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Directors' Pay in Line with Inflation

Salaries for UK directors rose by a modest 3% in 2004, slightly above inflation, and in line with the rest of the workforce, a survey released today shows. The annual poll of members of the Institute of Directors (IoD), carried out by Croner Reward, also showed that almost two thirds of directors are now on performance-related pay.

Miles Templeman, Director General of the IoD, said:

"Yet again our Rewards survey belies the fat cat image of boardroom Britain. While other executive pay surveys focus solely on the FTSE 100, ours is based on directors from across the spectrum, from the smallest to the largest companies. And the picture that emerges from our survey is one of hard work and reasonable pay rises."

Forecasts for pay rises in the coming year are 3.5%, but small companies are forecasting 4% and medium companies only 3%.

The survey also monitors working patterns as well as pay. Once again the image of directors killing time on the golf course is laid to rest with the survey showing almost half of UK executives working more than a 46 hour week, and a quarter of those putting in more than 55 hours. Also, around 40% of board members do not take up their full holiday entitlement.

There are also wide regional variations amongst rates of pay for directors. Executives in London, for example, earn on average almost 50% more than counterparts in the North East. And, directors in Yorkshire, the South West and East Midlands all receive less than the national average.

Miles Templeman said:

"Directors remuneration is clearly a much more complex topic than is often portrayed. Our aim is to put the issue in perspective so directors, and business in general, will be more appreciated by society at large."

Vivienne Copeland, Client Services Director of Croner Reward, said:

"This year's survey paints an interesting picture of a Director's life. Longer hours, shorter holidays, modest pay rises and the increasing accountability of performance related pay combine to highlight the pressures and stresses of the responsibility of rank in modern business."