

Society of Professional Economists Salary Survey

2019

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Summary

This year's salary survey shows that the typical increase in Members' pay overall was 2.5% over the year, lower than the 4.3% recorded in our last survey, and close to average earnings growth across the economy of 3.5% in 2018. With inflation running at 2.3% in 2018, the real terms generosity of these pay increases looks weak. Median basic salaries, rose by a slightly more healthy 3.2%, suggesting most people saw a real-terms increase in their base pay.

Average total cash compensation was highest among financial sector respondents, at £256,000. Meanwhile the average in consulting stood at £108,000, industry £74,000 and the public sector £67,000.

Around 20% of survey respondents were women, similar to last year, although their answers reveal a smaller pay disparity with men than in our last survey, some of which may be explained by the fact that the median male respondent was around ten years older than the median woman.

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 £90,000, 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 also down on both 2017 and 2018.

With inflation running at 2.3% in 2018, the reported 2.5% median nominal growth in TCC was far from spectacular. Indeed total pay growth was lower, for our median survey respondent, than average earnings growth across the rest of the labour market, which stood at 3.5%. Median basic salary growth, at 3.5% was close to the whole-economy average for the year (3.4%).

Table 1: Salaries and total compensation

Salaries				Total cash compensation			
Range (£K)	Percent of replies			Range (£K)	Percent of replies		
	2019	2018	2017		2019	2018	2017
<=40	22	21	7	<=40	23	18	7
41-60	18	21	22	41- 60	17	25	17
61-80	27	16	22	61-80	20	13	21
81-100	16	19	23	81-100	15	14	22
101-120	10	12	7	101-120	7	9	8
121-140	3	2	2	121-140	3	7	5
141-180	14	15	14	141-200	10	13	13
>180	8	10	10	201-300	13	7	9
				>300	10	13	7
Average (£K)	90	92	95		128	131	143
Median (£K)	75	81	80		80	83	99
Maximum (£K)	320	320	320		875	600	903
Minimum (FTE, £K)	21	20	28		20	20	28
Number of responses	118	116	114		118	119	114
Median Reported increase (%)	3	2	2		2.5	4.5	2.9

Earnings by Sector

Table 2 shows salaries and TCC by sector. In contrast to last year, this year saw a big increase in the number of respondents from the public sector, which more than doubled to 49, accounting for 41% of all respondents. There was a slight fall in the number of respondents from most other categories and almost a quarter fewer responses in the financial services sector. 27% of respondents were in financial services this year and 22% in consulting, with just 8% working as economists in industry.¹

Table 2: Earnings by sector

(Money Values in £K)	Financial Services	Consulting	Other private Sector	Public Sector ¹	Other
Respondents 2019	32	26	10	49	6
2018	42	30	13	23	9
Average salary² 2019	141	90	61	62	85
2018	114	90	82	69	68
Maximum 2019	320	217	90	180	155
Minimum 2019	50	28	41	21	20
Median 2019	127	78	64	62	97
Average total cash Compensation³ 2019	256	108	74	67	107
2018	201	127	94	70	70
Maximum 2019	875	342	180	280	260
Minimum 2019	58	28	45	21	20
Median 2019	185	93	65	62	97
No. Receiving Bonus	28	18	8	13	2
Average bonus⁴ 2019	131	31	17	18	55
2018	100	62	19	6	1
No. Receiving shares	14	2	2	0	1
Average value⁴ 2019	46	N/A	3	N/A	N/A
2018	26	N/A	12	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.

¹ Two respondents cited more than one sector.

Average salaries of respondents ranged from £141,000 for those in the financial sector, significantly higher than last year, to £62,000 in the public sector, and £61,000 in industry ('other private sector'), substantially lower than last year's figures.

TCC was markedly higher in the financial sector, at £256,000, but down in most other sectors. Notably TCC was down by almost £20,000 on average in consulting, despite average basic salaries being unchanged.

Bonus Payments

Fifty-eight percent of respondents reported receiving a bonus this year, similar to last year, but the average bonus reported was £68,000, similar to last year's level and well up on 2017's £42,000, owing to a handful of very large awards. Bonuses, for those receiving them, accounted for some 74% of TCC in the financial sector, 29% in consulting, 22% in industry and 13% in the public sector, suggesting a shift towards more variable pay in every 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 15% of respondents this year reporting being in such a scheme, slightly lower 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 – 87% this year, against 93% last – report having some kind of pension arrangements, but the proportion in a defined-benefit scheme stood at 28% this year, unchanged on last year, despite a rise in the number of public sector respondents. The numbers in defined-benefit schemes in all other sectors were down on last year perhaps reflecting the wider terminal decline of such arrangements beyond the public sector.

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	29	18	9	47	4
Percent of total	91	69	90	96	67
Defined benefit schemes	5	1	0	27	2
Defined contribution schemes	26	17	9	21	2
Other Benefits					
Medical Insurance	21	11	5	7	1
Company car	2	3	3	0	2
Miscellaneous	15	3	2	3	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. Only about 37% of respondents reported receiving medical insurance from their employer, compared to around half last year. The fall largely reflects the changing composition of survey respondents, with fewer coming from the financial sector and consultancy, where such benefits are more common. Around 8% reported having a company car, against 11% 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 public policy analysis to be their primary activity, at 30%, largely reflecting the increased proportion of responses from public sector economists. Forecasting and modelling accounted for the activities of a further 23% of respondents.

Table 4: Salary and Activity

Activity	Number of respondents			Median Salaries (£k) ¹		
	2019	2018	2017	2019	2018	2017
Forecasting & Modelling	27	29	27	81	76	62
Business Planning	8	7	13	54	58	74
Market Trading & Fund Management	9	12	13	124	128	100
International Analysis	12	12	13	155	87	61.3
Public Policy Analysis	37	17	18	66	77	62.5
General Management	15	37	23	135	111	108
Other	12	6	7	76	78	100

Notes: 1. Including self-employment income

This year, the median reported salary received by those in general management was higher than last year, although lower than that reported by respondents in international analysis. The small number of respondents in each of these categories suggests reasons for caution in interpreting these comparisons however. The range between highest and lowest paid activities reported jumped to some £101,000, up from £70,000 last year, and £47,000 in the year before that. Unfortunately it is impossible to say whether this reflects a divergence in the pay associated with different activities or is, more likely, a reflection of the changing composition of survey respondents.

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		
	2019	2018	2017	2019	2018	2017
Men ²	97	96	97	97	90	85
Women	23	23	17	78	42	75
Age (yrs):						
Under 35	47	38	34	56	55	54.7
35-55	49	58	53	116	111	90.1
Over 55	24	21	24	127	113	97.1
Service (yrs):						
Under 10	87	83	84	82	81	73.7
10 to 20	26	24	18	126	120	95
Over 20	5	9	9	93	120	94.2

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

Respondents between 35 and 55, and those over 55 had similar median salaries, more than twice the level of under-35s. While there is an obvious correlation with age, it's notable that respondents with 10 to 20 years' experience with their employer saw median pay more than 50% higher than those with less than 10 years.

The proportion of responses from women was 19% again this year but the pay gap was significantly lower among this year's respondents. Median salaries for men stood at £97,000 while for women it was £78,000. However, with the average age of male respondents, at 43, around 10 years older than for female respondents, some of this gap may be explained by seniority. Nevertheless, given the much large scale of the pay gap in last year's report, when male respondents were paid twice as much as their female counterparts, we cannot conclude much about the state of gender pay equality across the profession.