



UK EXECUTIVE COMPENSATION SERVICES

# NON-EXECUTIVE DIRECTOR FEES IN THE FTSE ALL-SHARE

DECEMBER 2024

ALVAREZ & MARSAL  
LEADERSHIP. ACTION. RESULTS.™

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# INTRODUCTION

The focus on Non-Executive Director (NED) fees in UK-listed companies has grown significantly. This reflects the increasing need to attract top talent in a highly competitive global market, as these critical roles become more complex and demand greater time commitments.

This year’s NED fees report provides a detailed breakdown of all types of NED fees, including Chair fees, NED base fees, Committee and Senior Independent Director (SID) duties, and Employee NED roles. The data is sourced from companies with fiscal year-ends between 1 April 2023 and 31 March 2024.

Should you wish to discuss any aspect of the data shown, its implications for your business or to request more specific data cuts or analysis, please reach out to your A&M contact.

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# SUMMARY OF KEY TRENDS >>

## NED BASE FEE INCREASES

Median NED base fee increases remain consistent year-on-year at around **3%**. However, the FTSE 30 has seen slightly higher increases of around **4%**.

	Last year	This year
FTSE 100	3.1%	3.0%
FTSE 250	3.0%	3.0%
FTSE Small Cap	2.9%	2.7%

## BOARD CHAIR INCREASES

Board chair increases also remain similar or slightly elevated year-on-year.

	Last year	This year
FTSE 100	2.9%	3.0%
FTSE 250	2.5%	3.0%
FTSE Small Cap	2.0%	2.0%

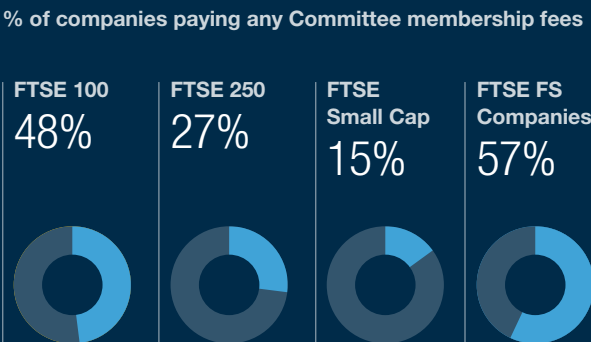
## SHAREHOLDING REQUIREMENTS

NED shareholding requirements remain uncommon in the UK market with just **10%** of the FTSE All-Share companies having a formal policy. When in place, it is typically set at 1x annual fees.



## COMMITTEE MEMBERSHIP FEES

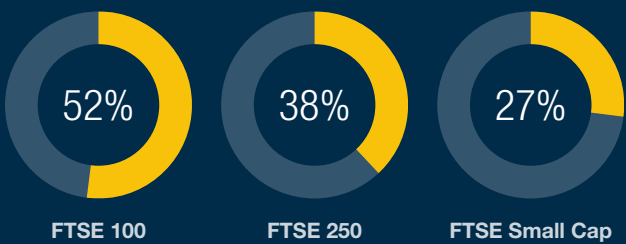
Committee membership fees are more common in larger companies and at Financial Services (FS) companies.



## ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) COMMITTEES

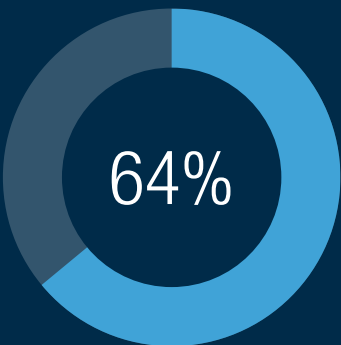
The proportion of FTSE All-Share companies with an ESG committee paying an additional fee remains broadly consistent year-on-year, though it is much higher in larger companies.

ESG Committee fee prevalence



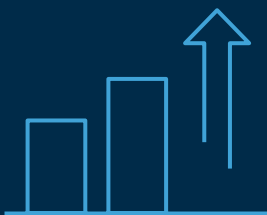
## % OF THE ALL-SHARE MAKING AN INCREASE

**64%** of FTSE All-Share companies increased either the board chair or base fee, indicating that a growing number of companies are conducting annual reviews.



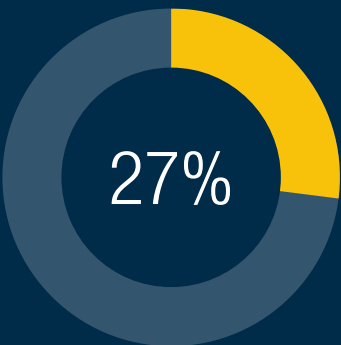
## FEE INCREASES VS. WORKFORCE

Among FTSE All-Share companies that raised Board Chair fees, **29%** of those increases exceeded workforce pay rises. Similarly, for NED base fee increases, **25%** were higher than workforce pay rises.



## DESIGNATED NED FEE

This year, **27%** of FTSE All-Share companies report having a designated NED.



# OVERVIEW OF KEY TRENDS IN FTSE SEGMENTS

## FTSE 100 DATA BREAKDOWN

The following table provides the most recent data for the FTSE 100, including its subsegments: FTSE 30 and FTSE 31-100.

		FTSE 100			FTSE 30			FTSE 31-100		
		LQ	M	UQ	LQ	M	UQ	LQ	M	UQ
Board Chair		£364k	£450k	£658.5k	£635k	£702.5k	£800k	£342.5k	£403k	£481k
Base Fee		£71k	£78.5k	£95k	£89.5k	£98.5k	£115k	£69k	£73.5k	£79k
SID Fee		£17k	£20.5k	£35k	£34.5k	£38k	£49k	£15k	£20k	£21.5k
Designated Employee NED Fee		£11.5k	£19k	£20.5k	£20k	£22.5k	£29k	£10.5k	£12k	£19k
Committee Chair	Audit	£20k	£25.5k	£36.5k	£35k	£40k	£53k	£18k	£20.5k	£28.5k
	Remuneration	£19k	£25k	£35k	£35k	£40k	£44.5k	£17.5k	£20k	£26.5k
	ESG	£17.5k	£23k	£35k	£33k	£35k	£42.5k	£15.5k	£19k	£21k
	Nomination	£11.5k	£15k	£19k	—	—	—	£11.5k	£15k	£17k
Committee Membership	Audit	£10k	£16.5k	£25k	£20k	£25k	£31k	£7.5k	£14k	£17k
	Remuneration	£10k	£16k	£20k	£18.5k	£20k	£27k	£7.5k	£11.5k	£16k
	ESG	£10k	£15.5k	£20k	£16.5k	£20k	£20k	£7.5k	£10k	£15k
	Nomination	£8k	£12.5k	£15.5k	£14k	£15.5k	£16.5k	£7.5k	£8.5k	£10k
		FTSE 100			FTSE 30			FTSE 31-100		
		LQ	M	UQ	LQ	M	UQ	LQ	M	UQ
Board Chair year-on-year increase		0.0%	3.0%	4.5%	0.0%	3.1%	4.5%	0.0%	3.0%	4.1%
Base Fee year-on-year increase		0.0%	3.0%	4.6%	2.1%	4.0%	4.6%	0.0%	3.0%	4.0%



### Supporting notes on fees and trends

**Designated employee engagement NED fees:**

- 27% of designated employee engagement NEDs receive an additional fee.
- This marks a slight reduction from last year, as a minority of companies have either discontinued the additional fee or adopted alternative approaches to employee engagement.

**ESG committee fees:**

- Around half (52%) of FTSE 100 companies have an ESG Committee.
- The prevalence is higher among larger companies, with 67% of FTSE 30 companies operating an ESG Committee.

**Committee membership fees:**

- Committee membership fees are not paid at all companies.
- 48% of companies pay Audit Committee membership fees, and 47% pay fees for the Remuneration Committee.
- Only 30% of companies pay fees for ESG Committee membership.

**Nominations committee fees:**

- Just 14% of FTSE 100 companies disclose a separate fee for chairing the Nominations Committee.
- In practice this fee is rarely paid, as the Board Chair typically chairs the Nominations Committee.
- 28% of companies pay fees for Nominations Committee membership.

**Fee increases:**

- For the second consecutive year, NED base fee increases have been higher in FTSE 30 companies than in the rest of the FTSE 100.
- This trend may reflect a need for the largest UK companies to better align with global benchmarks to attract and retain key talent, resulting in the highest median percentage increases across the FTSE All-Share.



FTSE 250 DATA BREAKDOWN

The following table presents the latest data for the FTSE 250, including data for its upper and lower halves:

		FTSE 250			FTSE 250 (Top Half)			FTSE 250 (Bottom Half)		
		LQ	M	UQ	LQ	M	UQ	LQ	M	UQ
Board Chair		£207.5k	£238.5k	£300k	£230k	£271k	£337k	£176.5k	£218.5k	£248.5k
Base Fee		£57k	£62k	£70k	£60k	£64.5k	£73.5k	£55k	£59k	£64.5k
SID Fee		£10k	£11k	£15k	£10k	£12k	£15k	£10k	£10k	£12.5k
Designated Employee NED Fee		£5.5k	£9.5k	£11k	£7.5k	£10k	£13k	£5.5k	£8.5k	£10k
Committee Chair	Audit	£10k	£13k	£18.5k	£11.5k	£15k	£20k	£10k	£11k	£14.5k
	Remuneration	£10k	£12.5k	£17.5k	£11k	£14.5k	£20k	£10k	£11k	£14.5k
	ESG	£10k	£12k	£15k	£11.5k	£14k	£16k	£10k	£10.5k	£12k
	Nomination	£9.5k	£10.5k	£15k	—	£13k	—	—	£10k	—
Committee Membership	Audit	£5k	£7k	£10k	£5.5k	£8k	£11k	£4.5k	£5k	£7k
	Remuneration	£5k	£7k	£10k	£5.5k	£8k	£10k	£4.5k	£5k	£7k
	ESG	£5k	£6k	£8.5k	£5k	£6k	£7k	—	£5k	—
	Nomination	£4.5k	£5k	£7k	£5k	£5.5k	£10k	—	£4k	—

		FTSE 250			FTSE 250 (Top Half)			FTSE 250 (Bottom Half)		
		LQ	M	UQ	LQ	M	UQ	LQ	M	UQ
Board Chair year-on-year increase		0.0%	3.0%	5.0%	0.0%	3.0%	5.0%	0.0%	3.0%	4.2%
Base Fee year-on-year increase		0.0%	3.0%	4.8%	0.0%	3.0%	5.0%	0.0%	2.3%	4.0%



Supporting notes on fees and trends

Designated employee engagement NED fees:

- 31% of companies pay an additional fee for this role, a slight increase from 29% last year.

ESG committee fees:

- 38% of companies pay an additional fee for the ESG Committee Chair role.
- Only 12% pay a fee for committee membership.
- These percentages are broadly similar across the top and bottom halves of the FTSE 250.

Committee membership fees:

- Membership fees are less common in the FTSE 250 compared to the FTSE 100.
- 27% of companies pay membership fees for any committee.
- Fees are more common in larger companies, with 33% of the top half paying such fees compared to just 18% in the bottom half.

Nominations committee fees:

- Only 10% of FTSE 250 companies disclose a fee for chairing the Nominations Committee, similar to the FTSE 100.
- 15% of companies pay a fee for Nominations Committee membership.



# FTSE SMALL CAP DATA BREAKDOWN

The following table presents the latest data for the FTSE Small Cap, including data for its upper and lower halves.

		FTSE SmallCap			FTSE SmallCap (Top Half)			FTSE SmallCap (Bottom Half)		
		LQ	M	UQ	LQ	M	UQ	LQ	M	UQ
Board Chair		£135k	£169.5k	£207k	£160.5k	£183k	£210k	£88k	£150k	£170k
Base Fee		£48k	£52.5k	£59k	£52k	£54k	£60.5k	£45k	£50.5k	£55k
SID Fee		£7k	£10k	£10.5k	£9k	£10k	£11k	£5.5k	£7.5k	£10k
Designated Employee NED Fee		£5k	£5.5k	£9k	£5k	£7.5k	£10k	—	£5k	—
Committee Chair	Audit	£8k	£10k	£12k	£10k	£10.5k	£12.5k	£7k	£9.5k	£11k
	Remuneration	£8.5k	£10k	£12.5k	£10k	£10k	£12k	£7.5k	£10k	£12.5k
	ESG	£7k	£10k	£12k	£8k	£10.5k	£14k	£7k	£9k	£10k
	Nomination	—	£12.5k	—	—	£15k	—	—	—	—

		FTSE SmallCap			FTSE SmallCap (Top Half)			FTSE SmallCap (Bottom Half)		
		LQ	M	UQ	LQ	M	UQ	LQ	M	UQ
Board Chair year-on-year increase		0.0%	2.0%	5.0%	0.0%	2.0%	4.5%	0.0%	0.0%	5.0%
Base Fee year-on-year increase		0.0%	2.7%	5.0%	0.0%	3.0%	4.9%	0.0%	1.7%	5.0%

## Supporting notes on fees and trends

### Designated employee engagement NED fees:

- 20% of Small Cap companies pay an additional fee for the role of designated NED, consistent with last year.
- It is more common in larger companies, with 24% of the top half paying this fee compared to 16% in the bottom half.

### ESG committee fees:

- 27% of Small Cap companies pay an additional fee for the ESG Committee Chair role, similar to last year.
- This fee is more prevalent in the upper half of the index (32%) than in the lower half (20%).

### Committee membership fees:

- Membership fees remain unusual, with only 15% of companies paying such fees.
- Where they are paid, they typically apply to membership of Audit and Remuneration Committees.

### Nominations committee fees:

- Only 6% of Small Cap companies disclose a fee for chairing the Nominations Committee.



# FOCUS ON FINANCIAL SERVICES

The following table provides data similar to that shown on preceding pages, but exclusively focusing on the Financial Services (FS) market segment. In addition, data for the risk committee, which is unique to the FS segment, are included.

NED roles in FS companies often command a premium compared to other sectors, especially for committee chairs, and committee membership fees are more commonly paid in this segment.

FTSE 100 - Financial Services		Prevalence	Lower quartile	Median	Upper quartile
Board Chair		100%	£400k	£603.5k	£741k
Base Fee		100%	£76k	£79k	£95k
SID Fee		94%	£20k	£31k	£40.5k
Designated Employee NED Fee		35%	—	£18k	—
Committee Chair	Audit	100%	£30k	£42k	£75k
	Remuneration	100%	£30k	£42k	£75k
	ESG	24%	—	£43.5k	—
	Nomination	12%	—	—	—
	Risk	88%	£30k	£42k	£75k
Committee Membership	Audit	88%	£16k	£20k	£33k
	Remuneration	88%	£15.5k	£20k	£33k
	ESG	35%	—	£19k	—
	Nomination	53%	—	£16k	—
	Risk	76%	£16.5k	£20k	£34.5k

FTSE 250 - Financial Services				
	Prevalence	Lower quartile	Median	Upper quartile
Board Chair	91%	£195k	£268.5k	£357k
Base Fee	100%	£63k	£70.5k	£79.5k
SID Fee	91%	£12k	£15k	£21.5k
Designated Employee NED Fee	34%	£6.5k	£8k	£10k

Committee Chair	Audit	91%	£15k	£25k	£30k
	Remuneration	91%	£10k	£20k	£30k
	ESG	13%	—	£15k	—
	Nomination	13%	—	£12.5k	—
	Risk	59%	£20k	£30k	£31k
Committee Membership	Audit	50%	£7.5k	£10k	£15k
	Remuneration	50%	£7k	£10k	£14.5k
	ESG	19%	—	£6k	—
	Nomination	31%	£5.5k	£7k	£10k
	Risk	38%	£8k	£12k	£15.5k

FTSE Small Cap - Financial Services				
	Prevalence	Lower quartile	Median	Upper quartile
Board Chair	94%	£148.5k	£175k	£223.5k
Base Fee	100%	£48.5k	£60k	£65.5k
SID Fee	87%	£10k	£12k	£18k
Designated Employee NED Fee	31%	—	£7.5k	—

Committee Chair	Audit	88%	£10.5k	£14k	£20k
	Remuneration	81%	£10k	£12.5k	£20k
	ESG	13%	—	—	—
	Nomination	13%	—	—	—
	Risk	44%	—	£20k	—
Committee Membership	Audit	31%	—	£5k	—
	Remuneration	31%	—	£5k	—
	ESG	6%	—	—	—
	Nomination	13%	—	—	—
	Risk	25%	—	£6.5k	—

# CHAIR AND NED FEE INCREASES

Our analysis found that 64% of FTSE All-Share companies increased chair or NED fees over the 12-month sample period.

This reflects a market shift toward more regular reviews of NED fees. Larger increases are often justified by several factors, including:

- Falling behind external benchmarks
- Increased time commitment and complexity of roles
- Fees remaining unchanged for several years

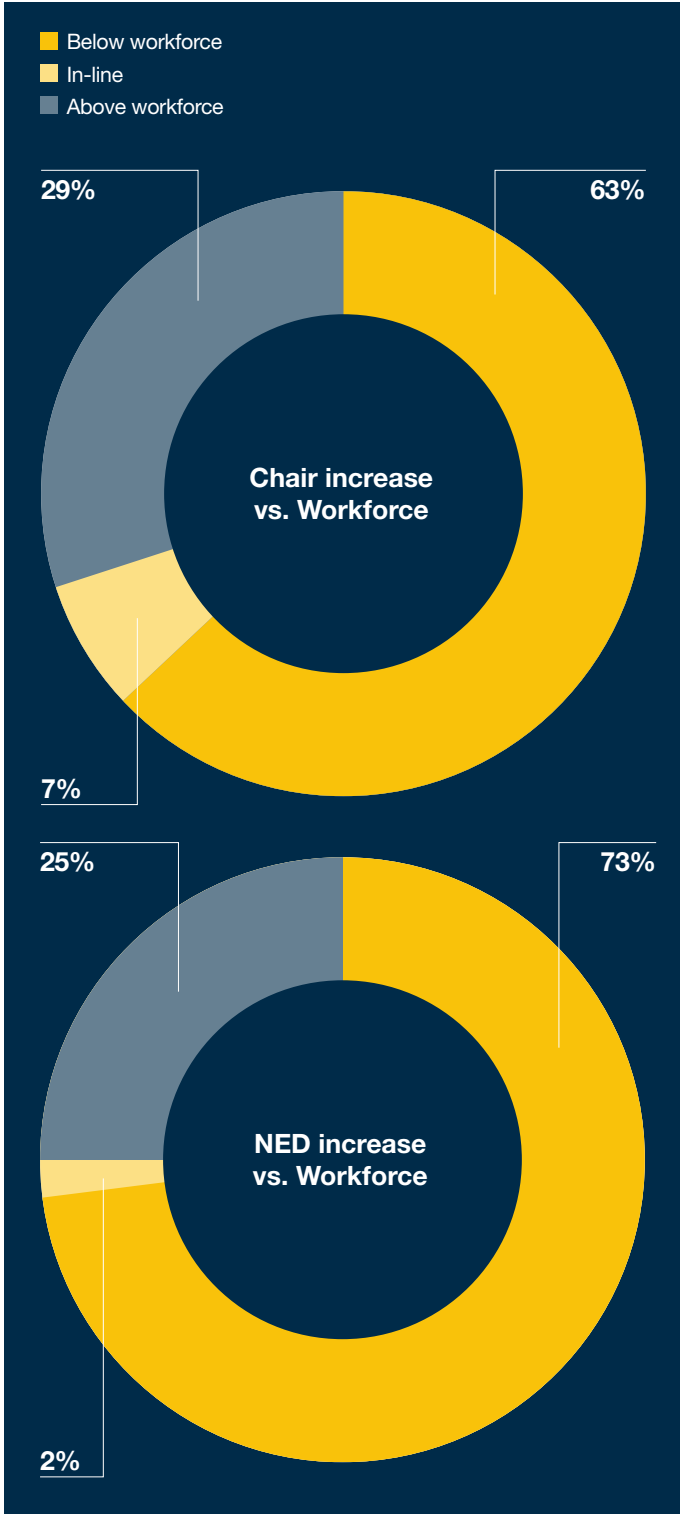
## COMPARISON WITH WORKFORCE SALARY INCREASES

It is also interesting to compare NED fee increases with workforce salary increases. As shown in the chart on the right:

- Most disclosed NED fee increases across the FTSE All-Share are below or in line with average employee salary increases.
- However, a significant minority of companies implemented increases above the workforce average, with 29% of chair fee increases and 25% of NED fee increases exceeding workforce pay rises.

However, there are different views on whether workforce salary increases should be taken into account when deciding NED fee increases as it can be argued that this creates a conflict of interest.

Pie charts only include companies that have made regular annual increases to Non-Executive fees





# SHAREHOLDING REQUIREMENTS AND PAYMENT IN SHARES

Formal shareholding requirements are standard for Executive Directors in almost all UK-listed companies. For NEDs, however, these requirements are far less common.

While some companies encourage NEDs to hold shares, only about 10% of FTSE All-Share companies have a formal shareholding policy for NEDs.

In the FTSE 100, around 25% of companies operate a formal requirement, and this rises to around 50% within the FTSE 30. When in place, the requirement is typically set at 1x the annual fee, often to be achieved within three years of appointment.

Payment of NED fees in shares is rare. Only 7% of the FTSE 100 companies deliver a portion of fees in shares, and this practice is even less common in the FTSE 250 and Small Cap indices, where it is seen in fewer than 2% of companies.



# COMMITTEES

There has been slow but steady growth in the prevalence of ESG Committee fees over the last two years. For example:

52% of FTSE 100 companies now pay fees for some form of ESG committee, compared to 47% last year and 44% two years ago.	2024	52%
	2023	47%
	2022	44%
In the FTSE 250, 38% of companies have an ESG committee with fees for the chair, up from 35% last year.	2024	38%
	2023	35%
In the Small Cap, 27% of companies now pay ESG committee fees, an increase from around 25% last year.	2024	27%
	2023	25%

Additional committees beyond audit, remuneration, nomination, and ESG are common in specific market segments:

- **Financial services:** Risk committees.
- **Real estate:** Valuations committees.
- **Health care:** Science committees.
- Other committees include technology and IT committees or those focused on specific business divisions.

## COMPARING COMMITTEE CHAIR AND MEMBER FEES

Committee membership fees are not consistently paid across the market. They are most common for Audit and Remuneration Committees, particularly in larger companies and the financial services sector:

- Around 48% of FTSE 100 companies pay membership fees for Audit and Remuneration Committees.
- This reduces to 25% of FTSE 250 companies and 14% of FTSE Small Cap companies.

When we consider the ratio at each company of Audit and Remuneration Committees membership fees to the respective chair fees, as shown in the table below, we find that the ratio increases for larger companies. This suggests that committee members in larger companies are paid more relative to chairs, likely reflecting the greater responsibilities and reputational risks involved.

	FTSE 100	FTSE 250	FTSE Small Cap
Median ratio of Audit Member fees to Audit Chair fees	50%	38%	33%
Median ratio of Remuneration Member fees to Remuneration Chair fees	49%	39%	33%

# ADDITIONAL BENEFITS FOR BOARD CHAIRS

In addition to fees, some companies offer benefits to the Board Chair.

These are most common in the FTSE 100, where typical benefits include:

- Private medical cover
- A car and driver
- Travel allowances

Travel allowances help secure talent from the increasingly competitive global market as they acknowledge the added burden of international travel.



## APPENDIX METHODOLOGY

**Sample selection and criteria**  
The fee data sample includes companies from the FTSE 100, 250 and Small Cap constituents as of 31 August 2024, with fiscal year-ends between 1 April 2023 and 31 March 2024.

- Investment trusts and companies with poor disclosure on Non-Executive Director fee levels are excluded.
- The subgroups within indices (e.g. FTSE 30 and FTSE 31-100) are determined based on spot market cap as at 31 August 2024. Further detail on the sample is set out below:

### FTSE 100 Market Capitalisation

	Lower quartile	Median	Upper quartile
FTSE 100	5,230	7,940	24,090
FTSE 30	29,470	40,600	64,640
FTSE 31-100	4,810	6,140	8,880

### FTSE 250 Market Capitalisation

	Lower quartile	Median	Upper quartile
FTSE 250	880	1,350	1,950
Top Half	1,460	1,830	2,710
Bottom Half	570	760	940

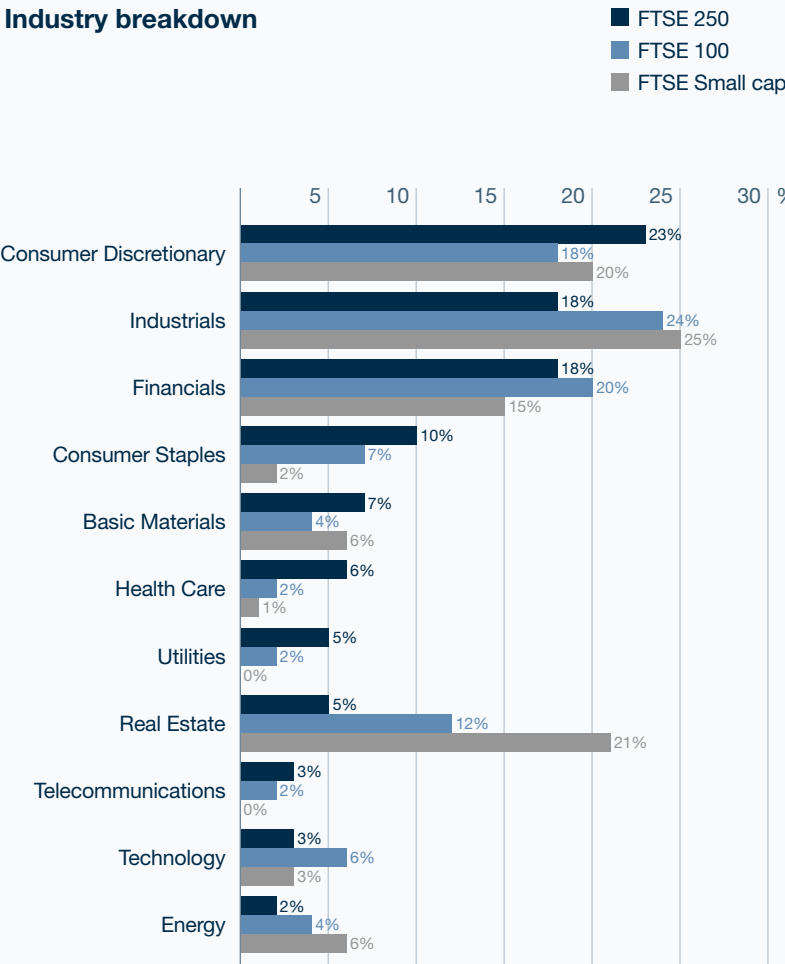
### FTSE Small Cap Market Capitalisation

	Lower quartile	Median	Upper quartile
FTSE Small Cap	180	270	350
Top Half	290	350	390
Bottom Half	120	160	210

### FTSE FS Companies Market Capitalisation

	Lower quartile	Median	Upper quartile
FTSE 100	5,630	13,420	30,640
FTSE 250	1,200	1,730	2,470
FTSE Small Cap	180	320	390

### Industry breakdown



### Fee table methodology

The fee tables for FTSE 100, 250, Small Cap and Financial Services companies follow these rules:

- Quartiles are not displayed if there are fewer than 10 data points in the sample.
- The median is not shown if there are fewer than 4 data points.

### Calculating Board Chair and base fee increases

- Median and quartiles for Board Chair and NED base fee increases are calculated including those companies which made no change to fees.
- When comparing to workforce salary increases, only companies that increased Board Chair or NED base fees are included.

### Approach to historical comparisons

When presenting data from previous years for the FTSE 100, 250, or Small Cap indices:

- The analysis uses companies listed in the relevant index as of 31 July 2023.
- This aligns with the data published in the 2023 NED report.



# ABOUT A&M

## YOUR STRATEGIC PARTNER FOR EXECUTIVE COMPENSATION

Our growing UK Executive Compensation Services advisory practice comprises four senior practitioners with over 100 years' combined experience, supported by a team of both experienced professionals and graduates.

We can provide a full suite of services, advice and support to Remuneration Committees and HR or reward teams as shown below.



# ABOUT A&M

## YOUR STRATEGIC PARTNER FOR EXECUTIVE COMPENSATION

One of our market differentiators is that we are a "senior practitioner-led" practice, meaning that our Managing Directors take a more "hands-on" and visible role in client relationships than is often the case in other consulting practices. As a strategic partner to the business, our approach is as follows:

### BESPOKE ADVICE, TAILORED TO THE BUSINESS



Our objective is to help clients design and implement remuneration that is tailored for their business, rather than meet market standard that 'ticks the boxes.'

### COLLABORATIVE...



As a strategic partner, we aim to work closely in partnership with management teams to understand key objectives, priorities, and constraints, which inform our ability to provide tailored and balanced advice.

### ...BUT INDEPENDENT AND TRANSPARENT



At the same time, we always recognize our ultimate accountability to provide an independent and objective view to remuneration committees. At all times, we act with integrity and transparency in our interactions with stakeholders.

### FACILITATE STRATEGIC DECISION-MAKING



We help the committee assess options strategically in the context of the board's "risk appetite" and are recognized for a pragmatic and commercial approach that balances key stakeholder perspectives.

### OPTIMISE OUTCOMES



Once decisions are made, we provide effective support to optimize stakeholder outcomes. We add value through all stages of the shareholder engagement process – developing strategy, crafting effective materials, and interpreting feedback.



# COMING SOON...

## A&M'S 2025 BONUS AND LTIP TARGET SETTING TOOLKIT



The 2025 update to our comprehensive analysis of performance targets in the FTSE All Share will be published in early 2025.

Follow the link for our [2024 report](#).







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## ABOUT ALVAREZ & MARSAL

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