

People need data on pay, not excuses

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The FT is making much of the fact that an organisation to which Andy Haldane and Will Hutton are linked has rejected Theresa May's proposals for binding shareholder votes on directors' pay and the publication of CEO pay ratios by companies.

The [Big Innovation Centre](#) are actually offering a fudge on binding votes. The FT and others overstate the case on the Centre's suggestions on this issue, which are actually that:

If a company loses the advisory remuneration vote in any year or receives 25% or more vote against the advisory vote two years in a row then the company should be required to bring forward their remuneration policy for approval at the next AGM of the company as a Special Resolution requiring a 75% majority to pass

In other words they're saying that companies should heed warnings from members and only if they don't should mandatory sanctions be put in place. It's a British fudge, and not a good one. But it cannot be said, as some are, that this rejects the notion of shareholder control. It just makes it more a case of 'checks and balances'.

The case against publishing ratios of CEO pay to average pay is one I agree with. Average ratios between CEOs and their workers are always open to misinterpretation if, for example, the employees are like those of Goldman Sachs where many are on £100,000 a year as opposed to, say, Whitbread, where many employees are baristas on Costa Coffee on the minimum wage. But the answer is not to reject pay ratios. The answer is to publish pay data in bands (as was once required in UK accounts) of £10,000 at first and in bands of £25,000 over, say, £50,000. Of course, if done country-by-country this would be even better. Then we could work out whatever ratios we want for ourselves.

But this is not what is proposed by the Big Innovation Centre. Heaven's above that people be trusted with some real information they might use. That would never do. And that's what offends me about this report. I perpetuates the myth that people can't be trusted with data when that is exactly what they need.