New JNCHES 2016-17 negotiations

Employers' final offer, 28 April 2016

The employers are making a **final offer** in the negotiations process, improving substantially on the opening offer made on 22 March. The employer negotiating team have wished to have genuine and productive negotiations with the trade unions and, in using only two of the scheduled three meetings, have **concluded the negotiating process today at the express request of the joint trade unions**. Having made an opening offer that was **already at a level that a significant number of participating HEIs have indicated is at the limit of affordability without serious implications for job losses,** the employer negotiating team is clear that it is making the very best offer that will be available in this year's negotiations**.**

The final offer is a composite offer that consists of a number of elements, set out below in this paper, and the terms as offered are contingent on a settlement being reached with the trade unions.

The trade unions have expressed the desire to see base pay increases keep up with or exceed inflation and this **final offer of a 1.1% increase on all points from 1 August 2016 is more than double the current official inflation measure,** and well above current CPIH and RPIJ. The employers also offer **additional payments at the lower end of the pay spine. In addition to the deletion of point 1 there will be an increase of 3.1% on point 2 and tapered higher increases through to 1.6% on point 7.** This brings a significantly higher offer, worth as much as £729 per annum or 5.1% to anyone who would move from the lowest point.

On **London Weighting**, the offer as in previous years includes the recommendation to those post-92 HEIs that retain a separate allowance, that they increase this by the same base figure.

The offer is **not pitched to what is affordable for *all* participating institutions**; we know that there are many **participant institutions that will find this final position to be very challenging**. For all institutions, these negotiations take place against a backdrop of significantly increasing costs and continuing uncertainty in the political, funding and policy environment. The final offer reflects a genuine concern not to put at risk the financial sustainability of institutions and undermine the job security of employees. As noted in

HEFCE's update on the financial health of the sector published on 21 March 2016, "in the medium to long term, institutions will need to generate larger surpluses to make progress towards covering the full economic costs of their activities and thus securing their long-term sustainability."

There is recognition of some important contextual issues for the pay of our employees. One among these is that at April this year **those employees who are members of the defined benefit schemes offered by their employers saw an increase in their National Insurance contributions** arising from introduction of the new State Pension. This arises from Government policy, as do a range of **exceptional additional costs that will fall on HE employers during the course of 2016-17**, ranging from NI and pension costs through to the Apprenticeship levy.

This final offer relates to the base pay increases for all and sits on top of substantial additional pay increases available to around **half** the employees covered by these negotiations **who will be eligible for additional progression pay increases averaging 3%, subject to satisfactory performance.** This year the participating employers report that this group comprises 53% of academic staff and 45% of professional services staff; these individuals would expect to see their individual pay increase by around 4.1%.

At sector level, where these negotiations take place, this final offer means that the pay increases for the employees covered would, on average, total 2.7%. This compares favourably with the median merit pay award of 2.5% (XpertHR) currently seen across the UK, and very favourably with many public sector pay increases, which are limited to 1% on the total pay bill.

This offer also seeks to address the trade unions' request to **focus on the lower paid**. The lowest paid, on moving up with **deletion of the old point 1**, would see an increase of 5.1% and the hourly-rate on the new **lowest pay spine point would be £8.25 per hour, £1.05p above the current National Living Wage**, for employees on a 35 hour week. The trade unions' request for increases to be considered at the bottom of the pay spine, but to apply across all points up to 51 is simply unachievable; the consequent £785 million on sector pay bill would require 95% of the predicted sector surplus for 2016-17. It also fails to recognise that the intent of 'living wages' is to address challenges for the lower paid. The removal of national spine point 1 would be for employers to implement by 1 April 2017; were a settlement delayed beyond 1 August 2016, the implementation deadline would be 8 months from the later settlement date.

All HE employers have already increased pay rates as necessary to pay the new National Living Wage that applies from April 2016 and will ensure that they meet the anticipated 6% increase that applies from April 2017. **A significant number of HE employers have additionally decided that they will pay the voluntary living wage campaign rates that prevail at 1 August 2016**. They do this by selecting and/or augmenting an appropriate point on the pay spine that is relevant for their working week, and in London also factoring in variable levels of weighting payment that may be in place. HE employers also have very generous terms and conditions that make the positions they offer at their lowest grade very attractive in their localities. **All decisions relating to the use of the spine points are for HEI-level determination, and a decision whether to meet prevailing voluntary living wage rates has to be made at that level.**

The employers include within the final offer a proposal that **joint work is taken forward on two specific matters raised in the claim**, subject to the successful conclusion of the joint work being done as a consequence of the 2015-16 settlement. This is offered as part of the overall settlement for 2016-17 and not as an ongoing commitment at New JNCHES.

The employers cannot enter into work at a national level that would dictate actions at individual institutions. We fully expect the trade unions to engage on the issues they raise with the individual employers represented at New JNCHES where they are recognised through the established channels for such dialogue.

We note that the trade unions are keen to see action being taken in institutions; the employers are keen to see the progress and action that is being taken by HE employers positively highlighted.

The proposals below outline the areas where the employers would be able and willing to work with the trade unions in the coming year.

- On **gender pay gaps** the employers have a genuine interest in taking forward some further joint work in this important area that would build on the major New JNCHES report published with all the unions in July 2015 and the work on sector-level data being undertaken in 2015-16. It will be important that the work does not duplicate the many initiatives already being taken within the sector. Specific proposals are:

    - *A review and re-issue of the New JNCHES Equal Pay review guidance, to reflect new reporting requirements and a focus on action planning.*
    - *A jointly organised event to enable discussion about the reporting of gender pay gap analysis and action planning.*
    - *To consult the sector on the usefulness of the new gender pay gap benchmarks that emerge from the 2015-16 data analysis work and gauge support for UCEA continuing to publish such sector benchmarking data annually.*

- On **casual and 'zero hours' contracts** the employers have a genuine interest in taking forward some further joint work on where trade unions and employers can show joint leadership in promoting and encouraging good employment practice. Specific proposals are:
    - *A report exploring practice in a sample of HEIs in their use of variable hours contractual arrangements, with a particular focus on those where changes have been made and/or there has been dialogue with staff representatives.*
    - *A short survey of HEIs seeking information on the support of individuals engaged on fixed term arrangements delivering teaching.*

In relation to the request for clause 10 of the New JNCHES Agreement to be considered such that **a sub-committee for Scotland** be established, the employers do not recognise that the matters identified by the trade unions are pay and related items that **are** within the potential purview of New JNCHES and/or that are **not** being discussed at the main committee. The employers therefore do not accept that such a sub-committee is necessary. A fuller paper has been presented explaining this position.

The employers trust that the trade unions will regard the final outcome as demonstration of their listening and endeavouring to hold genuine negotiations that have arrived at a positive outcome this year. We look forward to hearing from the trade unions following their consultations with members.