP	100	Oil and Gas Producers	25,535	150,704	5.9
Tate & Lyle	250	Food Producers	39,051	149,770	3.8
Rathbone Bros	250	Investment Banking and Brokerage Services	36,660	136,631	3.7
British American Tobacco	100	Tobacco	53,401	195,708	3.7
Coats	250	Industrial goods and services	54,509	188,989	3.5
TP ICAP	250	Investment Banking and Brokerage Services	65,189	221,336	3.4
HSBC	100	Banks	36,528	121,223	3.3
Clarkson	250	Industrial Transportation	40,000	132,000	3.3
Law Debenture	250	Financial Services	36,133	114,673	3.2
Anglo American	100	Industrial Metals and Mining	60,088	189,059	3.1
Intercontinental Hotels	100	Travel & Leisure	23,933	74,278	3.1
Lancashire Holdings	250	Insurance	69,047	210,776	3.1

Companies with the lowest 75th-to-25th ratios include Greggs, B&M European Retail and Mitchells and Butlers, where the ratio was less than 1.2:1, the difference in absolute pay was less than £2,000 and the pay at the 75th percentile ranged from £20,058 (Mitchells and Butlers to £25,973 (Greggs). In cases such as this, redistributions from workers at the 75th to 25th percentile would mean slashing a significant proportion of the pay of already comparatively low earning workers, and is therefore not really desirable or realistic.

It is important to note that these findings do not mean that it would not be possible to meaningfully raise pay for lower and middle earners through internal redistribution, just that there would be limited scope to redistribute from an employee with earnings around the typical 75th percentile point. There are very likely to be employees within the top quartile of most companies, beyond the 75th percentile, who are very highly-paid. A portion of the aggregated pay of these individuals might equate to the cost of funding significant pay increases across the wider workforce, potentially while retaining pay levels that most people would still consider very high for the top earners.

However, to make any firm conclusions on the scale of redistribution that might be possible - and the costs and value of top earners more generally - would require more information on expenditure on the pay of employees between the 75th percentile and the CEO than the pay ratio disclosures provide.

Section 5: Limitations of the pay ratio disclosures

While the pay ratios provide valuable insights into the intra-company pay distribution; how this differs between companies and sectors; and the scale of inequality between the very highest earners and those in the middle and at the bottom, they also contain a number of limitations. With some fairly simple reforms to the disclosure requirements, reporting could be made much more reliable, consistent and helpful to stakeholders who might use pay ratios to inform their engagement with companies. These improvements would facilitate fairer and more efficient pay outcomes.

Pay for high earners below the CEO

While the ratio between other senior employees and the median will in almost all cases be narrower than the CEO-to-median worker ratio, it remains, as noted in the previous section, a weakness of the pay ratio reporting requirements that they don't enable any insight into the pay of top earners between the 75th percentile and the CEO.

Given that pay awards to FTSE 350 CEOs typically amount to millions of pounds, it is very likely that pay for senior managers at the levels immediately below the CEO also approach this level and that when aggregated this represents a significant cost to the company. The thought experiment in the previous section imagining earnings limits based on the HPC public opinion research discussed in the previous (ten or twenty times the pay of low or middle earning colleagues) implied average CEO pay levels of between £361k and £969k at the companies in question, with hypothetical savings in the low millions at each company. However, if pay for all employees was capped at this level, expenditure on top pay would be reduced much more significantly with further savings made from the pay other senior managers beyond the CEO.

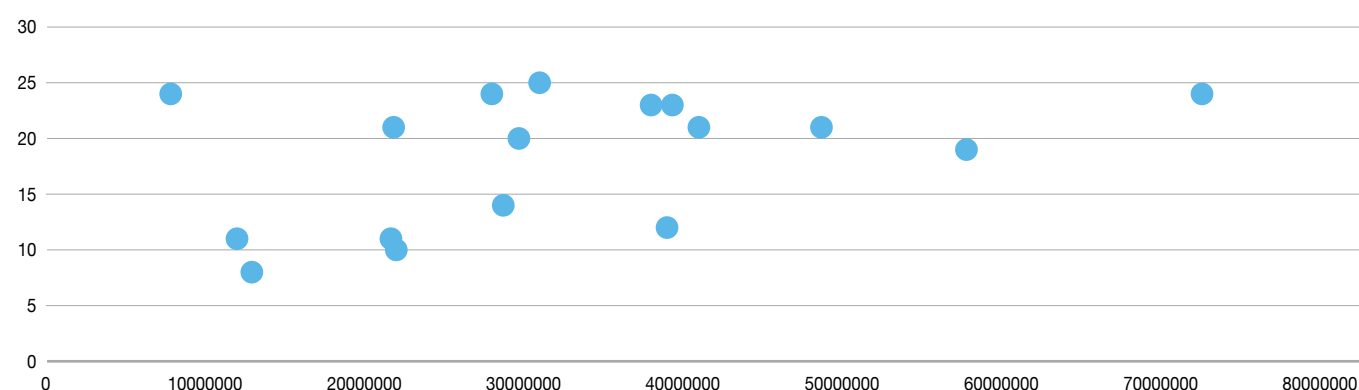
Other disclosures in annual reports do give some further indication of the scale of internal redistribution that might be possible. The High Pay Centre's 2024 CEO pay review identified eight FTSE 350 companies where total pay for the executive team (typically just two or three individuals) amounted to over £15 million.¹⁷

Companies are also required to publish the pay of 'Key Management Personnel' (KMP). At the 20 largest FTSE 100 companies in 2023/24 average total pay for KMP stood at £36.6m, ranging from £12m to £78.4m across the 20 companies with the number of people defined as KMP ranging from eight individuals to 25.

This implies that a maximum pay ratio of between ten and twenty times median or lower-earning workers could reduce expenditure by tens of millions of pounds, just from one or two dozen senior employees, potentially making this sum available for redistribution to the wider workforce.

¹⁷ High Pay Centre. (2024). CEO Pay Report 2024 via <https://highpaycentre.org/wp-content/uploads/2024/08/CEO-pay-report-2024-ACTUAL-FINAL.pdf>.

Figure 4: Pay of 'key management personnel' at the biggest FTSE 100 companies



However, the KMP disclosures also highlight the poor quality and inconsistent disclosure of pay on top earners beyond the CEO. The range of people defined as KMP shows that companies categorise widely different roles, greatly reducing the value of comparisons between companies.

Some disclosures included non-board level senior managers (likely to be highly-paid) alongside executive directors while others only covered other board members (mostly comprised of non-executive directors who are not employees of the company and only paid fees for part-time work)

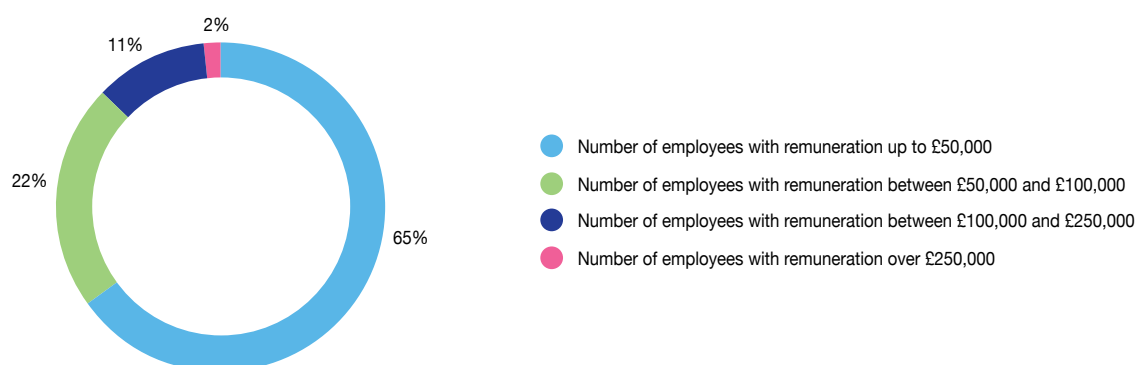
Table 14: Range of positions included in KMP pay disclosures

Position	% of companies including in KMP pay disclosures
Executive Directors	100
Non-Executive Directors	29
Executive Committee/Senior Executive Team	65
Other senior managers	24

Given the pay levels for this tiny handful of top earners, we can surmise that a requirement to disclose expenditure on pay for a wider group of senior managers – for example those paid over a certain amount or at a certain level of seniority – would reveal expenditure running into tens and potentially hundreds of millions.

There may be a business case for spending such large amounts of company money on such a small proportion of the workforce (in which case the company ought to be content for the information to be disclosed). However, it seems appropriate that this should be subject to more detailed and consistent disclosure, enabling greater stakeholder scrutiny of the value for money than is currently the case. NatWest already report how pay is distributed across different levels of the company, in a form that could be used as a model for other companies, but this approach remains rare.

Figure 5: Breakdown of pay at Natwest plc (2024)¹⁸



¹⁸ NatWest plc (2025), NatWest Annual Report and Accounts via https://www.investors.rbs.com/~/_media/Files/R/RBS-IR-V2/results-center/14022025/nwg-annual-report-and-accounts-2024.pdf

Better disclosure of pay for very high earners would not only provide better insights into intra-company and potentially societal inequality, but could also support the pay negotiation position of lower- and middle-earning workers and their representatives by providing them with better information on the hypothetical potential to fund pay increases through internal redistribution. A worker or a trade union negotiating on their behalf might find it easier to make the argument for a pay increase if they could calculate the cost in terms of the necessary redistribution from senior management.

Taking the example of the firm paying 25 ‘key management personnel’ £75m, reducing this to £50m would create sufficient saving to award 5,000 workers a pay rise of £5,000, while still leaving the KMP with average pay of £2 million each. Presenting the argument in this way creates a more powerful case for a pay increase for the workers than would be possible without the disclosure of top earners’ pay. In this way, better reporting on top pay would make sense for any Government focused on ways to raise UK workers’ pay after a period of long-term stagnation.¹⁹

Indirectly employed workers

The pay ratio disclosures do not require companies to include indirectly employed workers within their calculations. Typically, low-paid roles in occupations like facilities management, security or customer service functions are very often outsourced. These workers will very commonly spend the vast majority of their working lives on company premises, doing work on behalf of the company even if employed by an external provider. If they were included in the calculations, this would potentially widen pay ratios and pay levels at the lower quartile, median and upper quartile points of company pay distributions.

Estimates of the pay gaps between the CEO and the lowest-paid worker in each firm illustrate this point. Assuming that at companies with Living Wage Foundation accreditation, the lowest-paid employee earned the annualised equivalent of the Real Living Wage (£12 per hour) for a 37.5-hour workweek, amounting to £23,400 annually and that at non-accredited companies the lowest earners were paid, £20,319 based on the annualised equivalent of the statutory minimum wage for workers aged 23 and over (£10.42 per hour) the median FTSE 350 CEO/lowest-paid worker ratio was 116:1. This is nearly double the median FTSE 350 CEO/lower quartile employee ratio of 71:1. Figure six below presents the top ten FTSE 350 companies with the highest CEO-to-lowest-paid employee ratios.

Table 15: Widest CEO to lowest-paid-worker ratio estimates

Company	Index	Sector	CEO/Lowest paid employee ratio
Mitie	250	Industrial Goods and Services	725
AstraZeneca	100	Pharmaceuticals and Biotechnology	720
Rolls Royce	100	Aerospace and Defence	670
Pearson	100	Media	600
Relx	100	Media	583
BAE Systems	100	Aerospace and Defence	575
GSK	100	Pharmaceuticals and Biotechnology	520
Clarkson	250	Industrials	510
Tesco	100	Food and Drug Retailers	488

The 2024 Labour Party general election manifesto committed to full implementation of the ‘Make Work Pay’ policy paper, which in turn committed to expanding pay ratio reporting requirements to include indirectly employed workers.²⁰

¹⁹ Research from the Trades Union Congress shows that real wages are still below levels in 2008 in 212 of 340 local authorities. The research can be accessed here: TUC. (2024). Pay packets worth less than 2008 in nearly two-thirds of UK local authorities via <https://www.tuc.org.uk/news/pay-packets-worth-less-2008-nearly-two-thirds-uk-local-authorities-tuc-analysis-reveals>

²⁰ Labour’s Plan to Make Work Pay (2024) via <https://labour.org.uk/wp-content/uploads/2024/06/MakeWorkPay.pdf>.

Non-listed companies

Pay ratio requirements apply solely to companies with a premium listing on the UK stock market, leaving a substantial gap in data regarding pay and pay gaps at those employees of private non-listed firms, UK subsidiaries of foreign-incorporated parent companies and staff within the public sector. Understandably, there is considerable interest in the pay-setting practices and income distribution at all large employers, reflecting a significant limitation in the current scope of pay ratio requirements.

It remains possible to estimate very crude pay ratios for some major unlisted private sector employers. The 2008 Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations and 2006 Companies Act require large businesses to detail in their annual accounts their 'highest paid director's emoluments', 'total staff costs' and 'number of employees'.^{21 22} This data enables a calculation of the average employee's pay (by dividing total staff costs by number of employees, which can then be compared to the highest-paid director's emoluments to create a ratio.

Using this methodology to estimate pay ratios ten non-listed companies with over 20,000 UK employees each (as recorded on the UK Government's Gender Pay Gap reporting portal, where compliant companies are grouped by size) finds a median highest-paid-director-to-mean-employee pay ratio of 74:1, though five of the ten recorded ratios of over 100:1. One firm, T.J Morris, recorded a colossal 745:1, based on 26,845 employees and total staff costs of £492,477,472, giving an average wage of £18,345 compared to the highest paid director's emoluments of £13,658,020.

Table 16: Highest estimated pay ratios at non-listed companies

Company	Lowest paid employee ratio
T.J Morris	745
Iceland Foods	243
WM Morrison Supermarkets	157
Greene King	112
Aldi Stores	103
Jaguar Land Rover	44
Sodexo	37
OCS UK&I	12
Paystream my max	12
DHL Services	8

There are a variety of factors that mean the pay ratios for these companies should be subject to caveats.

Firstly, the average employee pay calculation is based on the mean rather than the median. Therefore, it could be skewed upward by a small group of highly-paid employees. As a result, the actual pay ratio between the CEO and the median employee could be significantly higher than previously understood. Conversely, because the accounts lack detail on the number of staff employed on a Full-Time Equivalent (FTE) basis, calculating average employee pay using all employees, including both part-time and full-time, could skew the FTE-based average downward, resulting in the inflation of the pay ratio.

Moreover, there were several instances where the 'highest paid director's emoluments' appeared unusually low when compared to typical compensation levels for senior business executives. For instance, two firms, both with over 25,000 employees each, reported their highest-paid UK director to be paid £289,000 and £232,000 respectively. This compares with the median FTSE 250 CEO pay of £1,868,000 for this year, between seven and eight times the amount paid by the previously mentioned two non-listed firms. This discrepancy may be due to less stringent reporting requirements regarding top pay among non-listed firms meaning that the reported amounts are much less than those the highest-paid director received, rather than the highest earners at these companies being paid significantly less than directors at companies covered by the pay ratio requirements.

²¹ UK Government (2008), The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations (2018), Schedule 5 via <https://www.legislation.gov.uk/uksl/2008/410/schedule/5/made>

²² UK Government (2006), Companies Act (2006), Section 411 via <https://www.legislation.gov.uk/ukpga/2006/46/section/411/2016-05-17>

Pay ratio reporting requirements similarly do not apply in the public or voluntary sectors, but regulations on the reporting of the pay of top earners do provide a detailed insight into the pay for top earners (from which comparisons with the wider workforce can be made). The Charities Commission requires UK charities to also publish comparable figures on high earners relative to the rest of their staff. Naturally, this entails a markedly different definition of what constitutes a higher earner compared to large private sector firms - regulations require reporting on the number of employees within each £10,000 pay band starting from £60,000 and above.²³ Likewise, the Government's Financial Reporting Manual mandates the 'numbers of Senior Civil Service staff (or equivalent) by pay band' to be made available.²⁴ Examples from the United Learning Trust and the Home Office are copied below.

Table 17: Highest earners at the United Learning Trust²⁵

Pay Band	2023 no.	2024 no.
In the band £60,001 - £70,000	210.00	160.00
In the band £70,001 - £80,000	87.00	66.00
In the band £80,001 - £90,000	45.00	29.00
In the band £90,001 - £100,000	17.00	19.00
In the band £100,001 - £110,000	9.00	8.00
In the band £110,001 - £120,000	15.00	9.00
In the band £120,001 - £130,000	1.00	1.00
In the band £130,001 - £140,000	3.00	5.00
In the band £140,001 - £150,000	1.00	3.00
In the band £150,001 - £160,000	4.00	0.00

²³ Charity Commission for England Wales (2018), Charities SORP (FRS 102) via <https://assets.publishing.service.gov.uk/media/5e6102c286650c513b442f14/charities-sorp-frs102-2019a.pdf>

²⁴ HM Treasury (2022), The Government Financial Reporting Manual: 2022-23 via https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1124824/MASTER_FINAL_2022-23_FReM.pdf

²⁵ United Learning Trust (2024), United Learning Trust Annual Report and Accounts 2023, [https://unitedlearning.org.uk/Portals/0/adam/Content/TznHy49LuU-7TXhMSbyPMw/Link/United%20Learning%20Trust%20\(Academies\)%20%E2%80%93%20Annual%20Report%20and%20accounts%20Year%20Ended%2031%20August%202023.pdf](https://unitedlearning.org.uk/Portals/0/adam/Content/TznHy49LuU-7TXhMSbyPMw/Link/United%20Learning%20Trust%20(Academies)%20%E2%80%93%20Annual%20Report%20and%20accounts%20Year%20Ended%2031%20August%202023.pdf)

Table 18: High earners at the Home Office²⁶

Pay Remuneration Bands	SCS within the range as at end of March 2024	Percentage
£75,000 - £80,000	25.00	7.08%
£80,000 - £85,000	63.00	17.85%
£85,000 - £90,000	67.00	18.98%
£90,000 - £95,000	57.00	16.15%
£95,000 - £100,000	21.00	5.95%
£100,000 - £105,000	21.00	5.95%
£105,000 - £110,000	16.00	4.53%
£110,000 - £115,000	15.00	4.25%
£115,000 - £120,000	8.00	2.27%
£120,000 - £125,000	13.00	3.68%
£125,000 - £130,000	12.00	3.40%
£130,000 - £140,000	6.00	1.70%
£140,000 - £150,000	7.00	1.98%
£150,000 - £155,000	4.00	1.13%
£155,000 - £160,000	5.00	1.42%
£160,000 - £165,000	7.00	1.98%
£165,000 - £170,000	2.00	0.57%
£170,000 - £175,000	2.00	0.57%
£190,000 - £195,000	1.00	0.28%
£215,000 - £220,000	1.00	0.28%
Grand Total	353.00	100.00%

While the definitions of ‘high earners’ is possibly too low, and the bands are probably narrower than is necessary, these statements offer more detailed insights into internal pay distribution of firms compared to the current format of pay ratio reporting requirements.

Narrative reporting

For corporate reporting to be useful and meaningful, it requires concrete data to underpin and provide evidence for narrative claims, but it also needs some narrative explaining the data in the context of the business strategy and wider operating environment.

The pay ratio reporting requirements recognise the mutually reinforcing characteristics of data and narrative reporting, stating that companies should set out:

“whether, and if so why, the company believes the median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the company’s UK employees taken as a whole.”

²⁶ Home Office (2024, Home Office Annual Report and Accounts 2023 to 2024 via https://assets.publishing.service.gov.uk/media/66b249b40808eaf43b50de07/2023-24_Home_Office_Annual_Report_and_Accounts.pdf.

It remains hard to argue that reporting companies are complying with the spirit of this requirement. Most companies provide ‘boilerplate’ statements suggesting that pay is set with regard to market levels for the industry or to be competitive in the wider market and assert that the pay ratio is consistent with pay, reward and progression policies without providing any supporting evidence. Selected examples are as follows:

“We believe that the median pay ratio is consistent with the pay, reward and progression policies for the Company’s UK employees taken as a whole”
Haleon).²⁷

“the Committee is comfortable that the P25, P50 and P75 individuals identified appropriately reflect the employee pay profile at those quartiles, and that the overall picture presented by the ratios is consistent with our pay, reward and progression policies for UK employees”
(Aviva).²⁸

“The Board has confirmed that the ratio is consistent with the Company’s wider policies on employee pay, reward and progression, and is appropriate for the Company’s size and structure”
(Auto Trader).²⁹

The level of detail currently provided is generally an inadequate explanation for pay outcomes that affect in some cases tens of thousands of workers. The jobs market and benchmark levels of pay are not immutable forces over which businesses have no control. They are shaped by prevailing employment practices (for example, receptiveness to trade unions or extent of worker participation in business decision-making). Indeed, for many listed companies that are amongst the biggest employers in their industry, they themselves play a key role in determining market rates of pay. It is also permitted to pay above market rates (either for ethical reasons, or in order to attract more committed, more productive employees than industry rivals).

There are no examples of companies meaningfully discussing conceptions of fairness in relation to their ratio or acknowledging the potential effect (as illustrated in the research cited in the introduction to this paper) of wide pay gaps on employee engagement are vanishingly rare. Similarly, it is uncommon to find examples of how ordinary employees views are sought in relation to top pay or distribution of expenditure on pay at the company – HPC analysis of FTSE 100 companies has shown that just 7% of companies pro-actively consult their workforce as part of the top pay-setting process. No company sets out future expectations for pay ratios objectives the company has in terms of raising pay for low earners and/or reducing their ratios. Pay ratio reporting regulations also require companies to explain whether an increase or reduction in the pay ratio is down to certain factors including:

“the company’s employment models (including any increase in the proportion of the company’s employees employed to work wholly or mainly outside the UK, and any increase in the proportion of the company’s workforce that is not employed by the company under contracts of service).”

As noted in section two, there are a number of cases where pay levels at the 25th, median or 75th percentile of the UK employee population increased by very significant amounts in 2023/24 compared to the previous year with no explanation. This casts doubt on the validity of the disclosures and on compliance with the regulations, and is a subject that the Financial Reporting Council (FRC), the regulatory body that oversees corporate reporting, should review.

While there has been an extensive debate about the ‘reporting burden’ on UK companies it should be noted that, with the exception of the summary of staff costs in financial statements showing only the total staff numbers and the total cost of employing them for the company at the global level (i.e. very broad figures lacking detail) pay ratios are practically the only consistent, comparable item on workforce pay in annual reports.

The typical pay ratio report is only one page long. In the context of annual reports that typically run to over 200 pages and remuneration reports that average 29 pages in length, the level of detail on what companies spend on pay and how this is distributed – a key determinant of the impact the company has on wider society – seems incongruously minimal.

²⁷ Haleon Annual Report and Accounts 2023 via <https://www.compass-group.com/content/dam/compass-group/corporate/oar-2023/annual-report-2023.pdf>.

²⁸ Aviva Annual Report and Accounts 2023 via [file:///C:/Users/HPCTeam1/Downloads/aviva-plc-annual-report-and-accounts-2023%20\(15\).pdf](file:///C:/Users/HPCTeam1/Downloads/aviva-plc-annual-report-and-accounts-2023%20(15).pdf).

²⁹ Auto Trader Annual Report and Accounts 2023 via https://www.annualreports.com/HostedData/AnnualReports/PDF/LSE_AUTO_2023.pdf.

Conclusions and Recommendations

Insights from the pay ratio disclosures

Pay ratios continue to provide valuable insights into the pay outcomes at some of Britain's biggest employers.

In 2023/24 pay gaps remained steady but very high. At the biggest companies, a CEO is typically paid over 100 times as much as their lower earning colleagues. This is a significant finding and a useful illustration of the inequality that characterises the UK economy. It is important context to the debate about executive pay in the UK, where a number of powerful voices continue to argue that CEOs are underpaid in comparison with their American counterparts, with increasing support from the investment industry – HPC analysis suggests that two thirds of the companies announcing a tri-annual executive pay policy in Q1 of 2025 were proposing to increase the maximum possible pay-out to their CEO.³⁰ Meanwhile, research repeatedly shows link between higher levels of inequality, diminished faith in the political and economic systems and increased support for populist political parties.³¹

More positively, the pay ratio disclosures show substantial increases in the pay for the lowest earning employees covered by the reporting requirements (subject to the caveats around the reliability of disclosures at some companies reporting very high pay rises). For FTSE 100 companies in particular, the ratios between CEOs and lower quartile employees fell sharply, albeit while remaining at very high levels. This suggests that for major employers, pay increases for low earners are becoming more of a priority and that they are coming under more pressure to this effect. A 31 % increase in the “national living wage” (a statutory minimum) between 2020 and 2024, combined with expansion in eligibility from workers over the age of 25 to 23 has probably also had some impact in raising pay for lower earners.³²

The pay ratios may have played a part in this development. Looking at HPC's activity alone, our pay ratio database which records pay ratio updates as they are published, receives thousands of visitors each year and our investor briefing on how investors can use the disclosures to inform their engagements with companies has received positive feedback from a number of asset owners and asset managers.³³ We are regularly invited to present findings from research into pay ratios at multiple investment industry events and conferences. We have also worked with unions using data from pay ratio disclosures to support pay campaigns at FTSE 100 companies.

There is clearly an increased interest in the issue of the pay practices and the employment conditions of low earning workers at big UK companies. The pay ratios provide useful context to inform that debate and can hopefully help to ensure it results in better pay for low earning workers.

The ratios also hint at considerable potential for major employers to redistribute from high to low earners. In the most extreme cases, CEOs are paid such vast sums compared to their workers that simply cutting their pay alone would liberate sufficient income to award quite substantial pay rises to a very large number of lower-earning colleagues. If other very high earners are included, the pay of top earners potentially aggregates to a sum big enough to fund broad and significant pay increases across the wider workforce at many different companies. That is not to say that every employer should automatically redistribute in this way, but expenditure on very high top pay and potential the opportunity costs ought to be transparent and debated by relevant stakeholders.

Better disclosure would help in this respect, and improvements to the reporting of pay distribution and corporate expenditure on top earners are one of the key recommendations we make on the basis of our findings.

³⁰ For examples of the prominent advocacy of higher UK executive pay awards, more in line with American levels, see Guardian (2023), *London Stock Exchange chief calls for UK firms to pay bosses more* via https://www.theguardian.com/business/2023/may/03/london-stock-exchange-chief-calls-for-uk-firms-to-pay-bosses-more?utm_source=chatgpt.com or Daily Telegraph (2024), *CBI chief pushes for US-style executive pay packages for UK bosses* via https://www.telegraph.co.uk/business/2024/02/10/cbi-chief-pushes-us-style-executive-pay-packages-uk-bosses/?utm_source=chatgpt.com

³¹ For examples of academic research showing the link between economic inequality and political populism see Engler, S. & Weisstanner, D. (2020). *The threat of social decline: income inequality and radical right support*. Journal of European Public Policy via <https://doi.org/10.1080/13501763.2020.1733636> ; or Engler, S., Weisstanner, D. (2020). *Income inequality, status decline and support for the radical right*. In: Careja, R., Emmenegger, P., Giger, N. (eds) *The European Social Model under Pressure*. Springer VS, Wiesbaden. https://doi.org/10.1007/978-3-658-27043-8_22

³² Gov.uk (2025), *National Minimum Wage and National Living Wage rates* via <https://www.gov.uk/national-minimum-wage-rates>

³³ XXXXX

Recommendations for policymakers

Government should make the following policy changes to pay ratio reporting. These changes would not significantly increase the reporting burden on business, as they mainly focus on refining the existing reporting requirements to make them more useful to stakeholders. They could be implemented relatively painlessly without recourse to primary legislation – more granular pay ratio disclosure could be mandated through amendments to the 2018 Reporting Regulations. The FRC could also direct companies to undertake the relevant reporting practices via the Corporate Governance Code and the Wates Governance Principles for Large Private Companies.

- **Mandate consistent and detailed disclosure of distribution of expenditure on pay** - Large employers should be required to publish the breakdown of their expenditure on pay, detailing the number of employees in prescribed pay bands and the total expenditure on the pay of the employees in each band. This should focus in particular on top earners, who might be defined as a percentage of the workforce (eg the highest paid 1% of employees); those at a certain level of the organisation (eg senior managers either on the senior management team or reporting to a senior management team member); or those paid above a certain level (eg the £160,000 that roughly corresponds to the threshold for the top 1% of earners across the UK economy). It should also detail the number of workers – in absolute terms and as a proportion of the total workforce – paid less than the local living wage.
- **Incorporate indirectly employed workers into the pay ratio calculations** – Reporting requirements should include indirectly employed workers who would be commonly understood as working for the reporting company in the prescribed methodology for the calculation of pay ratios. The definition of an indirectly employed worker could be based on the definition applied by the Living Wage Foundation for third party contractors at firms seeking accreditation - those who work regularly for the company, for two or more hours a week, for eight or more consecutive weeks a year.³⁴
- **Expand reporting on pay distribution to a wider range of employers** – The pay ratio reporting requirements should be applied to a wider pool of companies, equalising reporting requirements and enabling a fuller insight into the pay practices of major employers. The Wates Principles for Corporate Governance of large private firms apply to companies with at least 1,000 employees and/or a balance sheet of £2 billion and turnover of £200 million.³⁵ Companies that fulfil both of these criteria are also significant enough economic actors for their pay practices to be of societal interest and should be required to publish details of the distribution of their expenditure on pay, including their pay ratio.

³⁴ Living Wage Foundation (2025), FAQs, via <https://www.livingwage.org.uk/faqs>

³⁵ Financial Reporting Council (2025) *The Wates Corporate Governance Principles for Large Private Companies* via <https://www.frc.org.uk/library/standards-codes-policy/corporate-governance/the-wates-corporate-governance-principles-for-large-private-companies/#who-do-the-wates-principles-apply-to-7356addd>

Recommendations for employers

There is no reason why businesses should not adopt the above practices, and stakeholders such as investors and unions should encourage them to do so even if current policy does not yet require it. Employers providing a more detailed breakdown of their expenditure on pay and how it is distributed between the very highest earners, and workers at different pay levels across the wider workforce (including indirectly employed workers) are likelier to benefit from a more open, more honest and franker dialogue with workers, investors and other stakeholders. Pay outcomes that are more transparent are likelier to be fairer and enjoy greater stakeholder confidence, leading to a competitive advantage for the business in the long run.

In addition to these steps, businesses should support pay ratio reporting with better reporting of their wider pay and employment practices more generally. This would contextualise the pay outcomes detailed in the pay ratio reports, and would again build stakeholder confidence in the company. In particular we recommend the following:

- **Better reporting of employment models** - It is striking that while annual reports typically extend to well over 200 pages, it is often quite hard to find detailed, objective, quantitative information about who actually works for the company – where they are based, what they are paid, their skills, capabilities and responsibilities. Indirectly employed workers are a particular absence from reporting – forthcoming HPC analysis has found that just 12% of FTSE 100 companies provided any detail on their outsourced workforce. Only 14% of the companies that report ratios disclose their UK employee population, meaning in most cases stakeholders don't know how many employees the disclosures actually cover. HPC in partnership with other stakeholder groups has previously developed a reporting framework covering the composition, stability, skills and capabilities, pay, voice and wellbeing of the workforce. This framework endorses narrative reporting that links employment practices to the business strategy, underpinned by concrete metrics such as staff turnover and career progression, investment in training and development, staff and indicators of the physical and mental health of the workforce.³⁶ We will publish analysis on reporting against the metrics recommended by this framework and updated recommendations for corporate reporting later this year.
- **Worker voice in governance structures** - The UK Corporate Governance Code recommends that companies should either appoint a designated non-executive director for workforce engagement, establish a formal workforce advisory panel or appoint a worker director to the board, in order to facilitate worker/board engagement. There are only three FTSE 350 companies (First Group, Fraser's and JD Wetherspoons) that have worker directors in any capacity. An FRC study found that the workforce had been very involved in the decision of what mechanism to adopt at just 6% of companies responding to the FRC survey.³⁷ Most companies do operate employee forums but a previous HPC/Financial Fairness Trust report in 2022 noted the highly varied extent to which they support genuine worker voice – research interviews revealed examples of forums where discussion topics were limited to minor day-to-day workplace issues, lacked access to senior staff or whose recommendations and insights were rarely acted upon.³⁸ HPC advocates independently elected worker directors as the best mechanism for ensuring proper worker voice in corporate governance, strengthening workforce engagement and enhancing operational understanding of the business in strategic decision-making. Where employee forums are in place, members should be appointed free from management interference, empowered to set their own agenda, kept informed of major business practice issues and guaranteed period access to and accountability from senior business figures. When governance structures are genuinely participatory in this way, it is likely to give stakeholders greater confidence in business outcomes, including pay outcomes.
- **Reporting of Living wage practices** - Resolutions at the Annual General Meetings of Next, Marks and Spencer and JD Sports scheduled for 2025 call on the companies to undertake and disclose a series of analyses relating to living wage practices, including documenting the number of directly and indirectly employed workers paid at below level living wage rates, and conducting a cost/benefit analysis of raising all workers to living wage levels.³⁹ These recommendations – essentially a 'comply or explain' approach to the living wage whereby companies that don't adopt living wage practices set out their reasoning – have much wider applicability. Again, low pay at prominent employers has stressed relationships between the company and key stakeholder groups including not just workers and investors but also customers and wider society. Open-minded and serious engagement with the prospect of commitment to a living wage would help strengthen these relationships, even if this did not lead to immediate adoption of the living wage for all workers.

³⁶ High Pay Centre, *How do companies report on their most important asset? An analysis of workforce reporting in the FTSE 100 and recommendations for action*, via https://highpaycentre.org/wp-content/uploads/2022/03/Workforce-planning_WEB-1.pdf

³⁷ Financial Reporting Council (2021), *Workforce Engagement and the UK Corporate Governance Code: A Review of Company Reporting and Practice* via https://media.frc.org.uk/documents/FRC_Workforce_Engagement_Report_May_2021.pdf

³⁸ High Pay Centre (2022), *Worker voice in corporate governance – How to bring perspectives from the workforce into the boardroom* via https://highpaycentre.org/wp-content/uploads/2022/11/STA0922916658-001_aFFT-Pay-Ratios-Report_1022_v5.pdf

³⁹ Share Action (2025), *Living Wage resolutions 2025* via <https://shareaction.org/living-wage-resolutions-2025>

Longer-term recommendations - towards a maximum pay ratio

Extreme income inequality is a defining characteristic of the UK economy. The OECD currently ranks Britain as the 8th most unequal of 40 major economies in terms of income inequality; of EU member states, only Bulgaria and Lithuania are more unequal.⁴⁰ The share of total UK incomes captured by the richest 1% of the population has remained steady at around 13% over the past decade, according to the World Inequality Database, having increased rapidly throughout the 1980s, 90s and early 2000s.⁴¹ While reducing the incomes of those at the top does not automatically mean more is available for everybody else, it would also be naïve to assume that there is no relationship between the two.

This paper has shown the significant share of total expenditure on pay that individual employers devote to a small number of senior staff, and the difference equivalent amounts could make to hundreds if not thousands of lower earning colleagues if distributed more equally.

Even if we accept that this degree of inequality is a result of market forces, that does not place it beyond question or challenge. There are other factors beyond the market that might reasonably input into pay setting processes – for example how hard someone works, the value of their work to society or their household need. Policy makers also have the power to mitigate market outcomes that society considers undesirable. The minimum wage is an example of such an intervention that enjoys considerable support. Polling repeatedly shows that a cap on executive pay, expressed as a multiple of the pay of a middle or lower-earning worker would enjoy similarly strong public support.⁴² While a ‘maximum wage’ expressed as a pay ratio remains politically unlikely in the short-term, and would undoubtedly meet significant resistance, it is a good example of a policy that seems extreme to policymakers and thought leaders, but much less so to the wider public.

It is therefore time to take the prospect seriously as a longer-term policy objective. Uplifts to living standards have always involved in both increasing aggregate wealth and distributing existing wealth more evenly – for example, the legalisation of trade unions helping ordinary workers to win a greater share of the spoils of the industrial revolution; creation of welfare states funded through progressive taxation; introduction of minimum wages redistributing from generally wealthier business owners to lower earning workers. The UK’s, high, by international and historic standards, levels of inequality and concentration of incomes suggest there is considerable potential to raise incomes by re-balancing distribution. A maximum ratio, which could achieve this pre-taxation, may prove more appealing, empowering and politically durable rather than sole reliance on taxes and transfers to redress inequalities.

There would no doubt be challenges involved – obvious questions to be addressed might include:

- At what level should a maximum ratio be set? Public opinion research suggests a multiple between 10 and 20 would enjoy public legitimacy.
- Who should be relevant comparator for CEO pay? Options could include median or low-earning colleagues within the same organisation, or workers across the wider economy.
- Could we incentivise, rather than mandate a maximum ratio? Companies in San Francisco and Portland in the US are not subject to a cap but are required to pay an additional corporation tax surcharge if their pay ratios exceed certain levels.⁴³
- What timeframe might be realistic for implementation? Major cuts to top pay resulting from immediate introduction of a cap would undoubtedly disappoint current and near-term business leaders, but a gradual transition to more equal pay structures would enable an adjustment of expectations on the part of those likely to ascend to leadership roles in the medium term.

HPC will begin to examine these and other challenges in subsequent research projects. In the meantime, we hope that the pay ratio disclosures and this analysis will be used to inform and encourage a debate about how major employers distribute the wealth they hold and how we can get more of it flowing to low and middle earners to the benefit of UK living standards.

⁴⁰ OECD Data (2025). *Income Inequality*. (<https://data.oecd.org/inequality/income-inequality.htm>)

⁴¹ World Inequality Database (2025), *Income Inequality, United Kingdom (1820–2023)* via <https://wid.world/country/united-kingdom/>

⁴² For examples of polling showing public support for a cap on executive pay see Guardian (2024), *Pay gap between bosses and employees must be reduced, UK workers say* via <https://www.theguardian.com/inequality/2024/nov/24/pay-gap-between-bosses-and-employees-must-be-reduced-uk-workers-say>; or Equality Trust (2021), *7 out of 10 people in the UK want government action on soaring executive pay* via https://equalitytrust.org.uk/news/press-release/7-out-10-people-uk-want-government-action-soaring-executive-pay/?utm_source=chatgpt.com

⁴³ San Francisco Chronicle (2023), *S.F.’s new ‘overpaid executive tax’ brought in more money than expected. Can the city count on it?* via <https://www.sfchronicle.com/bayarea/article/city-executive-pay-tax-18330876.php>

