

# **Society of Professional Economists Salary Survey**

## **2018**

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### **Summary**

This year's salary survey shows that the typical increase in Members' pay overall was 4.3% over the year, a healthy improvement on the nearly 3% recorded in our last survey. However, with inflation jumping from 1% in 2016 to 2.6% in 2017, the real terms generosity of these pay increases looks less impressive. Median basic salaries, by contrast, rose by just 2%, suggesting most people saw a real-terms fall in their base pay and took on more risk as their remuneration shifted towards bonuses.

Average total cash compensation was highest among financial sector respondents, at over £200,000. Meanwhile the average in consulting stood at £127,000, industry £94,000 and the public sector £70,000.

A higher response rate among women was a positive development in this year's survey, but the big pay disparity it reveals with men is disappointing, with women economists reporting substantially lower median salaries than their male counterparts.

Inevitably all the results of our salary survey have to be treated with caution. Despite a further increase in the number of respondents to 120, we have to be conscious of the risk of selection bias in the respondents and the limited sample size when drawing any conclusions. Nevertheless, the survey represents an increasingly useful window on pay 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.

Average base salaries of respondents were down slightly on last year, at around £92,000, in large part driven by an increase in the response rate

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from economists on base salaries of £40,000 or less. The median base salary was little changed on 2017, however.

Higher inflation during the course of 2017, as the full impact of the post-referendum depreciation of sterling fed through, meant that higher reported nominal growth in TCC was perhaps less impressive than it first appears. But despite the revival of inflation, professional economists' total remuneration appears to have compared favourably with the performance of rest of the labour market. The increase in Whole Economy Average Weekly Earnings, including bonuses, for 1Q18 rose 2.6% on 1Q17, and earnings in the Finance and Business Services sector by just 2.3%.

**Table 1: Salaries and total compensation**

Salaries				Total cash compensation			
Range (£K)	Percent of replies			Range (£K)	Percent of replies		
	2018	2017	2016		2018	2017	2016
<=40	21	7	8	<=40	18	7	6
41-60	21	22	20	41- 60	25	17	17
61-80	16	22	15	61-80	13	21	14
81-100	19	23	16	81-100	14	22	14
101-120	12	7	9	101-120	9	8	5
121-140	2	2	9	121-140	7	5	10
141-180	15	14	18	141-200	13	13	16
>180	10	10	5	201-300	7	9	12
				>300	13	7	6
Average (£K)	92	95	99		131	143	136
Median (£K)	81	80	89		83	99	100
Maximum (£K)	320	320	202		600	903	680
Minimum (FTE, £K)	20	28	14		20	28	14
Number of responses	116	114	86		119	114	86
Median Reported increase (%)	2	2	2		4.5	2.9	2.5

## Earnings by Sector

Table 2 shows salaries and TCC by sector. It also shows very similar numbers of responses to last year from each of the sectors covered, with financial services respondents representing 36% of the sample and consultants a further 26%. Some 20% of respondents work in the public sector or academia, with some 11% employed in industry and the residual in a range of jobs, primarily in the not-for-profit sector.

**Table 2: Earnings by sector**

(Money Values in £K)	Financial Services	Consulting	Other private Sector	Public Sector <sup>1</sup>	Other
<b>Respondents 2018</b>	42	30	13	23	9
2017	40	27	12	28	7
<b>Average salary<sup>2</sup> 2018</b>	<b>114</b>	<b>90</b>	<b>82</b>	<b>69</b>	<b>68</b>
2017	115	97	85	71	85
Maximum 2018	320	200	150	127	101
Minimum 2018	32	45	47.7	39	35
Median 2018	100	77	72	64	65
<b>Average total cash Compensation<sup>3</sup> 2018</b>	<b>201</b>	<b>127</b>	<b>94</b>	<b>70</b>	<b>70</b>
2017	196	117	106	72	85
Maximum 2018	600	485	240	127	101
Minimum 2018	20	29	26	14	36
Median 2018	140	81	83	69	57
<b>No. Receiving Bonus</b>	33	24	8	5	2
<b>Average bonus<sup>4</sup> 2018</b>	<b>100</b>	<b>62</b>	<b>19</b>	<b>6</b>	<b>1</b>
2017	77	21	20	2	0.5
<b>No. Receiving shares</b>	14	10	3	0	0
<b>Average value<sup>4</sup> 2018</b>	<b>26</b>	<b>N/A</b>	<b>12</b>	<b>N/A</b>	<b>N/A</b>
2017	30	5	11	N/A	N/A

Notes: 1. Includes 3 respondents in Academic Sector in 2018 and 6 in 2017. 2. Including self-employment income 3. Total cash compensation includes bonuses, shares and options received 4. Of payments received.

Average salaries of respondents ranged from £114,000 for those in the financial sector to £69,000 in the public sector, both very close to last year's figures.

TCC was up most in consulting, reaching an average of £127,000, compared to £70,000 in the public sector and continued growth in the financial sector where average TCC breached £200,000 for the first time.

### **Bonus Payments**

Sixty percent of respondents reported receiving a bonus this year, a lower proportion than last year, but the average bonus reported was significantly higher, at £69,000, compared to last year's £41,700, owing to a handful of very large awards. Bonuses, for those receiving them, accounted for some 36% of TCC in the financial sector, 21% in consulting, 13% in industry and 7% in the public sector.

### **Share Schemes**

For employees in the private sector, schemes offering employees shares in the enterprise are much less common than bonuses, with only some 23% of respondents this year reporting being in such a scheme, slightly higher than last year.

### **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 – 93% this year, against 97% last – report having some kind of pension arrangements, but the proportion in a defined-benefit scheme stood at 28% this year, up from 23% last year, despite a fall in the number of public sector respondents. The proportion of respondents in non-contributory schemes was lower, at 11%, than the 14% recorded last year.

**Table 3: Pensions and other benefits by sector**

<b>Number in a scheme</b>	<b>Financial Services</b>	<b>Consulting</b>	<b>Other Private Sector</b>	<b>Public Sector<sup>1</sup></b>	<b>Other</b>
<b>Pensions</b>					
Number in a scheme	40	27	14	22	9
Percent of total	93	84	100	95	100
Defined benefit schemes	9	6	3	16	0
Defined contribution schemes	29	18	9	6	7
<b>Other Benefits</b>					
Medical Insurance	30	10	11	4	5
Company car	6	0	6	1	0
Miscellaneous	15	3	4	5	0

1. Includes 3 respondents in the Academic Sector.

The table also shows the numbers reporting other benefits in kind last year, which are broadly similar as a proportion of all replies to those reporting such benefits last year. Exactly half of our respondents report receiving some form of medical insurance, against 46% last year, some 11% reported having a company car, against 10% last year, and 23% reported receiving various other benefits, against 25% last year.

### **Activity and Salary**

Table 4 shows the numbers primarily engaged in each of the activities we had listed and the median salary received by those engaged in each activity. This year a much higher proportion of respondents reported general management to be their primary activity, some 31%, giving an indication of the ‘seniority bias’ of the sample. Forecasting and modelling accounted for the activities of a further 24% of respondents.

**Table 4: Salary and Activity**

Activity	Number of respondents			Median Salaries (£k) <sup>1</sup>		
	2018	2017	2016	2018	2017	2016
<b>Forecasting &amp; Modelling</b>	29	27	25	76	62	85
<b>Business Planning</b>	7	13	7	58	74	60
<b>Market Trading &amp; Fund Management</b>	12	13	9	128	100	90
<b>International Analysis</b>	12	13	10	87	61	83
<b>Public Policy Analysis</b>	17	18	14	77	63	68
<b>General Management</b>	37	23	20	111	108	115
<b>Other</b>	6	7	1	78	100	64

Notes: 1. Including self-employment income

This year, the median reported salary received by those in general management was lower than that reported by respondents in market trading and fund management, although the small number of respondents these suggests reasons for caution in interpreting this result. The range between highest and lowest paid activities reported jumped to some £70,000, up from £47,000 last year, and £55,000 and £79,000 in the two years before that, respectively.

## **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 <sup>2</sup>			Median Salaries (£k) <sup>1</sup>		
	2018	2017	2016	2018	2017	2016
Men	96	97	73	90	85	90
Women	23	17	11	42	75	87
Age (yrs):						
Under 35	38	34	22	55	54.7	55.7
35-55	58	53	53	111	90.1	98
Over 55	21	24	11	113	97.1	140
Service (yrs):						
Under 10	83	84	60	81	73.7	83.8
10 to 20	24	18	18	120	95	119
Over 20	9	9	8	120	94.2	93.5

Notes: 1. Including self-employment income. 2. Of those respondents indicating their gender.

Unlike in previous years, respondents between 35 and 55, and those over 55 had almost identical median salaries. While there is an obvious correlation with age, it's notable that a similar story emerged with regard to length of service, with those serving 10 to 20 years having the same median salary as those serving more than 20 years.

There was an increase in the number of responses from women to this year's survey, accounting for 19% of the sample. However, the pay gap news was not encouraging, with median salaries for women respondents coming in at less than half those for the men. Only a small amount of this difference can be accounted for by the age of respondents - with the average age of women 36 and men 44 - but perhaps a little more by the sectors in which they work – 43% of women respondents working in finance or consulting, compared to 67% of men. Nevertheless, the data do suggest a significant pay gap, even if the scale of responses make that hard to quantify more formally.

If we can continue to grow the response rate to the survey in future years, particularly if we can encourage more women to respond, it may be possible to start to draw firmer conclusions about the scale of the gender pay gap within the profession – and, as a Society, begin to think of ways in which we can help to address it.