Partners’ pay surges to £868,000 at accountancy giant PwC

PricewaterhouseCoopers (PwC), Britain’s biggest accountancy firm, is preparing to unveil record profits following a surge in demand for its services during the pandemic.

Sky News has learnt that partners at PwC have been told in recent days that they can expect average pay for the year to June 30 of £818,000 – a 19% increase on the previous year.

The firm’s roughly-900 partners were also informed that they would receive an average payout of £50,000 generated by the sale of its technology platform and several other smaller disposals.

That incremental payment will take PwC’s average profit-per-partner to £868,000 – easily the largest figure in the history of the firm’s UK partnership.

The scale of its profitability is likely to attract scrutiny at a time of reforms that will radically reshape Britain’s audit profession.

PwC’s annual results, which are expected to be announced publicly in September, remain unaudited and subject to revision, according to a person close to the firm.

The £818,000 profit-per-partner figure is 7% higher than the £765,000 reported for PwC’s 2019 financial year – the last before the coronavirus crisis wreaked havoc across the UK economy.

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Insiders said other PwC staff would also benefit from its improved results, with a bonus pot for its broader workforce of £128m, compared to £82m the previous year and £111m in 2019.

Despite initial fears about the impact of COVID-19 on the professional services sector, the 'big four' auditors –

Deloitte, EY and KPMG – have largely managed to weather the financial storm.

Industry observers pointed out that PwC's average partner profit was dwarfed by that of Allen & Overy, the 'Magic Circle' law firm which said this week that its equity partners would receive an average of £1.9m for last year.

PwC did not make any redundancies as a result of the pandemic, and did not take any government money through the furlough scheme.

The firm, which employs about 22,000 people in the UK, did delay publishing its 2020 results until early this year as it waited to see the unfolding impact of COVID-19 before determining partners' pay.

In April 2020, just weeks after the UK first went into lockdown, it imposed a freeze on promotions, pay rises and staff bonuses.

Its recovery from last year's fall in profit is largely said to have been derived from consulting work for private sector clients rather than work for the government.

It has maintained market share in its audit practice while handling a number of prominent corporate restructurings such as those at Laura Ashley and Paperchase, the high street retailers.

PwC also won dozens of public sector contracts to help Whitehall deal with the economic chaos caused by the pandemic, including from the Cabinet Office, Treasury and Department for Digital, Culture, Media and Sport.

Like other big four firms, PwC has begun charging audit clients higher fees in the last 18 months as regulatory reforms have begun to bite.

A new audit regulator – the Audit, Reporting and Governance

Authority – will replace the Financial Reporting Council (FRC) in the coming years following a report by the former Treasury mandarin Sir John Kingman.

The FRC has begun to impose tougher restrictions on the consulting work that big four firms can undertake for audit clients, while ‘challenger’ audit firms – those such as BDO and Grant Thornton – will have a greater chance to work on the audits of Britain’s biggest companies.

A government consultation on the reforms closed earlier this month.

The shake-up comes in the wake of a series of accounting scandals, such as those at BHS – a PwC audit client – and Carillion.

The big four have collectively been fined tens of millions of pounds in recent years for audit failures, with PwC rapped over its work at companies including BHS and Redcentric.

Kevin Ellis, PwC’s UK chairman and senior partner, told Sky News this weekend: “After a challenging first half of the year, we’ve experienced really good growth across our business, and it’s come from private sector demand for deals, financing, digitisation and supply chain transformation services.

“This growth has funded record staff bonuses and further investment in our people, from health and wellbeing to digital skills training and job creation.

“Supporting employment and skills across the UK will continue to be a top priority.”

Mr Ellis, whose second four-year term expires in 2024, is highly regarded in both the firm and the wider profession.

Industry sources say that other members of the big four are also expected to demonstrate improved financial performance during the pandemic.

Deloitte and KPMG both generated windfalls of hundreds of millions of pounds from the sale of their restructuring arms as they sought to reduce their exposure to potential conflicts of interest.