Another bonanza year for highest paid UK CEOs

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New research on the pay gap between the highest paid Financial Times Stock Exchange (FTSE) 100 bosses and average worker pay shows that the UK's superrich continue to accumulate wealth.

Carried out by two organisations, the High Pay Centre and the Chartered Institute of Personnel and Development (CIPD), the research shows that chief executives of these companies were paid at the end of 2016 a median average wage of £3.45 million a year—equating to 120 times the £28,758 earned by full-time workers.

The High Pay Centre is a non-partisan think tank that focuses on "pay at the top of the income scale" and monitors "pay at the top of the income distribution." The CIPD is a professional association for human resource management workers.

The joint report noted that January 4 was "Fat Cat Thursday," marking the day when some of the UK's top bosses had already made as much money by lunch time in 2018 as the average UK worker will make in the entire year.

The date of January 4 was calculated by the High Pay Centre/CIPD based on their assumption that "FTSE 100 CEOs work 12 hours a day, including three out of every four weekends, and take only 19 days holiday per year—i.e. 320 days of work a year, or 3,840 hours. This works out at pay of £898 per hour, meaning that it would take around 32 hours' work to reach the UK median earnings figure of £28,758."

Announcing their latest findings, the High Pay Centre explains, "The CEO to average worker ratio of 120:1 is based on figures from the ONS Annual Survey of Hours and Earnings 2017." It notes that the 120:1 ratio is the latest figure available, adding, "The 122:1 figure CIPD and the High Pay Centre referenced quoted in its August 2017 report ["Executive pay: Review of FTSE 100 executive pay packages"] was based on 2016 data."

The highest paid FTSE 100 CEO was Sir Martin Sorrell, who is employed by advertising firm, WPP. He was paid £48 million—down on the £70 million WPP paid him in 2015—though there will no doubt be various non-salary payments involved.

It is expected that this year's top paid listed company boss will be Jeff Fairburn, the CEO of York-based house builder Persimmon. He is expected to collect a bonus of £110 million, and Persimmon is sharing out a further £400 million to 150 executives and middle managers. Using government figures, the *Guardian* calculated that this bonus would enable the building of 1,375 council houses—enough to provide for every homeless family in Yorkshire.

Persimmon shares have doubled in value since the introduction of the government's "help to buy" scheme in 2013. This involves the Treasury providing a loan worth 20 percent towards the overall value of a property, with the prospective buyer providing an initial deposit of 5 percent.

The help to buy scheme was heralded as a way of enabling young people to get onto the housing ladder, while at the same time increasing demand for houses. It has been a massive boon for the corporations in the housing sector, with £10 billion of tax payers' money spent. A report by Morgan Stanley last year showed that rather than increasing opportunities for first-time buyers to own a home of their own, money has gone into boosting the profits of companies such as Persimmon, Barratt, and Taylor Wimpey.

The introduction of the scheme has also pushed up house prices, making them more unaffordable for first time buyers. Yet the government is proposing to hand over another £10 billion of taxpayers' money to this

scheme. In 2016, half of all Persimmon homes sold were via the help to buy scheme.

Greg Beales of the Shelter housing charity said, “It is hard not to see this as profiteering from a housing crisis which is getting worse, at a time when more than 300,000 people have spent Christmas without a place to call home.”

The gap between corporate executive pay and that of the rest of society is enormous.

Denise Coates, the founder of the Bet365 online gambling site—not a FTSE 100 company—was paid a staggering £199,305,000 along with dividend payments of £18 million for the year 2016. This equates to a weekly income of £3.8 million, or 7,000 times the average full-time worker.

Even before she received the £217 million plus, she and her family were worth £5 billion. Coates is now Britain's richest female, with a personal fortune estimated at £3.06 billion—paid for by untold human suffering. Those gambling on the site wagered £47 billion for the year 2016, and revenues from gambling for 2016/17 increased by 39 percent, to a record £2.15 billion. Profits resulting from gambling shot up by 15 percent to £514 million.

The Gambling Commission industry regulator estimates there are now 2 million people who have problems with gambling, or are at risk of addiction. In 2016, the entire gambling industry donated just £8 million to research, education, and treatment.

The increase in income inequality has a direct correlation to overall levels of poverty. The day-to-day lives of millions of people are fraught with worry as to how they will pay for basic utilities, while shouldering ever-increasing levels of accumulating personal debt.

The biggest ever survey of households carried out in the UK—by the Financial Conduct Authority last year—found that half of all UK adults are financially vulnerable, with one in six people not being able to cope with a £50 increase in monthly bills, including mortgage repayments.

The figures include 4.1 million people who are facing serious difficulty and are not able to meet credit card and bill payments. The most over-indebted are 25-34-year-olds, with 19 percent having no savings and a further 30 percent only having £1,000 saved.

The wealth of the super-rich is predicated on the exploitation of workers, many of whom are paid low wages, are on zero-hour contracts, or defined as apprentices. A survey of 500 apprentices last year found that two in five were spending more money completing their apprenticeships than they were earning. They were paid as little as £3.50 an hour, and after paying for work clothes, travel and childcare costs, have little if anything to live on. Between 2014 and 2016, the number of apprentices paid less than the legal minimum wage increased from 15 to 18 percent.

The Adam Smith Institute think tank rejected criticism of the UK’s CEOs. Responding to the High Pay Centre/CIPD research, it said it was a "mistake" to be concerned about skyrocketing executive pay. Sam Dumitriu, the head of research at the institute, suggested, “Given how important the decisions a CEO makes are to the success of a firm, it would be shocking if they were not extremely well paid.”

"The High Pay Centre are wrong to link high pay at the top with low pay at the bottom," he added. "Politicians should be careful.”