www.gmb.org.uk/join www.eis.org.uk/join www.ucu.org.uk/join www.unitetheunion.com/join www.unison.org.uk/join

Joint National Committee for Higher Education Staff

Trade union side national claim - 2012

Submitted March 2012

Trade Union Claim

This claim is submitted jointly on behalf of the higher education trade unions. The claim is submitted against a background of continuing high inflation and that since 2009 the New JNCHES national bargaining process has delivered a low or below inflation pay award.

The effect of this is that across the higher education workforce, staff are reporting real falls in income and difficulties in maintaining their standards of living.

It is also the view of the trade union side that since the introduction of New JNCHES, the employer's side has deliberately restricted the scope of bargaining.

This claim seeks to redress this. The trade unions are seeking in 2012/13:

- An increase of 3.7% on all salary points to match the increase in RPI to February 2012
- A further increase of 3.3% to begin to catch up with the real terms cut in pay over the last three years
- A commitment from all universities to pay a 'Living Wage'
- Positive proposals from employers to address the outstanding recommendations of the 2009/10 Equalities Working Group. In particular, we are seeking positive action to address the continuing gender pay gap in higher education.
- Joint proposals on pay equality for professors and senior staff
- Structural proposals on the assimilation of hourly paid staff to the national pay spine and transfer to fractional contracts
- A joint agreement on disability leave

Pay and Inflation

For most staff the increase in pay over the last three settlements has amounted to approximately 1.4%. During the same period, the RPI index has increased by over 12%, resulting in a real terms cut of over 10% in the value of take home pay for staff.

For example, between August 2009 and July 2011 someone on pay point 22 will have lost over £1,600 in real terms. Someone on pay point 43 will be nearly £3,000 worse off.

Pay Spine Point	Total Shortfall Aug 2008 – July 2011
1	£ 1011
5	£ 1119
15	£ 1475
22	£ 1601
29	£ 1969
34	£ 2282
36	£ 2422
43	£ 2979
49	£ 3556
51	£ 3773

Whist the increase in the rate of inflation may be falling slightly in 2012 as the increase in VAT drops out of the headline rate, the impact of increased costs on staff remains. RPI is expected to remain above 3% for the remainder of 2012 and above the Bank of England target of 2% in 2013. Therefore a significant increase on all salary points is required simply for staff to stand still.

For lower paid staff the impact of inflation has a far deeper effect. The cost of essential goods such as food, fuel and energy have increased at an even higher rate than general inflation and with less disposable income, many lower paid staff are struggling to make ends meet.

Pay settlements in the private sector are returning to pre-recession levels. IDS analysis of settlements in the last quarter of 2011 showed 59% of settlements were above 3% and 28% of settlements were above 4%. The median settlement was 3%.

Annual Changes in RPI by Quarter 2010/2012

January 2010	3.7%
April 2010	5.3%
July 2010	4.8%
October 2010	4.5%
January 2011	5.5%
April 2011	5.2%
July 2011	5.0%
October 2011	5.4%
January 2012	3.9%
February 2012	3.7%

Source: Office for National Statistics http://www.ons.gov.uk/ons/key-figures/index.html

All-items RPI forecast, average 2012 2013

	2012	2013
January		2.7%
February	3.7%	2.6%
March	3.7%	2.6%
April	3.4%	2.6%
May	3.5%	2.5%
June	3.6%	2.5%
July	3.6%	
August	3.4%	
September	2.9%	
October	3.0%	
November	3.0%	
December	2.9%	

Source: IDS Pay Report 1088, January 2012

London Weighting

The level of London weighting paid in universities remains among the lowest across the public sector. The most common rate of £2,134 paid in pre-1992 universities is the lowest of all. The cost of living in London and average salaries in London are significantly higher than in other parts of the country.

The higher education unions have consistently sought a rate of £4,000 for Inner London weighting to bring universities more in line with other employers and to pay a rate that reflects the true cost of living in London.

Pension Increases

Changes to public sector pensions will see further increases in employee contributions to schemes. This will result in further reductions in the take home pay of staff. Staff in the USS have already seen an increase of 1.15% in contributions and staff in the NITPS, STSS and the TPS will see increases of between 0.6% and 2.4% of pay from April 2012. Proposals are also expected shortly for members of the LGPS that is likely to see increases in contributions for many staff. These increases will have the impact of further reducing take home pay for staff.

Affordability

The Hefce report, ‘Financial health of the higher education sector’ published in March 2012 reported that, ‘the majority of the key financial indicators are the best on record, with the sector reporting strong surpluses, large cash balances and healthy reserve levels.’ They also state that the financial outcomes reported for 2010/11 are much stronger than the sector’s forecast for the year.

The report identified that operating surpluses increased from £708m (3.2% of income) in 2009/10 to £1,062m (4.6% of income) in 2010/11, against a long term average of 2.7%. The percentage of staff costs as a percentage of income fell from 54.3% to 53% in the same period; a historical low. The report also identified increases in cash flow levels, liquidity and reserves of universities.

This healthy financial position is reinforced when falling staff costs as a percentage of total expenditure in the period is considered. This has fallen from 57.4% in 2007/8 to 56.2% in 2010/11.

Staff costs as % total expenditure

2007/8	57.4%
2008/9	56.8%
2009/10	56.6%
2010/11	56.2%

Source: HESA, Resources of Higher Education Institutions, HESA HE Finance Plus, series; % calculation UCU

Income across the sector rose by 3.2%, income from student fees rose by 8.5% and income from overseas students increased by 16%. At the same time the staff costs fell by 2%. The report identified a real term reduction in average pay in the sector.

The key concern of institutions in the identification of future risk was a fall in student numbers. The report states that UCAS indicate that student demand for places in 2011/12 continued to exceed supply and that the risk of an unexpected drop in student number in 2012/13 is low.

The report identifies that income from student fees will continue to increase, more than offsetting reductions in teaching grants and research funding allocations. Hefce have predicted that the income for teaching will increase by almost 8% from £8.9b this year to £9.6b in 2014.

The Scottish Government has published its three year funding allocation for the University Programme Budget. The allocation of funding to universities will increase by over 14% in this period, rising from £926.6m in 2010/11 to £1061.7m in 2014/15. The Scottish Government has also agreed to continue funding undergraduate teaching of Scottish domiciled and EU students.

Affordability of pay increases hasn't been an issue for all staff in HE in recent years. HESA data shows that pay for Vice-chancellors has increased at almost double the rate of other staff groups since 2002 and that the number of staff earning over £100,000 in higher education has increased to over 1,300.

The Living Wage

The Joint Higher Education Unions are seeking a commitment from all higher education institutions to pay a 'living wage'. A 'living wage' is defined as a wage providing 'a minimum acceptable quality of life to enable people and their families to live decently within their community.'

The widely accepted living wage outside London is £7.20 per hour. This is the figure used by the Living Wage Foundation based on research by the Joseph Rowntree Foundation and the Centre for Research in Social Policy at Loughborough University. The living wage in London is £8.30 per hour. This is determined by the Living Wage Unit at the Greater London Authority.

The current minimum hourly rate for staff in the higher education sector on the national pay spine is £6.92 for staff on point 1 and a 37 hour working week. It would require a 4% rise for these staff to be paid at the current rate of the living wage. In London many institutions fail to match the living wage because they pay some of the lowest rates of London weighting of any public bodies.

The unions are seeking a commitment from employers to pay a living wage not just in 2012, but also for the years ahead. We are also seeking a commitment from universities that staff that are contracted out are also paid a living wage.

The living wage is already in place in many public and private sector employers. In London thirteen universities have committed to paying a living wage to all staff. For the significant percentage of institutions that operate a 35 hour working week there would also be no cost.

For many institutions the cost would be minimal. Indeed, many employers have stated that they have benefitted from paying a living wage. As well as enhancing the reputation of the employer, employers have seen retention and productivity rates rise and sickness levels fall as staff feel more valued and no longer have to take on two or three additional jobs to make ends meet.

A representative of one of the UK's leading banks said that, 'since adopting the London Living Wage in 2007 the company has seen catering staff retention rates increase to 77% compared to an industry norm of 54%, and cleaning staff retention rates climb to 92% compared to the industry norm of 35%.' This has saved time and money not only in recruitment and selection costs but in training and productivity.

Last year the further education employers committed to a living wage for all. A commitment to pay a living wage is rapidly becoming a mark of a good and socially responsible employer within a community. This is precisely how higher education institutions should be viewed and we would welcome a positive response to this claim.

Equalities

Despite improvements in recent years, the gender pay gap in higher education is still much greater than in the wider economy and across the public sector. The JNCHES Equality Working Group identified that the HE full time gender pay gap was 17.3% compared to a UK workforce average of 10.2%. The pay gap for female academic staff was 13%.

The gender pay gap for higher education teaching professionals identified by ASHE in 2000 was 15%. This had dropped a miniscule amount to 14.4% in 2011. Progress on this issue has been woefully slow. The gender pay gap for teaching staff in higher education is substantially higher than in other areas of the teaching profession.

Gender pay gap in the UK teaching profession, 2011 (ASHE)

	Female £	Male £	F as % M	Gender pay gap *
Higher education teaching professionals	43,726	51,052	85.6%	14.4%
Further education teaching professionals	32,392	37,834	85.6%	14.4%
Secondary education teaching professionals	35,602	40,377	88.2%	11.8%
Primary and nursery education teaching professionals	34,432	38,411	89.6%	10.4%

*the extent to which female pay lags behind male pay; based on ASHE published data, and likely to include a small percentage of teaching professionals not actually employed in the HE sector; Full-time gross mean average annual pay; % calculations UCU; Source: ONS ASHE Table 14.7a

The pay gap for the professoriate persists and increases at key points in the research assessment cycle and could well be a feature of the REF without policy intervention and action. There is a serious problem in many institutions over the lack of transparent grading and promotion procedures for professors and senior staff. The failure of UCEA and institutions to address this leaves institutions open to legal challenge and undermines their role in promoting transparency and equality.

The Review of HE Governance in Scotland has recommended that the New JNCHES salary spine be expanded to cover all University employees. The trade unions share the views of the report that such a move would aid transparency, accountability and equality.

The trade union view is that the bulk of the pay gap in higher education is due to structural issues that should be addressed through active policy intervention and enforcement.

The Equality Challenge Unit (ECU) published its report ‘Enabling equality: furthering disability equality for staff in higher education’ in September 2011. The report identifies that higher education institutions are failing to meet their duties under the Equalities Act by failing to provide disability leave as a reasonable adjustment for disabled staff despite guidance being available since 2006.

The trade union side are seeking:

- Positive proposals from employers to address the outstanding recommendations of the 2009/10 Equalities Working Group. In particular, we are seeking positive action to address the continuing gender pay gap in higher education.

- A joint agreement on disability leave

- Positive proposals on the assimilation of hourly paid staff to the national pay spine and transfer to fractional contracts

- Joint guidance on pay equality for professors and senior staff

Conclusion

Whilst trade unions accept that we remain in a period of uncertainty both economically and within the higher education sector, we believe that a substantial increase for staff in 2012/3 is justified. Staff have suffered real terms cuts in pay over each of the last three years and this cannot continue indefinitely.

The sector is clearly in a healthier financial situation than that predicted at this time last year. Surpluses in the sector are at a record high and predictions of falling student numbers look ill placed.

The employers have pleaded poverty in each of the last three sets of negotiations. This clearly will not wash for a fourth consecutive year. Staff have suffered real falls in living standards over this period. We believe that it is a realistic expectation of staff that their pay should at least match increases in the cost of living and expect that this year’s offer will address this.

We also believe that the real loss over the last three years should be recognised and that the offer should also begin to address this.

Higher Education is going through a period of almost unprecedented change. If staff are going to be able to meet the challenges of increased student expectation and continue to deliver the most efficient and effective higher education system in the world, they need to be fairly rewarded and recognised for their work. There is growing anger and frustration among staff over the fall in pay levels over the last three years.

We believe that the claim is fair and reasonable and look forward to a positive response from the employers.