

Society of Professional Economists Salary Survey

2020

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Summary

This year's salary survey shows that the typical increase in Members' pay overall was a healthy 5.0% over the year, besting the 2.5% recorded in our last survey, and well above the 2.9% increase in median weekly full-time earnings across the economy as a whole in 2018-19. With CPIH inflation running at 1.7% in 2019, these suggest the sector saw strong real-terms earnings growth last year. Median basic salaries, rose by a slightly weaker 3.0%, suggesting solid real-terms growth nonetheless.

Average total cash compensation was highest among financial sector respondents, at £209,000. Meanwhile the average in consulting stood at £130,000, industry £108,000 and the public sector £90,000.

Around 17% of survey respondents were women, similar to previous years. Women respondents' basic pay was some 31% below that of men. Some of this very large gap may be explained by the fact that the average male respondent was around eight years older than the average woman, and a higher proportion of male respondents worked in the highest paying sector (financial services).

Inevitably all the results of our salary survey have to be treated with caution. We saw a slight fall in the number of respondents compared to last year, with 104 people replying, hence we have to be conscious of the risk of selection bias in the respondents and the limited sample size when drawing any conclusions. In particular there was a big drop in the number of responses from economists in the public sector, from 49 last year, to just 13 this. Nevertheless, the survey represents a 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,

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bonuses and the value of any shares received, and compares these with last year's results.

Average base salaries of respondents were up slightly on last year, at around £102,000, which may have been driven in part by a reduction in the proportion of respondents from lower-paid roles in the public sector. The median base salary was up on both 2018 and 2019.

With inflation running at 1.7% in 2019, the reported 5.0% median nominal growth in TCC was very solid, and well above average full-time earnings growth across the rest of the labour market, which stood at 2.9%. Median basic salary growth, at 3.0% was closer to the whole-economy average.

Table 1: Salaries and total compensation

Range (£K)	Salaries			Total cash compensation		
	Number of responses (unless otherwise stated)			Range (£K)	Number of responses (unless otherwise stated)	
	2020	2019	2018		2020	2019
<=40	13	22	21	<=40	11	23
41-60	22	18	21	41- 60	19	17
61-80	14	27	16	61-80	11	20
81-100	14	16	19	81-100	17	15
101-120	9	10	12	101-120	8	7
121-140	5	3	2	121-140	4	3
141-180	13	14	15	141-200	10	10
>180	11	8	10	201-300	11	13
				>300	13	10
Average (£K)	102	90	92		139	128
Median (£K)	84	75	81		89	80
Maximum (£K)	320	320	320		700	875
Minimum (FTE, £K)	29	21	20		18	20
Total responses	104	118	116		104	118
Median Reported increase (%)	3	3	2		5	2.5

Earnings by Sector

Table 2 shows salaries and TCC by sector. Unfortunately this year saw a big drop in the number of responses from economists in the public sector, with just 13 compared to 49 last year, accounting for just 13% of all respondents versus 41% for 2019. There was a small increase in the number of respondents in all other categories. 34% of respondents were

in financial services this year and 30% in consulting, with 15% working as economists in industry.¹

Table 2: Earnings by sector

(Money Values in £K)	Financial Services	Consulting	Other private Sector	Public Sector	Other
Respondents 2020	35	31	16	13	10
2019	32	26	10	49	6
Average salary¹ 2020	132	90	92	88	69
2019	141	90	61	62	85
Maximum 2020	320	305	300	180	110
Minimum 2020	29	28	31	30	20
Median 2020	120	75	60	72	68
Average total cash Compensation² 2020	209	130	108	90	77
2019	256	108	74	67	107
Maximum 2020	700	480	360	180	110
Minimum 2020	29	30	31	30	39
Median 2020	164	84	76	72	78
No. Receiving Bonus	31	31	16	3	2
Average bonus %³ 2020	54	34	12	17	13
2019	74	31	17	18	8
No. Receiving shares	10	7	4	0	0
Average value⁴ 2020	7	N/A	19	N/A	N/A
2019	46	N/A	3	N/A	N/A

Notes: 1. Including self-employment income 2. Total cash compensation includes bonuses, shares and options received 3. Of payments received.

Average salaries of respondents ranged from £132,000 for those in the financial sector, significantly higher than last year, to £88,000 in the public sector, and £92,000 in industry ('other private sector'), the latter two categories substantially above last year's figures but probably due to significant changes in the composition of responses here.

TCC was lower in the financial sector, at £209,000, but up in most other sectors, which left the figures closer to the levels seen in 2018 than 2019. Notably TCC was up by around £22,000 on average in consulting, despite average basic salaries being unchanged.

¹ Two respondents cited more than one sector.

Bonus Payments

Sixty-nine percent of respondents reported receiving a bonus this year, 11 percentage points higher last year, but the average bonus reported was £58,000, around £10,000 lower than last year and 2018, though well up on 2017's £42,000, owing to a handful of very large awards. Bonuses, for those receiving them, accounted for some 54% of basic pay on average in the financial sector, 57% in consulting, and 12% in industry. Few in the public sector saw bonuses.

Share Schemes

For employees in the private sector, schemes offering employees shares in the enterprise are much less common than bonuses, with only some 19% of respondents this year reporting being in such a scheme, slightly above 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 – 88% this year, against 87% last – 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 29% this year, essentially unchanged on the last two years, despite fluctuations in the number of public sector survey respondents. The numbers in defined-benefit schemes in all other sectors were surprisingly high, at 20% well up on the non public sector figure from last year.

Table 3: Pensions and other benefits by sector

Number in a scheme	Financial Services	Consulting	Other Private Sector	Public Sector	Other
Pensions					
Number in a scheme	31	24	13	13	9
Percent of total	91	77	87	100	90
Defined benefit schemes	6	5	4	11	3
Defined contribution schemes	37	22	11	2	6
Other Benefits					
Medical Insurance	20	11	9	2	2
Company car	3	1	1	0	0
Miscellaneous	11	4	5	0	0

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. About 42% of respondents reported receiving medical insurance from their employer, compared to around 37% last year and half the year before. The rise is perhaps unsurprising given the changing composition of survey respondents, with a higher proportion this year coming from the financial sector and consultancy, where such benefits are more common. Just 5% reported having a company car this year, down from 8% and 11% last year and the year before, respectively.

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 the proportion of respondents reporting public policy analysis to be their primary activity, dropped back from 30% to 20%, largely reflecting the fall in the proportion of responses from public sector economists. Econometrics, forecasting and modelling accounted for the activities of a further 21% of respondents.

Table 4: Salary and Activity

Activity	Number of respondents			Median Salaries (£k) ¹		
	2020	2019	2018	2020	2019	2018
Forecasting & Modelling	21	27	29	58	81	76
Business Planning	7	8	7	53	54	58
Market Trading & Fund Management	9	9	12	152	124	128
International Analysis	17	12	12	120	155	87
Public Policy Analysis	20	37	17	64	66	77
General Management	22	15	37	104	135	111
Other	8	12	6	75	76	78

Notes: 1. Including self-employment income

This year, the median reported salary received by those in general management was lower than for the last two years, and again 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 dropped to £67,000, down from £101,000 last year, and closer to the £70,000 of the year before that. Unfortunately it is impossible to say whether these fluctuations reflect any real shift in the underlying pay available in these sectors of the profession rather than

merely reflecting the changing composition of survey respondents each year.

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		
	2020	2019	2018	2020	2019	2018
Men	85	97	96	85	97	90
Women	18	23	23	59	64	42
Age (yrs):						
Under 35	36	47	38	50	56	55
35-55	43	49	58	110	116	111
Over 55	25	24	21	123	127	113
Service (yrs):						
Under 10	68	87	83	63	82	81
10 to 20	27	26	24	151	126	120
Over 20	4	5	9	97	93	120

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 almost three times higher than those with less than 10 years.

The proportion of responses from women was 17% this year but the pay gap was similar, at 31% versus 34% last year. Median salaries for men stood at £85,000 while for women it was £59,000. With the average age of male respondents, at 45, around 8 years older than for female respondents, some of this gap – though probably far from all - may be explained by seniority, as well as a higher proportion of men being employed in the highest-paying sector (financial services). Sadly the relatively small sample prevents us from drawing many conclusions about the state of gender pay inequality across the profession.