

Society of Professional Economists Salary Survey

2023

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Summary

This year's salary survey shows that the median increase in total compensation was 5% over the year, up on the 2% recorded in our last survey. With CPI inflation running at c.9% during 2022, the survey suggests that total cash compensation fell in real terms over the year. Median basic salaries rose by 4.5%, again below the rate of inflation.

Average total cash compensation was highest among financial sector respondents, at £261,000. Meanwhile, the average in consulting stood at £156,000, £80,000 in industry and £70,000 in the public sector.

Some 22% of survey respondents were women, similar to last year and compared with just 13% in 2016. Women respondents' median total pay (including self-employment income) was c.88% of men's, similar to last year's result, but higher than in 2021. A higher share of male respondents in Financial Services could help explain the difference, however the relatively small sample prevents us from drawing strong conclusions about the state of gender pay inequality across the profession.

Inevitably all the results of our salary survey have to be treated with some caution. While the number of respondents was higher than last year, it remains a small sample size, at just over 100 people. We should be conscious of both the risk of selection bias in the respondents and the limited sample size when drawing any conclusions. Nevertheless, the survey represents a useful window on pay trends in the profession.

Salaries and Financial Compensation

Table 1 shows the distribution of salaries, including income from self-employment, and of total cash compensation (TCC), adding in salaries, bonuses and the value of any shares received, and compares these with last year's results.

Table 1: Salaries and total compensation

| Salaries | | | | Total cash compensation | | | |
|------------------------------|-----------------------------------------------|------|------|-------------------------|-----------------------------------------------|------|------|
| Range (£K) | Number of responses (unless otherwise stated) | | | Range (£K) | Number of responses (unless otherwise stated) | | |
| | 2023 | 2022 | 2021 | | 2023 | 2022 | 2021 |
| <=40 | 13 | 11 | 14 | <=40 | 12 | 14 | 15 |
| 41-60 | 21 | 20 | 18 | 41- 60 | 21 | 12 | 15 |
| 61-80 | 18 | 13 | 11 | 61-80 | 17 | 15 | 11 |
| 81-100 | 17 | 18 | 12 | 81-100 | 16 | 16 | 16 |
| 101-120 | 13 | 10 | 10 | 101-120 | 12 | 6 | 6 |
| 121-140 | 10 | 5 | 6 | 121-140 | 7 | 4 | 5 |
| 141-180 | 7 | 8 | 11 | 141-200 | 5 | 11 | 9 |
| >180 | 9 | 8 | 10 | 201-300 | 9 | 8 | 8 |
| | | | | >300 | 10 | 9 | 11 |
| Average (£K) | 99 | 96 | 107 | | 156 | 134 | 151 |
| Median (£K) | 81 | 80 | 85 | | 98 | 90 | 87 |
| Maximum (£K) | 625 | 320 | 320 | | 1600 | 750 | 1250 |
| Minimum (FTE, £K) | 12 | 24 | 28 | | 33 | 24 | 28 |
| Total responses | 108 | 99 | 92 | | 109 | 99 | 96 |
| Median Reported increase (%) | 4.5 | 2 | 1 | | 5 | 2 | 0.5 |

Average base salaries of respondents rose, however at around £99,000 it remains lower than the figure from the 2021 survey. The median base salary rose a little to £81,000.

Note that since the survey sample size and composition is not constant year to year, there is not necessarily agreement between the reported increase in salary and the difference in average salary yoy.

With average CPI inflation running at 9% in 2022, the reported 5% median nominal growth in TCC was weak, similar to the findings in last year's survey. By comparison, average earnings growth across the whole labour market was a little stronger in 2022, at 6% (ONS estimate). It may be that there is a lag between the timing of respondents' pay reviews and those

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captured by ONS surveys, explaining part of the undershoot. Median basic salary growth among respondents stood at 4.5%, also falling in real terms.

Earnings by Sector

Table 2 shows salaries and TCC by sector. This year saw a slight recovery in the number of responses from economists in the public sector (up to 20), however, it remains well down on the 49 public sector respondents in 2019.

In this latest survey, 29% of respondents were in the financial services sector, with 26% in consulting and 14% in industry (other private sector). Last year, 23% of respondents were in financial services, while 32% worked in consulting, with just 9% working as economists in industry.

Table 2: Earnings by sector

| (Money Values in £K) | Financial Services | Consulting | Other private Sector | Public Sector ¹ | Other |
|----------------------------------------------------|--------------------|------------|----------------------|----------------------------|------------|
| Respondents (%) | | | | | |
| 2023 | 29 | 26 | 14 | 18 | 16 |
| 2022 | 23 | 32 | 9 | 19 | 19 |
| 2021 | 32 | 33 | 15 | 9 | 9 |
| Average salary £k | | | | | |
| 2023 | 147 | 79 | 72 | 69 | 92 |
| 2022 | 150 | 84 | 83 | 66 | 85 |
| 2021 | 158 | 83 | 102 | 104 | 66 |
| Maximum 2023 | 625 | 163 | 200 | 134 | 248 |
| Minimum 2023 | 36 | 12 | 37 | 32 | 36 |
| Median 2023 | 123 | 85 | 58 | 61 | 78 |
| | | | | | |
| Average total cash Compensation² | | | | | |
| 2023 | 261 | 156 | 80 | 70 | 104 |
| 2022 | 240 | 114 | 115 | 70 | 89 |
| 2021 | 288 | 87 | 113 | 106 | 71 |
| Maximum 2023 | 945 | 1600 | 220 | 143 | 253 |

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|--------------------------------|-----|-----|----|-----|-----|
| Minimum 2023 | 45 | 38 | 38 | 33 | 40 |
| Median 2023 | 238 | 97 | 65 | 61 | 90 |
| | | | | | |
| No. Receiving Bonus | 30 | 24 | 9 | 5 | 7 |
| Average bonus % 2023 | 72 | 52 | 13 | 6 | 6 |
| 2022 | 60 | 33 | 11 | 7 | 4 |
| | | | | | |
| No. Receiving shares | 8 | 2 | 1 | N/A | N/A |
| Average value 2023 (£k) | 46 | 758 | 3 | N/A | N/A |
| 2022 | 20 | 18 | 3 | N/A | N/A |

Notes: 1. Including self-employment income 2. Total cash compensation includes bonuses, shares and options received.

Also note that a small number of respondents reported working in two sectors and hence their responses feature in more than one column, which impacts % shares.

Average salaries of respondents ranged from £147,000 for those in the financial sector, slightly down on last year, to £69,000 in the public sector. In all cases, it is likely that compositional changes in the respondents are driving the volatility in result, making year to year comparison of levels problematic.

After a sharp fall last year, average TCC in the financial sector rose again to £261,000. Within consulting, average TCC rose to £156,000. Average public sector TCC was unchanged from last year's £70,000, however there was a sharp fall in Industry (Other Private sector). Again, it is important to note that compositional changes in the respondents are driving the volatility in result, making year to year comparison of levels problematic.

Bonus Payments

Sixty-eight percent of respondents reported receiving a bonus in this year's survey, nine percentage points higher than last year, and similar to the 69%

recorded in the 2020 survey. The average bonus reported was £54,000, down £5,000 on last year. With a handful of exceptionally large bonuses distorting the picture, the median bonus was much lower than the mean, at £14,000. Just one quarter of public sector respondents received a bonus last year, averaging 6%.

Share Schemes

For employees in the private sector, schemes offering employees shares in the enterprise are much less common than bonuses, with just 11% of such respondents this year reporting being in such a scheme, lower than in recent years.

Pensions and Other Benefits

Table 3 shows, for each of the five sectors identified, the number of respondents who participated in pension schemes and received other benefits. Once again the great majority report having some kind of pension arrangements associated with their employer (and many of the rest reported having a personal pension). The proportion in a defined-benefit scheme stood at 32% this year. Outside the public sector the number of respondents in a defined-benefit scheme was 16, compared with just 9 last year.

Table 3: Pensions and other benefits by sector

| Number in a scheme | Financial Services | Consulting | Other Private Sector | Public Sector ¹ | Other |
|------------------------------|--------------------|------------|----------------------|----------------------------|-------|
| Pensions | | | | | |
| Number in a scheme | 27 | 26 | 13 | 18 | 17 |
| Percent of total | 84 | 90 | 87 | 90 | 94 |
| Defined benefit schemes | 6 | 3 | 2 | 16 | 5 |
| Defined contribution schemes | 23 | 23 | 12 | 2 | 12 |
| Other Benefits | | | | | |
| Medical Insurance | 25 | 17 | 8 | 1 | 8 |

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|---------------|---|---|---|---|---|
| Company car | 1 | 1 | 2 | 0 | 1 |
| Miscellaneous | 8 | 8 | 2 | 2 | 3 |

The table also shows the numbers reporting other benefits in kind last year, which are higher as a proportion of all replies to those reporting such benefits last year. About 54% of respondents reported receiving medical insurance from their employer, up from 44% last year. Medical insurance is particularly prevalent in financial services (78% of respondents), while 58% consultants and just over half those in industry have it as part of their compensation package. Just over 4% reported having a company car in this year's survey.

Activity and Salary

Table 4 shows the numbers primarily engaged in each of the activities listed in the survey and the median salary received by those engaged in each activity. This year the proportion of respondents reporting public policy analysis to be their primary activity stood at 26%, higher than in the previous survey. Econometrics, forecasting and modelling accounted for the activities of a further 22% of respondents, down on last year, with 21% in senior management and 11% working in international analysis.

Table 4: Salary and Activity

| Activity | Number of respondents | | | Median Salaries (£k) ¹ | | |
|---------------------------------------------|-----------------------|------|------|-----------------------------------|------|------|
| | 2023 | 2022 | 2021 | 2023 | 2022 | 2021 |
| Forecasting & Modelling | 25 | 26 | 20 | 82 | 70 | 65 |
| Business Planning | 6 | 3 | 8 | 64 | 55 | 67 |
| Market Trading & Fund Management | 5 | 9 | 7 | 150 | 168 | 200 |
| International Analysis | 12 | 12 | 17 | 98 | 57 | 116 |

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|-------------------------------|----|----|----|-----|-----|-----|
| Public Policy Analysis | 29 | 19 | 20 | 61 | 66 | 45 |
| General Management | 24 | 20 | 17 | 113 | 115 | 110 |
| Other | 11 | 9 | 9 | 65 | 80 | 100 |

Notes: 1. Including self-employment income

This year, the median reported salary received by those in general management was down slightly on last year, to £113,000. Market trading and fund management respondents had the highest basic salaries, with a median of £150,000. The small number of respondents in each of these categories suggests the need for caution in interpreting these comparisons however. The year-to-year fluctuations likely reflect the changing composition of survey respondents each year, rather than big underlying shifts in the pay available in these sectors of the profession.

Demography and Salary

Table 5 shows how gender, age and length of service are reflected in the pay of professional economists.

Table 5: Salary and demography

| | Number of Respondents | | | Median Salaries (£k) ¹ | | |
|----------------|-----------------------|------|------|-----------------------------------|------|------|
| | 2023 | 2022 | 2021 | 2023 | 2022 | 2021 |
| Men | 86 | 75 | 78 | 88 | 83 | 86 |
| Women | 24 | 23 | 19 | 77 | 73 | 68 |
| Age (yrs): | | | | | | |
| Under 35 | 39 | 34 | 26 | 53 | 58 | 58 |
| 35-55 | 55 | 44 | 42 | 104 | 110 | 118 |
| Over 55 | 15 | 20 | 29 | 109 | 89 | 86 |
| Service (yrs): | | | | | | |
| Under 10 | 82 | 63 | 68 | 72 | 71 | 70 |
| 10 to 20 | 21 | 26 | 27 | 101 | 94 | 102 |
| Over 20 | 5 | 6 | 4 | 81 | 116 | 105 |

Notes: 1. Including self-employment income

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Respondents between 35 and 55 received salaries averaging almost twice the level of under-35s.

Some 22% of survey respondents were women, similar to last year and compared with just 13% in 2016. Women respondents' median total pay (including self-employment income) was c.88% of men's, similar to last year's result, but higher than in 2021 (79%). A higher share of male respondents in Financial Services (30% vs 25%) could help explain some of the difference, however the relatively small sample prevents us from drawing many conclusions about the state of gender pay inequality across the profession.