Joint Higher Education Trade Union Pay Claim

2014/15

Part 1

Submitted 20 March 2014

Background

These two claims for Pay and Pay Related Equality Matters are submitted jointly by all five recognised higher education trade unions and are to be negotiated concurrently within the 2014-15 New JNCHES negotiations via the New JNCHES machinery.

Nothing in either claim should be taken to mean that UCU, UNISON, Unite or EIS has withdrawn or abandoned their dispute in relation to 2013/2014 pay and pay related matters claims. UCU, UNISON, UNITE and EIS will continue to press its outstanding 2013/2014 claim utilising their industrial action mandate from their members.

The employer's imposed offer of 1% pay award across all pay spinal column points represents a fifth consecutive year of pay restraint in higher education for those covered by New JNCHES negotiations. During the last 12 months trade union members across the UK have expressed their dissatisfaction at the offer and have taken part in industrial action to state their collective view that a fairer approach to pay is needed in the sector.

The effect is felt across all grades of staff in higher education covered by the national pay spine. Our members are reporting real falls in income and difficulties in maintaining a standard of living.

Pay

The trade unions are seeking a response from the employer on an increase to the pay spine that addresses the following issues for 2014/15:

- The current cost of living increases experienced by our members over the last 12 months. Most recent RPI figure published in February 2014 is 2.8%.
- The issue of the “real terms pay gap” for members who have seen the gap between where there wages should be had they matched inflation over the last 5 years. The current real term pay gap calculated over 5 years has widened to 15.2%.
- Low Pay / Living Wage - The Trade Union side are looking to ensure that no University is paying any member of staff at a level below the Living Wage / London Living Wage.
- London Weighting – An increase in the minimum allowance.

For most HE staff the last five settlements has amounted to approximately a 3.2% increase in pay. When the annualised RPI increases over this period are combined with the forecast RPI rate up to July 2014, cumulative inflation will have increased by approximately 18.4%. Depending on the salary point the result in real terms is a cut of over 15% in the value of take home pay, with some employees seeing a real terms pay cut of over 17%.

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

Employees in higher education covered by spinal column points 1-51 have seen substantial falls in their standards of living over this period and the trade union side believe that continued pay restraint is unsustainable if universities wish to recruit and retain high quality staff and continue to deliver world class teaching and research and high quality support services to students.

All-items RPI forecast. Source: IDS Pay Report 1120 January 2014

	Average % inc
December 2013 (actual)	2.7
January 2014 (actual)	2.8
February	2.7
March	2.6
April	2.8
May	2.9
June	3.0
July	2.9
August	2.8
September	2.8
October	3.0
November	3.0
December	2.9

Comment: These figures are consistent with Treasury forecasts showing that RPI is anticipated to rise over the next four years, resulting in a 16.5% increase in the cost of living by 2018

Year	**RPI forecast**	**Cumulative increase in cost of living**
2014	2.8	2.8
2015	3	5.9
2016	3.2	9.3
2017	3.2	12.8
2018	3.3	16.5

Source: HM Treasury independent forecasts (Feb 14)

The loss in value of pay is compounded by the continuous increase, typically above the prevailing rate of inflation, in the cost of essential goods such as food, fuel, travel and energy. This has resulted in HE staff having less disposable income and facing increasing financial difficulties.

Take home pay for staff in the sector is being further reduced by increases in member's pension contributions both in this and subsequent years. There is also a prospect of increased national insurance contributions for members of contracted out schemes.

Real terms shortfall Aug 2009 - Aug 2013	**Cumulative**	**Per month**
Pay point	£	£
7	2072	172.67
11	2336	194.69
22	3275	272.92
29	4064	338.68
34	4735	394.55
36	5033	419.43
43	6225	518.78
49	7462	621.86
51	7926	660.51

In the private sector, the latest IDS analysis of settlements puts private sector median and mean increases at 2.5%, with the lower quartile at 2% and the upper quartile at 3%.

Pay of vice-chancellors and principals (VC&P) and UK academic staff

Much has been publicised over recent months about the levels of remuneration of vice-chancellors and individuals. It has become apparent that the pay for VC&P has been more aligned to the remuneration of FTSE Chief Executives than the marginal increases endured by staff in the sector. There has been mounting concern at the size of the pay increases made to senior staff, and Government Ministers at Westminster and Holyrood have also expressed concern in relation to senior staff salaries.

The latest data also shows a disproportionate rise in the numbers of HE staff earning more that £100,000 pa. This trend in the senior pay continues year on year. The trade unions are concerned at the lack of transparency in how such off scale appointments and reward decisions are made. However what is clear is the fact that against a backdrop of suppressing national spine payments for the many, some are doing very well in comparison. HESA data also shows in 2011/12 a total of 2,761 HE staff were paid more than £100,000 p.a.

It is the trade unions view that the increases in reward and the increasing numbers of senior staff attracting six figure salaries, need to be understood in the context of the perceived lack of fairness and balance when real term pay cuts continue to be the experience of the vast majority of HE staff.

The trade union side believe that the pay of vice-chancellors should be capped at ten times the level of pay of their lowest paid staff.

Low Pay

Low pay in higher education remains an issue. A UNISON / NUS survey of the minimum rates of pay in higher education showed that over 70 higher education institutions fail to pay the Living Wage/ London Living Wage to some groups of staff.

Lowest paid staff has been hardest hit by the increases in essential items such as the cost of food and fuel that have increased in price in excess of the general rate of inflation. On average, the lowest 10% of earners spend over 25% of their income on food compared to just 4% for the highest 10% of earners. The Institute of Fiscal Studies has recently published a study which demonstrates the higher inflation faced by low earners as a result of their different expenditure patterns. It found that, between 2008 and 2013, the lowest income fifth of households has faced average **annual** inflation that was 1% higher than the highest income fifth.[1]

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 £7.65 per hour outside London and £8.80 per hour in London.

The trade unions claim is to address the issue of low pay in the higher education sector by achieving a Living Wage / London Living Wage for the lowest paid in the sector.

Affordability

The HEFCE report published in March 2014, 'Financial health of the higher education sector' states that financial results for the sector in 2012-13 are "sound overall and stronger than projected by the sector in July 2013".

The projected financial results for 2013-14 indicate that the sector will remain in sound financial health and the report finds that no institutions are close to the risk of insolvency.

The Report identifies that income from overseas student fees will continue to increase, more than offsetting reductions in teaching grants and research funding allocations.

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

Scotland

The latest EIS report in Pay and Key Financial Data show that total income for the Scottish Universities rose in 2012-13 by 6.4% to £3.0bn and that Scottish Universities hold a combined "closing reserves" of £2.9bn, having rose by almost £400m in 2012-13.
The same Report shows that the proportion of Scottish Universities expenditure spent on staff costs has continued to fall for the fourth year in succession; from 57.9% in 2008-09 to 55.8% for 2012/13. Total expenditure of Scottish HEIs rose from £2,618,818k to £2,915,196k between 2008-09 and 2012-13 (11.3%) whilst staff costs rose from £1,515,344k to £1,626,628k (7.3%) over the same period. The latter rise means that total expenditure spent on staff costs have also fallen in real terms by 9.8% between 2008-09 and 2012-13. This period also includes increases in employer pension contributions rates.

The Report also shows that the number of senior staff paid more than £100k pa has risen disproportionally in Scotland compared to the New JNCHES cost of living rises. The average Principal salaries (including bonus but excluding employer pension contributions) rises from £195,953 in 2009-10 to £215,153 in 2012-13, a 9.8% rise over 3 years.

There is clear evidence in Scotland that senior pay at Scottish Universities has continued to increase disproportionately, leading to staff cost real terms cuts to be borne by ordinary staff. There is therefore evidence that "affordability" is only an obstacle to the pay aspirations of ordinary staff, and not senior staff.

London Weighting

The cost of living in London is rising faster than anywhere else in the UK. London Weighting varies greatly within the London region HE sector, from £2134 to over £3000. Some institutions have frozen London Weighting for 20 years, where as others have linked it to national pay increases. The rate of London Weighting should reflect rising living costs and inflation and it is the trade unions view that it should be harmonised within institutions.

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

Conclusion

Higher Education is undergoing a period of almost unprecedented and rapid change. There are increasing expectations from government, employers and students that all HE staff will continue to deliver excellence in teaching, research and support.

The HE trade unions are not against change however over recent years, it's 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.

If the pattern of national bargaining outcomes over the last five years repeats itself in the coming years, members' pay will continue decline. With the employers' side reluctance to expand negotiations to cover pay related matters the prospect for any meaningful agreements at a national level remains limited.

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