

## FTSE 350 Housebuilding Company Executive Pay Ratios

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### 1. **Headline figures<sup>1</sup>**

- In total, the ten FTSE 350 housebuilding companies covered by this research spent £63.56m on their most recent annual CEO pay awards. Among the four FTSE 100 companies, the figure was £53.2m.
- In total, FTSE 350 housebuilding companies spent £150m on executive pay. Among FTSE 100 companies, the figure was £131.1m.
- The median pay award for CEOs in housebuilding companies the FTSE 350 index was £2.113m last year. Among FTSE 100 companies, the figure was £5.704m.
- The pay ratio between the average UK construction worker, paid £24,964 a year, and the median FTSE 350 executive pay award among housebuilding companies was 89:1.<sup>2</sup> For FTSE 100 housebuilding companies, the ratio is 229:1. The highest pay ratios were Persimmon (1561:1), Berkeley (331:1), Taylor Wimpey (126:1), and Barratt (113:1).
- In total, FTSE 350 housebuilding companies built, completed, and sold 86,685 homes last year, but they hold planning permission for 470,068 plots. Among FTSE 100 companies, the figures were 53,198 houses and 306,519 plots with planning permission.
- Total profits for the FTSE 350 housebuilders were £5.4 billion with £2.4 billion paid out in dividends to shareholders. For the FTSE 100 companies, the figures were £3.7 billion and £1.8 billion respectively.
- In November 2018, the average UK house price was £230,630.<sup>3</sup> That means the average recommended minimum UK deposit is £46,200. Assuming they saved 10% of their annual earnings for buying a house, it would take the average UK construction worker, paid £24,964 a year, 92 years to pay for the average UK house and 19 years to save for the deposit. The average FTSE 350 CEO in a housebuilding company could buy 28 houses outright in 1 year and, over 92 years, 2,576 houses.
- The total current landbank is 470,068 plots and, assuming there are 12 houses built per acre of land, the total strategic landbank is around 570,000 plots (though disclosures of strategic land are less consistent across the companies).<sup>4</sup>
- Together, the figures raise questions about the value that the major housebuilders are delivering for wider society, and whether such vast profits and pay inequality are appropriate for the provider of a public good (homes). This is particularly pertinent given the UK's ongoing issues with housing and homelessness.

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<sup>1</sup> All figures are taken from the companies' most recent annual report, as of 1 July 2019.

<sup>2</sup> For details on pay for construction workers, please see 'technical note'

<sup>3</sup> <https://www.gov.uk/government/news/uk-house-price-index-for-november-2018>

<sup>4</sup> See <http://www.uklanddirectory.org.uk/Self-Build-Houses-Plot-Sizes.asp>

## 2. Company performance (most recent financial year)

Company	Profit before tax (£m)	Dividend paid (£m)	Total homes completed	Current Land bank (plots)	Strategic Land Bank
<b>FTSE 100</b>					
Barratt	835.5	434.9	17,579	84,569	12,435 acres
Berkeley	934.9	146.7	3,895	46,867	5,000+ plots
Persimmon	1100	732.3	16,449	99,088	16,500 acres
Taylor Wimpey	810.7	499.5	15,275	75,995	c.127,000 plots
<b>FTSE 350</b>					
Bellway	641.1	162.6	10,307	41,077	8,500 plots
Bovis	168.1	129.7	3,759	17,328	19,278 plots
Countryside	180.7	41.1	4,295	43,523	not disclosed
Crest Nicholson	176.4	84.7	3,020	19,291	16,837 plots
Galliford Try	143.7	75.9	6,193	14,700	13,270 plots
Redrow	380	74	5,913	27,630	30,700 plots
<i>Total</i>	<i>5,371.1</i>	<i>2,381.4</i>	<i>86,685</i>	<i>470,068</i>	<i>567,805 plots</i>

## 3. Pay practices

Company	CEO	CEO pay (£m)*	Total Executive Directors' pay & number of execs (£m)	CEO/average UK construction worker pay ratio (£24,964)
<b>FTSE 100</b>				
Barratt	David Thomas	2.811	6.241 (no: 3)	113:1

Berkeley	Anthony Pidgeley (Executive Chairman)	8.256	28.25 (no: 7)	331:1
Persimmon	Jeff Fairburn	38.967	89.918 (no: 3)	1561:1
Taylor Wimpey	Peter Redfern	3.152	6.695 (no: 4)	126:1
<b>FTSE 350</b>				
Bellway	Ted Ayres	1.815	4.988 (no: 4)	73:1
Bovis	Greg Fitzgerald	2.18	2.862 (no: 2)	87:1
Countryside	Ian Sutcliffe	2.265	3.612 (no: 2)	91:1
Crest Nicholson	Stephen Stone/ Patrick Bergin	0.705	2.035 (no: 5)	28:1
Galliford Try	Peter Truscott	1.448	2.369 (no: 2)	58:1
Redrow	John Tutte	1.961	3.081 (no: 2)	79:1

<b>Total</b>	63.56	150.051 (no: 34)	255:1 (mean ratio) 89:1 (median ratio)
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\* CEO pay figures represent the total pay awarded by the company for the CEO's role in the financial year, not just the

\*\* Gender pay gap figures for the 2019 reporting period were not yet available at the time of release.

#### 4. Technical note: calculating average pay in the UK construction sector

Pay levels in the construction industry are highly varied, with skill levels, based on the National Vocational Qualifications system a key determinant of pay. In the civil engineering sections – including carpenters, bricklayers and plasterers, for example– the largest proportion of workers fall into the NVQ Level 2, with an annual average salary of £24,964, according to Unite the Union. Therefore, this is the level we have used to exemplify the pay levels of typical construction workers, and have contrasted this figure with the pay for the housebuilding CEOs in our pay ratios.