Joint Higher Education Trade Union Pay Claim 2016/17

Submitted on 11 March 2016

The Higher Education trade unions submit the following national claim for 2016/17

- 5 % increase to all spine points on the 51 point national pay scale.
- In addition to the general pay uplift, a substantial increase that at least achieves the living wage foundation rates, and will be implemented across all salary points.
- Agreed minimum rates of pay for roles within all occupational groups, including to the academic career pathways as detailed in the Model C to the 2004 Agreement.
- Nationally agreed minimum rates of pay for external examiners.
- Nationally-agreed action for institutions to close the gender pay gap by 2020.
- Nationally-agreed action for institutions to reduce the proportion of their staff on casual and zero hour contracts and to ensure that their pay reflects the rate-for-the-job of permanent staff.
- To establish the Scottish Sub-Committee of New JNCHES as set out under the New JNCHES Agreement. The main purpose of the sub-committee would be to deal with matters not currently being dealt with at the New JNCHES Committee.

Background

A heads of claims was submitted 9 February 2016. This more detailed document provides data and positioning text in support of each element of the claim.

The 1% pay uplift for the 2014/15 round was agreed by two of the five unions. This followed the preceding 2% pay increase, which was the first settlement for many years to start to address the cumulative loss in members pay. It was also agreed against the backdrop of wide spread and prolonged industrial action within the sector.

The erosion of the value of take home pay in recent years is felt across all grades of staff in higher education covered by the national pay spine.

A real terms increase for this year's pay round is greatly needed and would start to make good the loss in members pay. It is clearly affordable given the record surplus of £1.85 billion reported by HESA for UK universities in 2014/15.

New JNCHES negotiations can and should result in pay increases and not the declines seen in recent years. The fact that it has not delivered pay increases raises concerns about the viability and relevance of the process.

The trade unions genuinely want to secure an uplift in members' pay that will enable an agreement to be reached for the next 12 months.

This claim also seeks to address pay inconstancies in regards to external examiners.

The trade unions also want to seek to address the wide variations in the minimum rates of pay that apply to specific roles and career pathways.

This year we are focusing on two significant equality matters; the unacceptable gender pay gap in HE, and the scale of precarious and casual employment such as the extensive use of zero hours contracts.

The trade unions are also seeking agreement to establish a JNCHES Scottish sub-committee

Pay

The trade unions are seeking a positive response from the employers to our claim at the first JNCHES meeting on 22 March. We are seeking an increase to the pay spine that addresses the following issues for 2016/17:

The value of members' pay has declined and continues to fall. Since 2009, the cumulative loss to pay (compared to rises in RPI) is 14.5%.

If inflation increases as predicted by the economists advising the Treasury, then by the end of this year the total real terms decline in pay since 2009/10 will be 17.5%.

It is the trade union side's view that these and future negotiations should start from the basis that existing salaries will at least be increased by RPI Inflation as the opening position.

HE pay settlements vs. RPI

Six year time series from 2009 baseline (2009-2015)

Year	RPI annual change %	Indexed % change	Pay settlement %	Indexed % change
2009	Baseline	100	Baseline	100
2010	4.6	104.6	0.4	100.4
2011	5.2	110.0	0.3	100.7
2012	3.2	113.6	1	101.7
2013	3.0	117.0	1	102.7
2014	2.4	119.8	2	104.8
2015	1.0	121.0	1	105.8

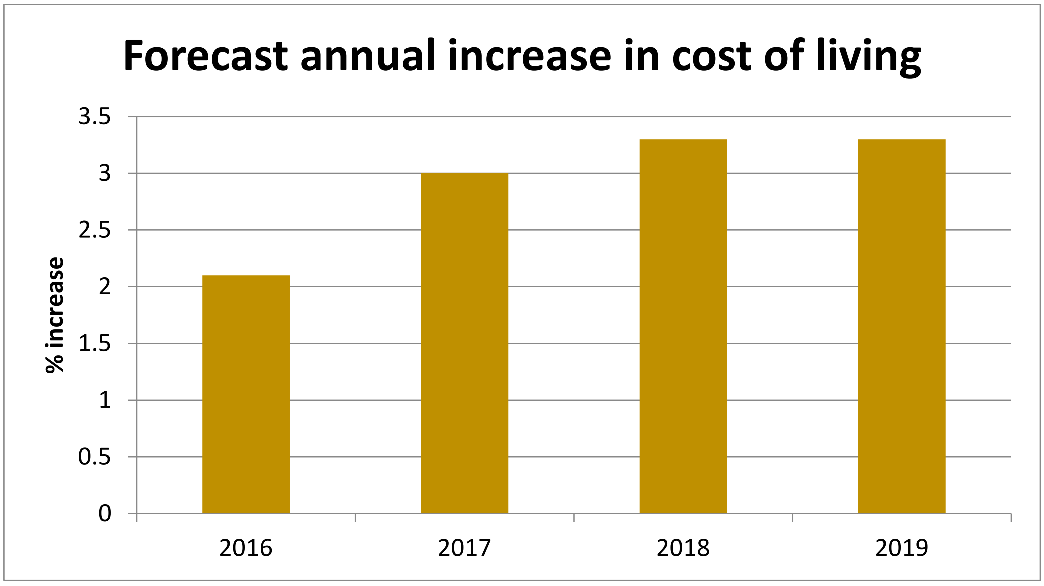
Inflation

The most recent RPI figure published in January 2016 is 1.3%. It is forecast that RPI will rise by up to 2.8% over 2016 and by up to 3.6% in 2017.[1]

Based on the Treasury summary which averages 20 independent forecasts[2] RPI is expected to be 2.1% over 2016, and 2.9% in 2017. This will increase the indexed change from 2010 to 23.5% and will increase the total real terms decline in HE pay to 17.7%. Further increases are forecast in line with the graph below, with RPI climbing to 3% in 2017 and then hitting 3.3% over 2018 and 2019.

[1] HM Treasury, Forecasts for the UK economy: a comparison of independent forecasts (February 2016)

[2] HM Treasury, Forecasts for the UK economy: a comparison of independent forecasts (February 2016)



Though inflation has remained subdued over the last year, some costs have shown marked increases, most notably:

- The price of housing also remains one of the biggest issues facing employees and their families. Across the UK, house prices rose by 7.7% in the year to November 2015, taking the average house price to £287,000[3];
- The rate of increase in rents has also been well ahead of general price increases, runnining at 4% over the year to November across England and Wales to hit £799 a month[4];
- Childcare costs represent a key area of expenditure for many staff (UNISON surveys have consistently found that around a third of staff have child caring responsibilities).Therefore, it is also worth noting that the annual Family & Childcare Trust survey[5] for 2015 found that the cost of a part-time nursery place for a child under two has increased by 33% since 2010. Over the last year, a nursery place for 25 hours a week has risen by 5.1% to £6,003 a year. The cost of part-time care from a childminder has also risen by 4.3% to £5,411 a year.

In addition, current inflation rates can mask longer term changes in the cost of living that have taken place since 2010. For instance, food price inflation is currently quite low, but between 2010 and 2015 it saw major rises, as reflected in the table below.

---

[3] Office for National Statistics, House Price Index November 2015, published January 2016

[4] LSL Property Services. Buy to Let Index, November 2015

[5] Family & Childcare Trust, Childcare Costs Survey 2015

Item	% price rise 2010 - 2015	Item	% price rise 2010 - 2015	Item	% price rise 2010 - 2015
Beef	26%	Fruit	16%	Gas	32%
Fish	18%	Mortgage interest payments	16%	Electricity	28%
Butter	24%	Bus and coach fares	21%	Water	18%
Potatoes	15%	Rail fares	23%		

Loss in value of Pay

The loss in value of pay has resulted in HE staff having less disposable income and facing increasing financial difficulties.

Take-home pay for staff in the sector has been further reduced by increases in member's pension contributions. The increase in national insurance contributions for the vast majority of HE staff who are in contracted out schemes will affect take-home pay from April 2016.

Cumulative shortfall across pay scales

Real terms cumulative annual shortfall August 2010 - August 2015

HE spine point	Annual cumulative shortfall 2010/11 - 2014/15	Monthly cumulative shortfall 2010/11 - 2014/15
	£	£
22	3,172	264
29	3,934	328
30	4,057	338
35	4,725	394
36	4,872	406
43	6,024	502
49	7,221	602

Latest settlement data

Average private sector settlements across the economy over the year to January 2016 are 2%, and the voluntary sector at 1.75%. Average earnings are also expected to ramp up in the near future.

Forecasts of average earnings predict that growth will stand at 3.4% during 2016 and grow to 3.9% by 2020.

Living Wage and Low Pay

Low pay in higher education remains a serious concern. The results of UNISON's FOI, January 2016, show that despite the increase applied to the bottom spinal column points by the 2015/16 pay award a large number of higher education institutions fail to pay the Living Wage/ London Living Wage to some groups of staff, often as a result of having a working week above 35 hours. Many of the lowest paid workers on campus, working full-time do not have a decent standard of living because they are earning less than the Living Wage Foundation rates of £8.25 per hour / London Living Wage £9.40 per hour. The Living Wage Foundation rates applied as a minimum salary point across higher education would lift working people out of poverty and have a direct impact on social mobility and life choices for those working in higher education.

The trade unions are looking to the sector to commit to a pay spine that ensures that the lowest paid do not fall behind the rest of society and to ensure that as society becomes more prosperous workers in HE are able to keep up. The trade unions are looking to the sector to commit to a pay spine that ensures that the lowest paid do not fall behind the rest of society and to ensure that as society becomes more prosperous workers in HE are able to keep up.

An increasing number of employers in the sector and across the wider economy already see the benefit of Living Wage accreditation both to their business and their brand reputation. All HEI's in Scotland pay the Living Wage, and this which is seen as the decent way to treat their staff. Given the record surpluses recorded by English universities the unions feel it is affordable for all universities across the UK to acknowledge the Living Wage Foundation rates across the sector.

Since 2010 essential living costs have increased drastically, with electricity, gas, water, food and travel costs having a particularly sharp impact on the low paid. The consequences were apparent in a study published by the Institute of Fiscal Studies in 2014, which found that, between 2008 and 2013, the lowest income fifth of households faced average annual inflation that was 1% higher than the highest income fifth.[6] This creates an imperative to ensure that low pay is addressed due to the significanlty lower disposable income of the lower paid.

The trade unions believe that the Living Wage / London Living Wage should be the minimum threshold for low pay in the sector. This is currently set at £8.25 per hour outside London

[6] Institute of Fiscal Studies, IFS Green Budget 2014

and £9.40 per hour in London. A final pay settlement should reflect a level of decency and fairness for all of those working on campus, and continue the link established in 2014/15 to meet the UK accredited Living Wage Foundation rate for those working a 35 hour week on the lowest spinal column point.

London weighting

The trade unions are claiming for an increase in the minimum London allowances to £4000. This could be phased in.

Continuous rise of VC, principal and senior pay

High levels of remuneration, lack of transparency and oversight continue to shape the context of senior pay awards in the sector.

There has been mounting criticism at the size of these increases and Government Ministers at Westminster and Holyrood have also expressed concern in relation to senior staff salaries.

Responses to a UCU Freedom of Information request in the autumn of 2015 showed that;

In 2014/15, the average vice-chancellor salary for was £272,432, which was an increase of 3% on the previous year, and is 6.7 times the average pay of their staff.

Over the past five years vice-chancellors have seen their salaries increase on average by 14%, while in comparison staff received just a 5% increase.

The latest FoI data also shows a significant rise in the numbers of HE staff of over 7,000 earning more than £100,000 pa. This compares with a figure of 4,213in the last HESA data set from 2013/14. The rising trend in senior pay continues year on year and this outnumbers those paid below the Living Wage Foundation rates.

Affordability

A HESA statistics released in March 2016 on the financial health of the higher education sector 2014/15 captures the following in its summary:

Total for all UK HEIs	**2009/10**	**2010/11**	**2011/12**	**2012/13**	**2013/14**	**2014/15**	**6 year % change**
Total Staff costs as a % of Total expenditure	56.6%	56.2%	55.5%	55.2%	55.4%	54.9%	3.0%
Total Capital expenditure	£3.61 billion	£3.73 billion	£2.79 billion	£3.11 billion	£3.90 billion	£4.28 billion	18.6%
Total Income	£26.80 billion	£27.56 billion	£27.92 billion	£29.14 billion	£30.74 billion	£33.20 billion	23.9%
Surplus/Deficit for the Year	£0.82 billion	£1.20 billion	£1.11 billion	£1.08 billion	£1.18 billion	£1.85 billion	125.4%
Total reserves	£12.33 billion	£14.64 billion	£14.75 billion	£17.90 billion	£19.44 billion	£21.24 billion	72.3%

Income

- Income from tuition fees is up 33.6%, an extra £3.9 billion a year compared to 2012/13
- Income from research grants is up 23.2%, and extra £1.1 billion a year compared to 2012/13
- Total income is up 13.7%, an increase of £4.0 billion a year compared to 2012/13

Staff costs and expenditure

- Staff costs as a % of expenditure is down to 54.9%, a further reduction from 55.4% in 2013/14.
- Total capital expenditure is up 9.6% in a single year – a £375 million increase in a single year

- Total expenditure is up 11.4% from 2012/13 – 2014/15 - £3.2 billion per year total, meaning that there is an additional £700 million of annual income not being spent.

Reserves and Surpluses

- Total reserves are up by £1.8 billion, an increase of 9.3% from last year. This takes total reserves to £21.2 billion sector wide
- Net current assets are up £980 million, an increase of 23.1% from last year
- Surpluses are up £593 million from last year, from £1.27 billion to £1.86 billion, a single year increase of 46.7%. Surpluses retained within reserves are up £564 million, from £1.3 billion to £1.9 billion, an increase of 41.8%.

1. **The trade unions claim is for a 5 % increase to all spine points on the 51 point national pay scale.**

2. **In addition to the general uplift, a substantial increase that at least achieves the living wage foundation rates, and will be implemented across all salary points.**

3. Agreed minimum rates of pay

Analysis of HESA data indicates a wide spread of variance between the same graded staff when considered on a pre-92 / post 92 basis, within and between UK regions and devolved nations, the use of extended incremental scale points within the main academic career grades that go beyond the model C recommended grade boundaries, the clustering of a key grade points for academic related staff and both positive and detrimental local pay spine variations.

The trade unions are seeking agreed minimum rates of pay for roles within all occupational groups, including to the academic career pathways as detailed in the Model C to the 2004 Agreement.

4. External Examiners

Building on the recommendations in the, 2011 Finch Report and the autumn 2015 HEFCE consultation on the future of quality assessment in England Wales and Northern Ireland and the role of external examiners, the system remains under-funded, under-rewarded and under-recognised. There is a need to improve levels of institutional support and recognition, including better pay rates and more transparent promotion procedures.

The trade unions are seeking positive proposals from the employers to develop a nationally-agreed system of remuneration of external examiners;

5. HE gender pay gap

Every year the official data pay data in UK higher education shows shameful and persistent pay inequality.

According to institutional data from 2013/14 for all academic staff, there was a gender pay gap of 12.6%, a difference between men and women of £6,103 per year.

UK universities promote the values of equality, yet it is nearly 50 years after the Equal Pay Act the sector still has huge gaps in the pay of men and women.

While the gender pay gap in higher education has fluctuated over the years, looking at the progress over the last 10 years, it will take until 2050 to close the gender pay gap.

A few employers and agencies are trying to tackle this problem. But at a national level the employers are content with producing yet another report, describing the issues, but then failing to ensure institutions take steps to produce a changed outcome.

It is not good enough. Should sector leaders adopt a clear policy position that the gap must be closed.

Higher Education [HESA 2013/14 data return]

- The gender pay gap across HE equates to a shortfall of £6,103 per year for each female academic working in HE. In total, this difference in average pay is a gender pay gap of £528 million per year. The total salary spend on female academics is £1.3 billion less than it is for male academics
- At 154 HEIs women are paid less than men, on average, and at only 8 HEIs are women paid equal to or more than men
- The gap is larger at the so-called 'elite' Russell Group institutions (16.3%)
- While over half of all academics are women, only 23% of Professors are women. It is clear that women are not being promoted to the top academic posts.
- The gender pay gap for academic related, professional staff is smaller than for academics, and stands at 3.5%

The trade unions are seeking nationally-agreed action for institutions to close the gender pay gap by 2020.

6. Casualisation and Zero Hours Contract’s

UK Universities have much to be proud of, but there is a risk of serious and sustained reputation damage from continuing to use contracts which invite comparisons with companies like Sport Direct.

The data from the hourly paid and casual staff working group indicates that the use of insecure casual contracts for academic and support staff is wide-spread.

The real extent of universities’ dependence on precarious and insecure contracts is opaque, a situation that possibly suits the sector. The UCU data indicates that;

Universities have built an army of precarious labour:

- 60% of teaching only staff in higher education are on fixed-term contracts
- 75,000 staff on highly casualised ‘atypical’ contracts
- At least 21,636 university teaching staff with zero hour’s contracts.
- 67% of research staff are still on fixed-term contracts – more than 10 years since the fixed-term regulations came into force.
- A third of these are contracts of 12 months or less.

UNISON data indicates that many universities are spending millions of pounds on agency labour rather than employing staff on contracts and creating stable work.

The trade’s union’s claim is for nationally-agreed action for institutions to reduce the proportion of their staff on casual and zero hour contracts and to ensure that their pay reflects the rate-for-the-job of permanent staff.

7. Scottish JNCHES sub-committee

The New JNCHES Agreement expressly acknowledges the reality of the establishment of devolved HE sectors for the devolved administrations within the UK, and that a sub-committee of the NEW JNCHES Committee may be formed to look at HE issues for any of the devolved administrations. There is clear evidence that there are some diverging trends and structures emerging with Scotland relative to the rest of the UK. For this reason, the trade union seek the activation of the Scottish New JNCHES Sub-Committee to look at Scottish issues.

The trade unions claim is to establish the Scottish Sub-Committee of New JNCHES as set out under the New JNCHES Agreement. The main purpose of the sub-committee would be to deal with matters not currently being dealt with at the New JNCHES Committee.

Conclusion

Based on the latest HESA data, the sector has a £1.85 billion surplus

By the end of this year the total real terms decline in your pay since 2009/10 could be as high as 17.5%.

The total difference in average pay received by male and female academics is a staggering £1.3 billion per year.

2014/15, the average vice-chancellor salary was £272,432, which was an increase of 3% on the previous year, and is 6.7 times the average pay of their staff.

According to HESA, there are 75,000 staff on highly casualised 'atypical' academic contracts.

Over the last six years capital expenditure has increased by 18.6%, income has increased by 23.9%, surpluses have increased by 125.4% and reserves are up by 72.3%.

Higher Education is undergoing a period of unprecedented and rapid change and the likely white paper in England will further add to this context of ongoing change for all parts of the UK. There are increasing expectations from government, employers and students that all HE staff will continue to deliver excellence in teaching, research, scholarship and support.

It is clear that members have been be rewarded with small increases in pay that have resulted in year on year real term pay cuts despite working harder and longer than ever.

At the same time as members have suffered a prolonged period of wage restraint, they have experienced significant and far reaching changes to the planning, organisation and delivery of their work. The last six years has seen the emergence of the student experience as the predominant strategic focus within the sector.

As a consequence, support services and staff have been outsourced, new innovative teaching and learning practices have been developed and deployed, work intensification for all grades is now widespread and significant levels of additional unpaid work is undertaken in support of providing world class levels of student experience and in attracting new students.

It is the trade's union view that this year the pay award should reflect, recognise and reward the collective contribution that our members have made over the many recent years to the national and international success story that is UK higher education.

The trade unions believe that our claim is reasonable and justified for the reasons given above and we look forward to a positive and early response to the claim.

We are seeking to negotiate an offer that we can recommend to our members.