



The High Pay Centre is an independent non-party think tank established to monitor pay at the top of the income distribution and set out a road map towards better business and economic success

It's 'Fatcat Friday' - CEO pay for 2019 surpasses the amount the average UK worker earns all year

HPC and CIPD research illustrates the UK's economic divisions

Friday 4 January 2019 is "Fat Cat" Friday. In just three working days, the UK's top bosses make more than a typical full-time worker will earn in the entire year, according to calculations from independent think tank the High Pay Centre and the CIPD, the professional body for HR and people development.

The average (median) full-time worker in the UK earns a gross annual salary of £29,574. "Fat Cat" Friday recognises that in 2019 the average FTSE 100 CEO, on an average (median) pay packet of £3.9 million, only needs to work until 1pm on Friday 4 January 2019 to earn the same amount. The £3.9 million figure was calculated by the CIPD and the High Pay Centre in their [2018 analysis of top pay](http://highpaycentre.org/pubs/high-pay-centre-cipd-executive-pay-survey-2018). (<http://highpaycentre.org/pubs/high-pay-centre-cipd-executive-pay-survey-2018>) and it marks an 11% increase on the £3.5 million figure reported in their 2017 analysis. The pay increase means that FTSE 100 CEOs, working an average 12-hour day, will only need to work for 29 hours in 2019 to earn the average worker's annual salary, two hours fewer than in 2018.

The CIPD and High Pay Centre are highlighting the problem of rising executive pay in a new report launched today. The report, [RemCo reform: Governing successful organisations that benefit everyone](http://highpaycentre.org/pubs/remco-reform-governing-successful-organisations-that-benefit-everyone) (<http://highpaycentre.org/pubs/remco-reform-governing-successful-organisations-that-benefit-everyone>), identifies the shortcomings of the remuneration committees (RemCos) charged with setting executive pay and calls for them to be significantly reformed. In particular, it highlights:

- the myth of 'super talent' as a factor that continues to drive excessive pay with one remuneration committee chair commenting: "It's nuts... and nuts has become the benchmark".
- how there needs to be much greater diversity among those responsible for setting CEO pay, both in terms of their ethnicity and gender, for example, but also their professional backgrounds and expertise in order to combat 'group think'.
- how current pay mechanisms contribute to the problem of high pay. In response, the CIPD and High Pay Centre recommend replacing long-term incentive plans (LTIP's) as the default model for executive remuneration with a

less complex system based on a basic salary and a much smaller restricted share award. This would simplify the process of setting executive pay and ensure that pay is more closely aligned to executive performance.

The CIPD and High Pay Centre are calling for RemCos to ensure that CEO pay is aligned more appropriately to rewards across the wider workforce and that their contribution is measured on both financial and non-financial measures of performance. This should include measures such as employee well-being and investment in workforce training and development – all of which are crucial for good corporate governance.

Simplification of executive pay could also allow more time for the committees to focus on other issues that are critical to wider corporate governance and also interact with pay and reward, such as corporate culture, good people management and sustainable performance driven by positive purpose. To reflect this wider remit, the CIPD and High Pay Centre suggest both refocusing and renaming remuneration committees so they become People and Culture Committees (PACCs).

You can find download the report [here](http://highpaycentre.org/pubs/remco-reform-governing-successful-organisations-that-benefit-everyone) (<http://highpaycentre.org/pubs/remco-reform-governing-successful-organisations-that-benefit-everyone>), and find details of the launch event and discussion [here](http://highpaycentre.org/events/the-future-of-the-remuneration-committee-in-a-new-era-of-corporate-governan) (<http://highpaycentre.org/events/the-future-of-the-remuneration-committee-in-a-new-era-of-corporate-governan>).

14

Posted on 3 January 2019

1 Comment

High Pay Centre

 Login ▾

 Recommend

 Tweet

 Share

Sort by Oldest ▾



Join the discussion...

LOG IN WITH

OR SIGN UP WITH DISQUS 

Name



Derek Chandler • 2 days ago

I'm don't think your mathematical calculations are correct, or, at the very least they are inconsistent.

This is my approach:

First, you have to calculate the number of working days in a year. Assuming most people work 5 days a week, there are a total of 260 possible working days, minus 8 bank holidays and 20 days of annual leave, which makes 232 working days a year. (Ok, $52 \times 7 = 364$ days, so there maybe one or two more depending on leap years and alignment of weekends, it doesn't matter, the calculation is not that sensitive to a possible 0.3% error.)

Secondly, if someone earns £3.926m a year that's £16,922 a day ($= 3,926,000 / 232$). So after two days the median salaried FTSE100 CEO would have earned over £33k, therefore Thursday 3rd January is the day they exceeded the median average UK salary, not Friday 4th.

It seems that you assume 365 working days a year, including all holidays. This results in CEOs earning £10,756 per day, thereby requiring three days to exceed the average UK annual salary. But

if this were the case, the three days should start on the first of January, again making Thursday 3rd the day average FTSE100 CEOs earn the same as the average UK worker.

^ | v • Reply • Share ›

ALSO ON HIGH PAY CENTRE

New pay ratio reporting rules: success for High Pay Centre ...

1 comment • 7 months ago



Peter Bennett — Am I correct that rather than following the precedent of Gender Pay Gap ...

Government reforms fail to bring executive pay back to reality

5 comments • 5 years ago



Deborah Hargreaves — Hi Andrew, First Group is the only company in the FTSE 100 with ...

Comment: Easyjet pay dispute exacerbated by high ...

1 comment • 3 years ago



CEOemail — Why not ask Easyjet CEO, Carolyn McCall, if she believes she deserves her 150 ...

Reform Agenda: How to make top pay fairer

2 comments • 4 years ago



TruthBeatsLies — Definitely NOT the right level...! I'm thinking, more like an automatic tax of, ...

Subscribe Add Disqus to your siteAdd DisqusAdd Disqus' Privacy PolicyPrivacy PolicyPrivacy Policy

Pay counter

Since 1 January 2019 the average FTSE 100 CEO has earned:

£ ■ ■ ■ ■ ■

How does your pay compare? (/counter)



Get the full facts – our partner project (<http://inequalitybriefing.org>)

Income inequality in the UK



Video: A CEO takes home more in three days than an employee earns in a year (</blog/new-film-income-inequality-in-the-uk>)

Wealth inequality in the UK



Video: How the gap between the richest and the rest has widened over 30 years (</blog/New-film-the-shocking-rise-of-inequality-in-britain>)

Recently added

- **RemCo Reform: Governing successful organisations that benefit everyone** (</pubs/remco-reform-governing-successful-organisations-that-benefit-everyone>)
New report from HPC and the CIPD, based on interviews with remuneration committee members, investors and other stakeholders in the pay setting process, calls for corporate governance reform, with more emphasis on people management and employment culture
- **It's 'Fatcat Friday' - CEO pay for 2019 surpasses the amount the average UK worker earns all year** (</blog/its-fatcat-friday-ceo-pay-for-2019-surpasses-the-amount-the-average-uk-work>)
HPC and CIPD research illustrates the UK's economic divisions
- **Labour's plan for stakeholder votes on boardroom high pay might just work** (</blog/labours-plan-for-stakeholder-votes-on-boardroom-high-pay-might-just-work>)
HPC Head of Policy and Research Ashley Walsh blogs on a new report commissioned by the Labour Party

✚ [Join our email list \(/contact\)](/contact)

High Pay Centre Retweeted



Alex Worters

@AlexWGov

Worth sharing this again in light of @CIPD @HighPayCentre #Remco report: "pay should be proportional & focused on the long-term, the board should regularly engage with shareholders and other stakeholders on pay, and the report should be clear and concise."

grantthornton.co.uk/insights/the-f...

The five principles of good governance - remuneration

Clear reporting and transparent engagement are important for good governance on ...

grantthornton.co.uk

Jan 4, 2019

[Embed](#)

[View on Twitter](#)

[Home \(/\)](#) | [About \(/about\)](#) | [Contact \(/contact\)](#)

© High Pay Centre 2019

Website by [Social Spark \(http://socialspark.co.uk\)](http://socialspark.co.uk)



<http://www.facebook.com/pages/High-Pay-Centre/284602038270355>



<http://twitter.com/HighPayCentre>



<http://highpaycentre.org/rss>