

Calculations regarding real terms increases/decreases in HE staff pay for the last three pay settlements

The Trade Union joint salary claim for 2012-13 stated:

"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."

The last three pay settlements cover the period from August 2009 to July 2012 (inclusive):

Pay Settlement Implemented	Pay Settlement Uplift	Annual change in RPI (year on year, for pay settlement period; August – August inc.)
August 2009	0.5%	4.7%
August 2010	0.4%	5.2%
August 2011	£150	2.9%

The best method of measuring the real terms pay rises for members for the last three pay deals is to compare the rise in an average lecturer's salary with the rise in the Retail Prices Index (RPI) for the same period.

The % change in RPI for the last three pay settlements (August 2009 to August 2012) is:

$$[243.0 - 214.4 = (28.6 / 214.4) * 100 = 13.3\%]$$

A typical lecturer (on salary point 40) before the August 2009 pay uplift was paid £39,990, in July 2012 salary point 40 was equivalent to £40,430.

The % pay increase (in cash terms) for an average lecturer's salary from the last three pay uplifts is:

$$[40,430 - 39,990 = 440 \quad (440 / 39,990) * 100 = 1.1\%]$$

A typical lecturer's real terms pay increase over the last three annual pay settlements may be calculated as:

real terms pay increase = cash terms pay increase – RPI inflation

$$= 1.1\% - 13.3\% = \mathbf{-12.2\%}$$

Therefore, over the last three year pay period, a lecturer on point 40 of the salary spine has experienced a real terms pay cut of 12.2% i.e. around £5,000