

Understanding Regional Pay Differences in the UK Life Sciences Sector

By Radford EMEA

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Practice Areas: [Managing Pay & Career Programs](#), [Life Sciences](#), [Europe](#), [Middle East & Africa](#)

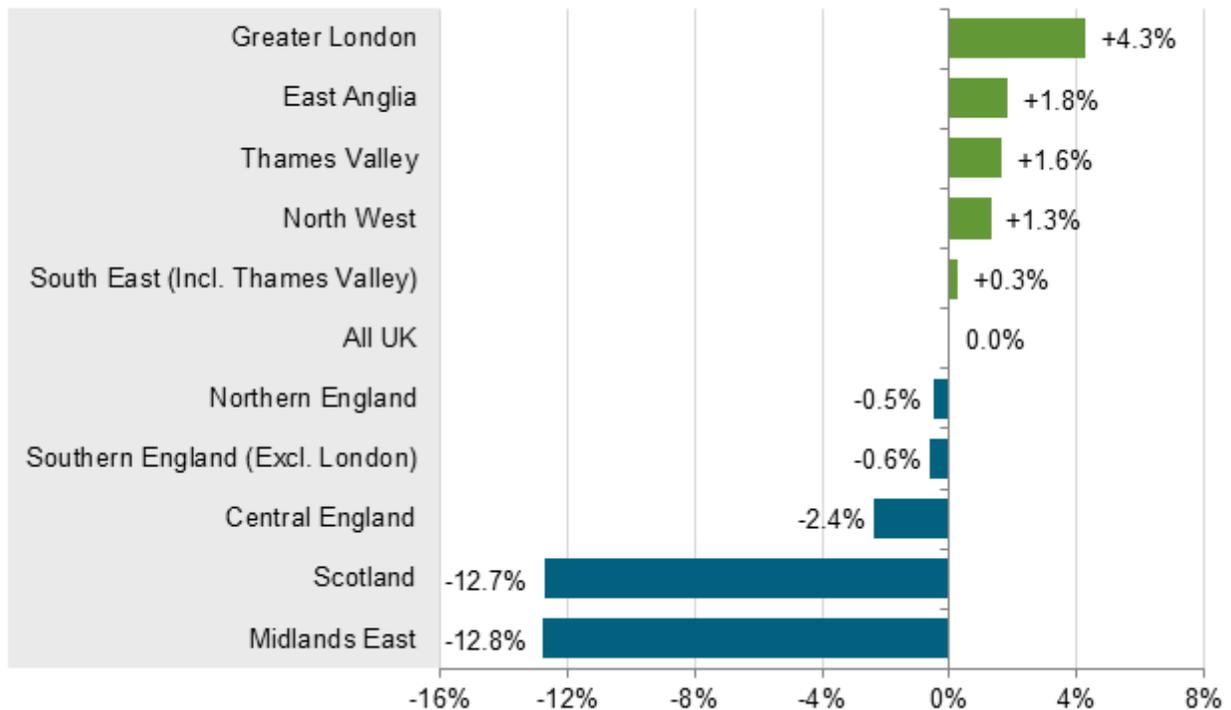
Designing compensation programs is both art and science. The science portion of the role comes to down to correctly crunching the numbers, while the artistic element of the job revolves around picking the right numbers to crunch. As most experienced compensation professionals will tell you, selecting the right market for talent (i.e., industry, region, and/or specific comparator group) is usually the first and last step in determining the success or failure of a meaningful compensation assessment.

This is particularly true when dealing with countries that have especially powerful economic or industrial hubs — civic centers like London in the United Kingdom (UK) and global talent magnets like Silicon Valley in the United States. These zones are extremely expensive for residents to live in, and simultaneously rich in talent-hungry companies. The combination of these forces ratchets up pay and can adversely impact the usefulness of country-wide data.

At Radford, we often combat this effect by diving deeply into our databases to provide clients with region- and/or post code-specific analyses. Only by dropping to this level of granularity can compensation professionals begin to understand the true nature of compensation markets, and powerful "geographic differentials" that might exist within a country. To illustrate this point, our team recently used data from Radford's [Global Life Sciences Survey](#) to evaluate differences in base salaries across ten UK regions.

With data for the entire UK serving as a baseline (set to zero), we discovered that life sciences sector employees located in Greater London enjoy an average boost in pay of 4.3% vs. the overall UK market. However, the story does not end there. Incumbent data from London plays a massive role in determining overall results for the UK, so it is far most interesting to compare Greater London to other regions within the country. When taking this view of the data, as is the case in the chart below, regional disparities in pay become far more pronounced.

Regional Differentials in Pay for the UK Life Sciences Sector

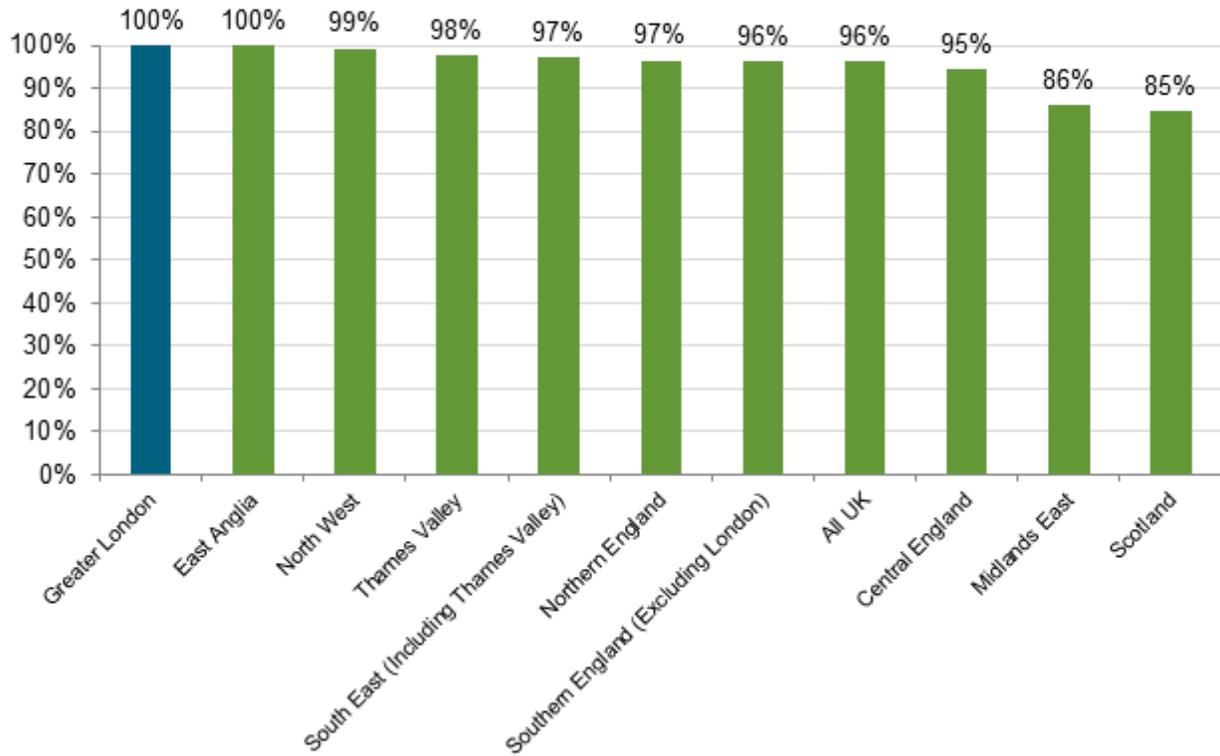


As the above chart illustrates, geographic differentials in pay can range in scale from relatively minor rounding errors to data points with significant potential to drive pay and business strategy. Taking a comprehensive view of regional differences in compensation across an entire country provides an invaluable perspective on which data points should influence program design.

Another approach for considering regional differences in pay is to examine the hypothetical "discount" achieved by transplanting talent from expensive to inexpensive regions. We use the term hypothetical because moves of this nature are often easier said than done. Looking at discount rates makes a lot of sense when opening a new office (assuming the right talent pool is available in your desired location), but it's quite another endeavor to pick up an existing office and move it.

In the following chart, we illustrate discount rates across our ten UK regions, using Greater London as a baseline (set to 100%) for life sciences talent.

Regional Discounts in Pay for the UK Life Sciences Sector



As the above chart illustrates, discount rates between Greater London and many UK regions are within a range of +/- 10%, which may not be enough, in its own right, to justify exchanging London for another UK location. This is especially true when factors like access to talent, partners, suppliers and logistics are considered. Nevertheless, examining discount rates can reveal meaningful opportunities for labor cost differentiation, considering a trade-off between London and Scotland for example.

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