

# Briefing for EIS-ULA members



## Why your university can afford to pay you more

For the reasons set out below, the EIS is urging you to Vote “YES” in the statutory ballot opening Wednesday 23 October 2013 on pursuing a fairer and better pay claim.

The table below is the summary of the data gained from analysing the 2011-12 and 2009-2010 Financial Statements (the former being the most recent available).

	2009-10	2010-11	2011-12	2012-13
<b>No of HE Staff on £70k+</b>	1496	1508	1547	n/a
<b>No of HE Staff on £100k+</b>	448	484	488	n/a
<b>% of Scottish HE Expenditure on Staff</b>	57.1%	56.7%	56.3%	n/a
<b>Total HE Reserves</b>	£2.4Bn	£2.6Bn	£2.5Bn	n/a
<b>Total Annual HE Operating Surplus</b>	£49.6m	£92.5m	£84.7m	n/a
<b>Average Principal's Salaries</b>	£196k	£206k <sup>1</sup>	£203k	n/a
<b>HE Pay Uplift (for staff within New JNCHES)</b>	<b>0.5%</b>	<b>0.4%</b>	<b>£150</b>	<b>1%</b>

New JNCHES carries out pay bargaining for all support, professional staff and academic staff up to, but not including professors and some other senior managers.

### Highly Paid Staff (those staff paid more than £70k)

All Scottish HEIs are required by the Scottish Funding Council to state how many staff have salaries of £70k and above – set out in bands. Overall, the Scottish HE sector shows an increase in the numbers of highly paid staff between 2010 and 2012.

### Very Highly Paid Staff (those staff paid more than £100k)

Between 2010 and 2012 there has been a significant increase, across the whole sector, of the number of staff earning £100k per annum.

### Average HE Principal's Salaries

In addition to the numbers of senior salaries – it would be remiss not to mention the steady rise in the HE principals' average salary. It should be noted that the 2010-12 period of financial accounts show that many principals' salaries did not rise at all – and those principals may rightly argue that their salaries have fallen significantly in real terms. However, some other principals received significant pay rises during the 2010-12 period – and this has increased the principals' average salary.

<sup>1</sup> The average salary of Scottish HE Principals is distorted by exceptional circumstances in 2010-11 at University of Abertay and the 2011 Financial Statement of the University of Aberdeen seem to imply some sort of carry-over of the Principal's salary into 2010-11 from the previous year. The EIS believes that the actual average salary for Scottish HEI Principals for 2010-11 is around £200k.

## **Non-transparent Staffing Costs**

A non-transparent and hidden aspect of pay negotiations with Scottish HEIs is how professors, senior academic managers and senior professional staff within Universities negotiate and sort out their pay – these being staff that are outside of New JNCHES. In other words, whilst there is transparency in the pay negotiations of all HE staff covered by New JNCHES, there is no proper transparency for staff earning above the New JNCHES spine point (£59,898). The EIS believes that this grey group are taking up a larger proportion of the staff costs in Scottish (and indeed UK HEIs). The EIS believes that they may be taking up as much as a third of the overall pay bill.

The EIS and the other HE unions have been campaigning for the expansion of the New JNCHES national pay spine to cover all staff, which will bring greater transparency to the sector and may also begin to reduce the gender pay gap (e.g. female professors are on average paid less than male professors). The Employers (at UCEA) have consistently refused this.

## **Proportion (as a %) of Scottish HE Expenditure on Staff**

The key resource of Higher Education Institutions is their staff, many of whom have taken many years to qualify in their specialist field. Staffing is and always has been the single largest expenditure item for HEIs. In recent years however, the proportion of HE expenditure on staff has fallen – despite the rise in the number of staff on £70k+.

EIS calculations show that the total percentage of the expenditure spent on staff (for Scottish HEIs) has decreased in recent years – in 2008-09 it was 57.9% and yet by 2011-12 it was 56.3%. The EIS believes that this is largely due to the sub-inflationary pay rises given to staff in recent years, giving New JNCHES covered staff a 14% real terms pay cut.

Indeed, it may be surprising that the drop in HE spending on staff as a proportion of the total spending is actually not greater - given that the vast majority of staff have had their pay cut by almost 15% in real terms over the last four years. The EIS believes that the increase in the number of senior staff and their salary increases have offset the real term pay cut of staff within New JNCHES. Put simply, it seems that most HEIs have been looking after their senior staff better than their general staff.

## **Overall Scottish HE Financial Health**

The Scottish HE sector is currently enjoying a period of real terms funding increases from the Scottish Government, and has not suffered the uncertainties of funding as has occurred in the rest of the UK (rUK) - with student fees and ABB initiatives etc. UCEA with its largely English based HEIs has argued in recent years that pay must be restrained in the sector because of funding “uncertainty”. This acknowledges that the overall HE funding has continued to rise in recent years – primarily driven by student fees, especially from overseas. Scottish HE staff should understand that the devolved HE structure and funding in Scotland has not suffered from funding “uncertainty” and that the Scottish Government has gone to a great deal of trouble to provide a stable funding environment for Scottish HEIs.

The EIS believes that Scottish HEIs are using the opportunity of the English HE funding uncertainties (albeit with total HE revenue rising) to restrain pay in Scottish HEIs. In other words, some of the “poorer” English HEIs may be driving the pay policy of the entire UK HE sector – giving Scottish HEIs an opportunity to give smaller pay rises and saying they are simply part of a UK pay bargaining process.

It would be misleading to state that other pressures do not affect HE spending, in particular capital and pensions. Government Capital expenditure has reduced in HE, as it has in other sectors within the UK. Some HEIs are using recurrent funding to make up cuts in capital funding – in other words, using money saved by sub-inflationary pay awards to fund capital projects.

The Scottish HE sector, as a whole, has generated healthy surpluses every year – over £84m in the last year that figures are available.

The Scottish HE sector's healthy surpluses have generated significant reserves – which (according to the latest figures) sit at around £2.5Bn. These are “reserves”, not “assets” – and illustrate the wealth of the HE sector – and some HEIs in particular.

*Put simply, the EIS believes that Scottish HEIs can pay their staff more.*

### **How far behind RPI Inflation has HE staff pay fallen?**

The most accurate way to measure real terms pay changes is to calculate changes in RPI and New JNCHES staff pay over the single four year period. This calculation is done below, with point 41 of the New JNCHES national HE pay spine used since it corresponds to the salary of a long serving unpromoted lecturer.

*The % change in RPI over four years August 2009 to August 2013:*

*RPI August 2009 = 214.4                  RPI August 2013 = 251.0*

*% change in RPI =  $\frac{\text{change in RPI}}{\text{RPI August 2009}} \times 100$*

*Change in RPI = 251.0 – 214.4 = 36.6                   $(36.6 / 214.4) \times 100 = 17.1\%$*

*A typical lecturer (on salary point 41) before the August 2009 pay uplift was paid £41,188, after four annual pay uplifts he/she would have had a salary of £42,055 in August 2012.*

*The % change (in cash terms) of a Point 41 lecturer's salary from the last four pay uplifts is:*

*% change in salary =  $\frac{\text{change in salary}}{\text{original salary}} \times 100$*

*[42,055 – 41,188 = 937] then  $(937/41,188) \times 100 = 2.3\%$*

Therefore, for the four pay periods, a lecturer's (on point 41) real terms pay increase may be calculated as:

$$\begin{aligned}\text{real terms pay increase} &= \text{cash terms pay increase} - \text{RPI inflation} \\ &= 2.3\% - 17.1\% = -14.8\%\end{aligned}$$

i.e. an average lecturer received a real term pay **cut of 14.8%** between August 2009 and August 2013.

Another way of measuring the real terms effects of recent pay increases is using the table below. The table ignores compound interest and highlights the difficulty in converting the £150 flat cash pay award in 2011-12 into an percentage pay uplift

Period covering last four pay negotiations.	RPI	HE Pay Settlements
August 2009- August 2010	4.7%	0.5%
August 2010- August 2011	5.2%	0.4%
August 2011- August 2012	2.9%	£150
August 2012- August 2013	3.3%	1%

Whilst these calculations all show real terms cuts for members' salaries, ultimately it is for each member to draw their own conclusion as to how their salary has maintained its purchasing power of recent years.

All the data from the calculations above is copied with the excel spread-sheet attached if you received this document by email.

#### **Other Issues in the Employers' (UCEA) Pay Offer – e.g. Zero Hours Contracts**

Following the policies set out by the EIS-ULA Annual Conference, improving pay is the main objective of the EIS at this year's New JNCHES pay negotiations. This is the issue that we have entered into dispute with the Employers.

The EIS and the other trade unions did raise other pay related issues in the 2013-14 Pay Claim, including the living wage and addressing casualisation of the workforce – and the use of zero hours contracts in particular.

The Employers have stated that their pay offer is a package – in which unions either accept everything or nothing. The Employers have offered to look at zero hours contracts as part of the pay offer – but only if the unions accept a 1% pay offer.

The EIS has asked the Employers to look at zero hours contracts separately to the 1% pay offer – but the Employers have refused.

*For the reasons set out above the EIS is urging you to Vote "YES" in the statutory ballot on pursuing a fairer and better pay claim.*

***Note: the information in the document includes information from the UHI, SRUC and RSC – although they (as employers) choose not to join other Scottish HEIs at New JNCHES pay negotiations. EIS members at those three HEIs should consider this briefing note for information – as they are not included in the impending ballot for strike action.***

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