

Top executive payments in the UK – a worrying trend?

At a time when pay awards in the UK are facing a downward trend, payments for top executives are increasingly being scrutinised. Compensation Planning looks at the data to find out where the greatest differences lie and what organisations can do to level the playing field for greater pay equity.



Senior leaders play a key role in organisations and they're often seen as role models, shaping the organisation's culture. With an emphasis on pay transparency, looking at compensation levels and internal policies is becoming increasingly important to have healthy and equitable organisations.

As the top leader, the pay level received by the CEO becomes heavily scrutinised and, often, quite controversial. However, there are many factors that can influence their compensation packages.

Despite recent efforts to promote equality and inclusion in the workplace, Compensation Planning data reveals that disparity in compensation remains a significant issue among senior leaders. Across sectors, women in senior positions, from CEOs to directors, continue to earn less than their male counterparts.

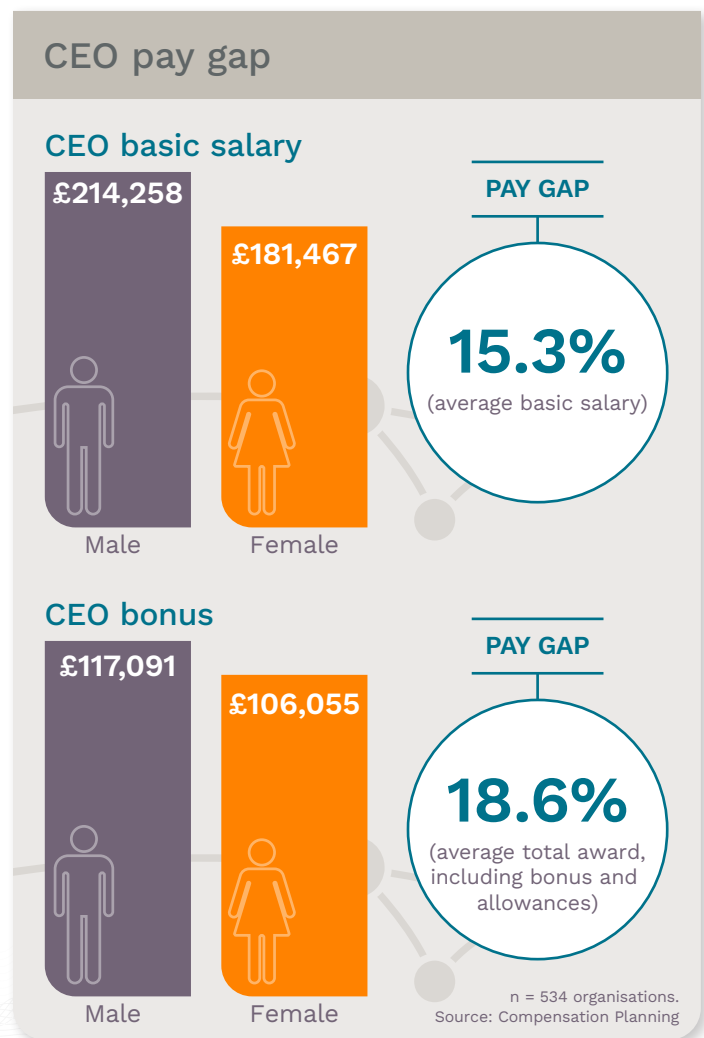
This imbalance highlights the need for organisations to take actionable steps to address compensation inequity at all levels.

The research is based on information from the Compensation Planning dataset. The figures below draw on data relating to 534 organisations, as at September 2024.

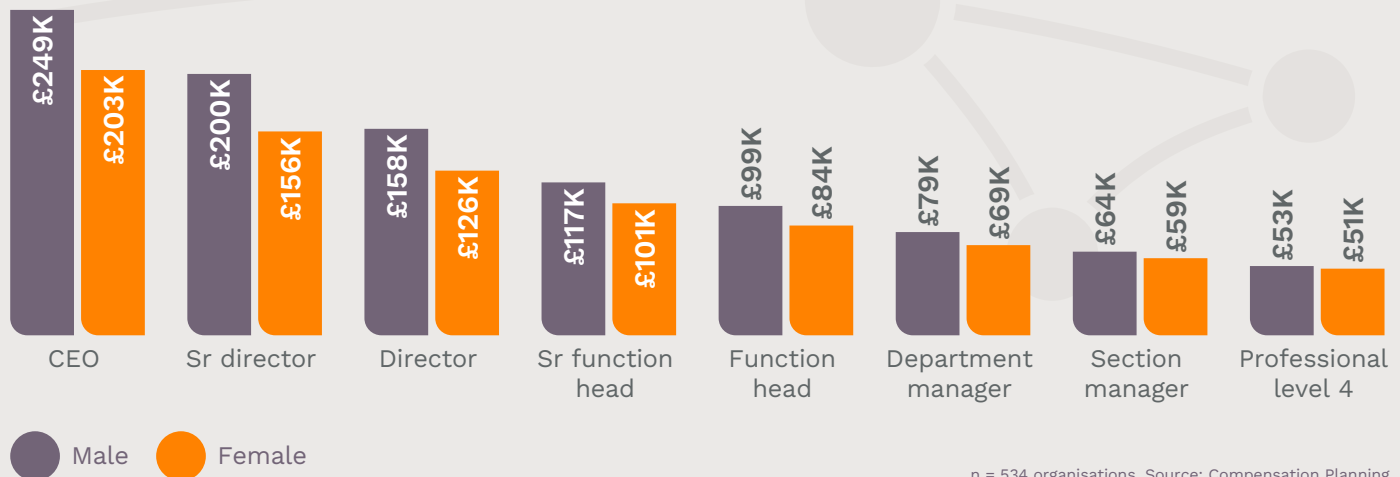
A closer look at senior leaders' compensation

An analysis of the different compensation elements for male and female leaders in key roles, including CEO, senior director, and function head, reveals an initial disparity. For the top executive, the average base salary for male leaders is £214,258 compared with £181,467 for females – a gap of 15.3%. This gap is further compounded by other compensation elements

such as annual bonuses. In fact, male CEOs receive an average £117,091 bonus, compared with £106,055 for their female counterparts. Once allowances and other elements are taken into account, it totals an 18.6% gap between the male and female.



Total compensation by job level



The gender disparity trend is not limited to the CEO role. The differential is greater for senior directors, where male compensation surpasses female compensation by a whopping 22.23%.

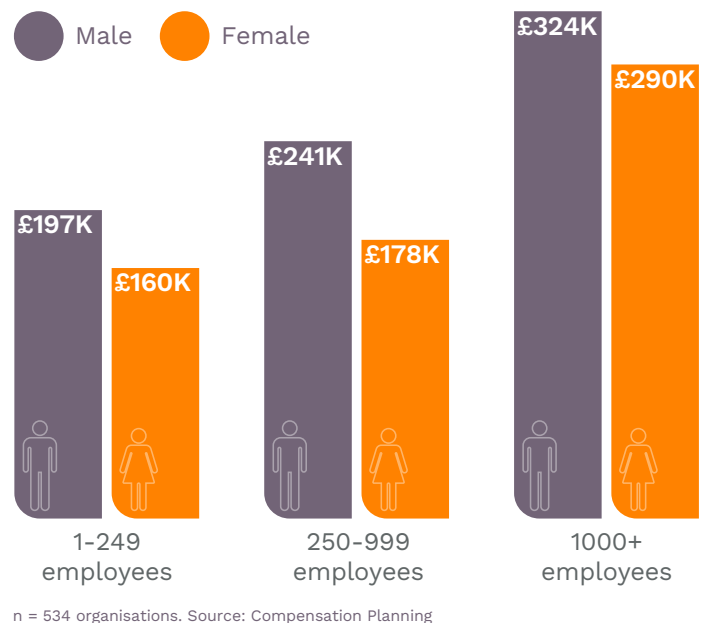
Across other leadership roles, such as directors and department managers, the gap ranges from 12.81% to 19.9%, painting a broader picture of gender inequality at the leadership level.

And yet, looking across all job levels, there seems to be a tipping point where compensation levels start differing.

Mid-sized organisations with the highest differences

The disparity in compensation is also apparent across organisations of all sizes. When analysing by organisation size, in organisations with less than 250 employees male leaders earn on average £197,000 annually, while female leaders in comparable roles earn just £160,000, a 18.8% difference.

Interestingly, as organisation size increases, the disparity widens further. In organisations of 250-999 employees, female leaders earn 26.1% less than their male counterparts. In larger organisations (1,000 or more employees), however, where pay structures are typically more analysed and benchmarked, the gap remains significant at 10.5%.



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Gender pay gap in the UK

Although the gender pay gap in the UK has been declining, the pace of change has been much slower than expected.


Brightmine Pay Equity Analytics analysis – based on all organisations that had uploaded their data to the government portal – found that the median gender pay gap was 9.1% in 2023. This represents a very small decline from the (revised) 9.2% recorded for 2022.

What organisations can do

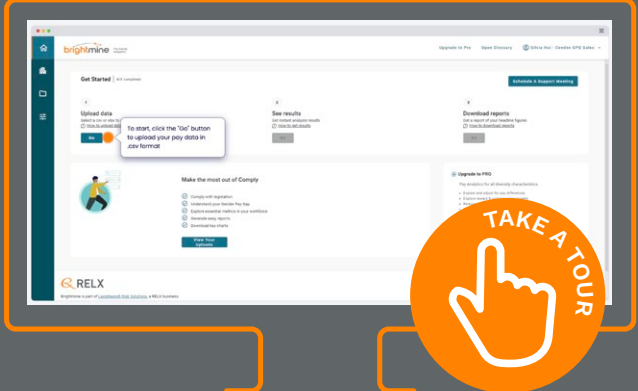
Gender disparity in senior leadership compensation is more than a fairness issue, it is a business problem. Compensation disparity can lead to higher turnover rates and a less diverse leadership, lower workforce morale and, ultimately, affect revenues.

While there is no easy-to-implement fool-proof strategy there are steps organisations can take to prevent inequity and ensure that an organisation's pay structure and gender representation is heading in the right direction.

Addressing the gender pay gap requires a strategic and systemic approach that goes beyond simply adjusting salaries. Here are key steps companies can take to close the gap:



Complete your gender pay gap report in minutes



brightmine Pay Equity Analytics

Four steps to reduce pay inequity

1 Review	Analyse your organisation's workforce data. Assess the gender pay gap and see where the biggest differences lie. Look at pay grading structures and carry out any salary benchmarking, if necessary. If your organisation does not have this data to hand, this is the point to start gathering and collating it.
2 Provide a narrative	Providing a narrative alongside pay gap figures gives your organisation the opportunity to acknowledge where it is currently falling short. Put the statistics in context and highlight the steps your organisation is taking to become an equitable employer.
3 Build an action plan	Now that all the data is in place, it's time to make decisions and devise a plan. Connect the data to the various work policies that are in place that might help advance gender equality, such as recruitment, career planning and flexible working.
4 Monitor	Once your organisation has devised a clear strategy to implement, it needs to monitor it. This will be a work in progress, needing consistent attention to move the needle in the right direction.

How Brightmine can help

Brightmine Compensation Planning allows you to:

- Access rewards data from over one million UK employees
- Compare your compensation package with market trends to make stronger offers

Brightmine Pay Equity Analytics helps you:

- Compare roles and demographics to identify pay disparities
- Develop targeted strategies to address and resolve any inequalities

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