abrdn
Financial Fairness Trust

CEO TO WORKER PAY GAPS IN THE FTSE 350:

Five years of pay ratio disclosures

Executive summary

June 2025

Executive Summary

Background

UK-incorporated listed companies are required to publish ‘pay ratio’ disclosures showing the ratio 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. Companies are also required to disclose the absolute levels of total remuneration for the employees at these percentiles.

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 four years for which comparable ratios are available. For further information on the background to pay ratio reporting requirements, please see the full report available via https://highpaycentre.org/latest/publications/

Pay ratios

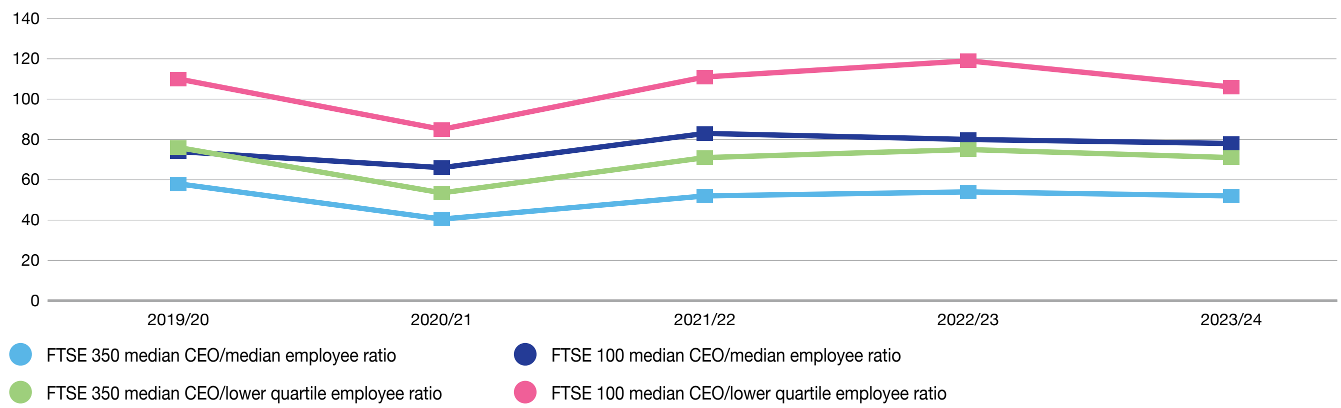
The median ratio of the CEO‘s pay to that of the median UK employee was 52:1 across FTSE 350 companies in 2023/24, down from 54:1 in 2022/23. The median pay ratio of FTSE 350 CEOs to their UK employee at the 25th percentile (or lower quartile threshold) of the pay distribution was 71:1 in 2023/24, down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

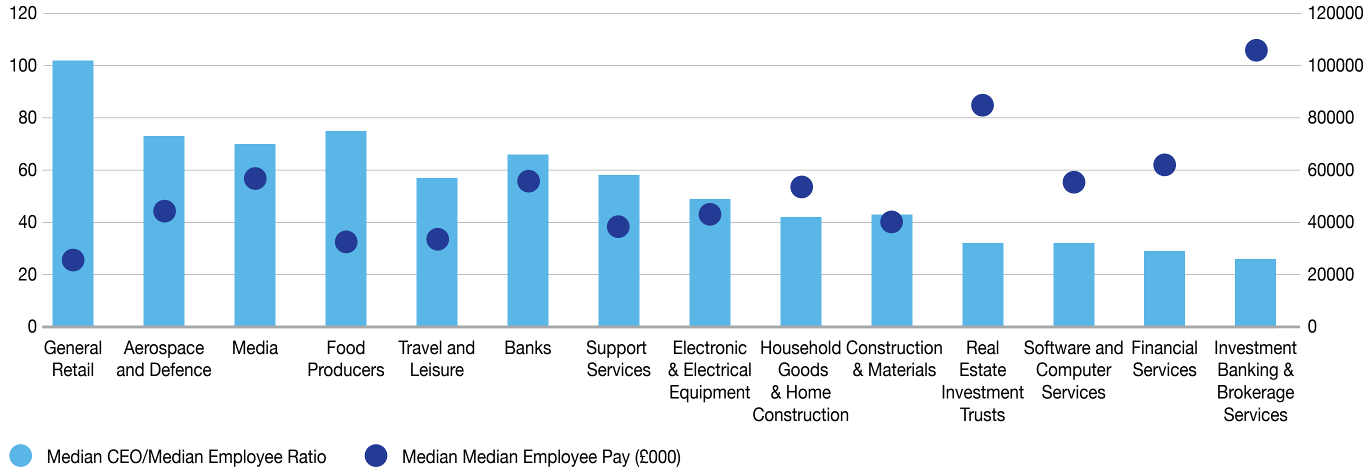
Table 3: Lowest pay for low-earning employees in 2023/24

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.

Figure 2: Median CEO/median employee pay ratios and median employee pay by sector



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 as a legally binding maximum CEO to worker pay ratio. 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.