

Society of Professional Economists Salary Survey 2021

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Summary

This year's salary survey shows that the typical increase in Members' pay overall was just 0.3% over the year in which the pandemic struck, well down on the 5% recorded in our last survey. The increase was also well below the economy-wide 4.3% increase in average weekly total pay across the economy, although significant compositional changes make direct comparison difficult. With CPIH inflation running at 1% in 2020, the survey suggests that total cash compensation fell in real terms over the year. Median basic salaries, rose by a slightly strong 1.0%, flat in real terms.

Average total cash compensation was highest among financial sector respondents, at £288,000. Meanwhile the average in consulting stood at £87,000, industry £113,000 and the public sector £106,000.

Around 20% of survey respondents were women, similar to previous years. Women respondents' basic pay was 21% below that of men. Some of this gap is reflected in the under-representation of women among the high paying activities of market trading and fund management, and senior management. The average male survey respondent was around seven years older than the average woman.

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 98 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 two years ago, to just 9 this. 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.

Average base salaries of respondents were up slightly on last year, at around £107,000. The median base salary was up on both 2019 and 2020, at £85,000.

With inflation running at 1% in 2020, the reported 0.3% median nominal growth in TCC was perhaps unsurprisingly weak given the economic uncertainty, and well down on the 5% recorded last year. By comparison average full-time earnings growth across the rest of the labour market was much stronger in the year to Q1 2021, at 4.3%, although direct comparison is difficult because of the compositional changes in employment caused by the economic shock of the pandemic. Median basic salary growth among our respondents stood at 1.0% - flat in real terms.

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Table 1: Salaries and total compensation

Salaries				Total cash compensation			
Range (£K)	Number or responses (unless otherwise stated)			Range (£K)	Number of responses (unless otherwise stated)		
	2021	2020	2019		2021	2020	2019
<=40	14	13	22	<=40	15	11	23
41-60	18	22	18	41-60	15	19	17
61-80	11	14	27	61-80	11	11	20
81-100	12	14	16	81-100	16	18	15
101-120	10	9	10	101-120	6	8	7
121-140	6	5	3	121-140	5	4	3
141-180	11	13	14	141-200	9	10	10
>180	10	11	8	201-300	8	11	13
				>300	11	13	10
Average (£K)	107	102	90		151	139	128
Median (£K)	85	84	75		87	89	80
Maximum (£K)	320	320	320		1,250	700	875
Minimum (FTE, £K)	28	29	21		8	18	20
Total responses	92	101	118		96	105	118
Median Reported increase (%)	1	3	3		0.5	5	2.5

Earnings by Sector

Table 2 shows salaries and TCC by sector. Unfortunately, this year saw a further drop in the number of responses from economists in the public sector, with just 9 compared to 49 in 2019, accounting for just 9% of all respondents versus 41% for 2019. Their distribution of responses across sectors was similar to last year. 33% of respondents were in financial services this year and 34% in consulting, with 15% working as economists in industry.¹

¹ Two respondents cited more than one sector.

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Table 2: Earnings by sector

(Money Values in £K)	Financial Services	Consulting	Other private Sector	Public Sector ¹	Other
Respondents 2021	32	33	15	9	9
2020	35	31	16	13	10
Average salary² 2021	158	83	102	104	66
2020	132	90	92	88	69
Maximum 2021	625	310	150	274	113
Minimum 2021	41	30	32	28	22
Median 2021	135	58	56	100	73
Average total cash Compensation³ 2021	288	87	113	106	71
2020	209	130	108	90	77
Maximum 2021	1250	310	195	274	128
Minimum 2021	51	19	32	28	43
Median 2021	210	69	59	100	76
No. Receiving Bonus	25	22	8	1	0
Average bonus %⁴ 2021	84	15	11	11	N/A
2020	54	34	12	17	13
No. Receiving shares	9	6	4	0	0
Average value⁴ 2021	30	N/A	11	N/A	N/A
2020	7	N/A	19	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 £158,000 for those in the financial sector, significantly higher than last year, to £66,000 in academia and charity economics roles. The

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public sector average stood at a healthy £104,000, although this is probably due to significant changes in the composition of responses from this sector.

Average TCC among respondents jumped markedly in the financial sector, at £288,000 compared to last year, but there was no obvious pattern across other sectors. Notably TCC was down by around £43,000 on average in consulting, despite average basic salaries being only marginally lower. Despite the apparently divergent fortunes of consultants and financiers, the reported median increase in TCC in both sectors was 1%. This suggests that the change in average TCC in each sector was probably the result of changes in who responded to the survey rather than any differential impact of the pandemic on pay in each sector.

Bonus Payments

Fifty-one percent of respondents reported receiving a bonus this year, well down on the 69% of last year and 58% of 2019. The average bonus reported was £64,000, slightly higher than last year, although with a handful of exceptionally large bonuses distorting the picture, the median bonus was much lower, at around £12,500. Bonuses, for those receiving them, represented some 84% of basic pay on average in the financial sector, 15% in consulting, and 6% 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 19% of respondents this year reporting being in such a scheme, the same as 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 – 85% this year, against 88% 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 23% this year, a bit lower than the last three years. Outside the public sector the number of respondents in a defined-benefit schemes was 19%, around the same as last year.

Table 3: Pensions and other benefits by sector

Number in a scheme	Financial Services	Consulting	Other Private Sector	Public Sector¹	Other
Pensions					
Number in a scheme	29	24	13	9	8
Percent of total	91	75	81	100	100
Defined benefit schemes	8	3	2	6	4
Defined contribution schemes	26	22	11	3	4
Other Benefits					
Medical Insurance	23	8	8	4	0
Company car	1	2	3	1	0
Miscellaneous	7	3	4	4	1

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 44% of respondents reported receiving medical insurance from their employer, compared to around 42% last year and 37% the year before. The rise is perhaps unsurprising given the changing composition of survey respondents, with a third this year coming from the financial sector, where such benefits are more common. Just 7% reported having a company car this year, compared to 5%, 8% and 11% in the previous 3 years.

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 remained at 20%. Econometrics, forecasting and modelling accounted for the activities of a further 20% of respondents, with around 17% in international analysis and the same in senior management.

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Table 4: Salary and Activity

Activity	Number of respondents			Median Salaries (£k) ¹		
	2021	2020	2019	2021	2020	2019
Forecasting & Modelling	20	21	27	65	58	81
Business Planning	8	7	8	67	53	54
Market Trading & Fund Management	7	9	9	200	152	124
International Analysis	17	17	12	116	120	155
Public Policy Analysis	20	20	37	45	64	66
General Management	17	22	15	110	104	135
Other	9	8	12	100	75	76

Notes: 1. Including self-employment income

This year, the median reported salary received by those in general management was slightly up on last year, but still lower than that reported by respondents in international analysis, and well down on market trading and fund management respondents. The small number of respondents in each of these categories suggests the need for caution in interpreting these comparisons however. The range between highest and lowest paid activities reported was a huge £155,000, as recorded salaries in market trading and fund management raced away. 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		
	2021	2020	2019	2021	2020	2019
Men	78	85	85	86	85	97
Women	19	18	18	68	59	64
Age (yrs):						
Under 35	26	36	36	58	50	56
35-55	42	43	43	118	110	116
Over 55	29	25	25	86	123	127
Service (yrs):						
Under 10	63	68	68	70	63	82
10 to 20	26	27	27	102	151	126
Over 20	6	4	4	105	97	93

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

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

The proportion of responses from women was 20% this year but the observed 'raw' pay gap was only a bit lower, at 21% versus 31% last year. Median salaries for men stood at £86,000 while for women it was £68,000. With the average age of male respondents, at 47, around 7 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.