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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Nothing in either claim should be taken to mean that UCU, UNISON, Unite or EIS has withdrawn or abandoned their dispute in relation to 2013/2014 pay and pay related matters claims.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 University financial reports 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.

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Joint Higher Education Trade Union Pay Related Equality Matters Claim

2014/15

Part 2

Submitted 20 March 2014

Background

In addition to pay, as part of the national negotiations over recent years the trade unions have expressed a need for the employer's national representatives to address a number of serious issues relating to inequality in the sector; closing the gender pay gap, transparent and fair senior pay arrangements, issues relating to the extensive use of zero hours contracts and fractionalisation of hourly paid staff.

This year we see further areas of inequality that we feel need to be addressed; the issues of increasing the number of women and black workers in senior management / academic positions, issues of a two-tier workforce and impacts of outsourcing / privatisation.

<u>Pay Equality related items</u>

The trade unions seek a response from the employers on the following issues that are related to pay equality.

- We are seeking an agreement to extend the top of the pay spine beyond point 51.
- We are seeking an agreement to address the equality issues faced by hourly paid staff – expressly those that are retained on Zero Hour Contracts and other forms of casualisation in the sector.
- A national agreement on Disability Leave.
- We are seeking an agreement that addresses the issues of increasing workloads facing our members.
- A national "Employment Security Agreement" to include measures to avoid redundancies.
- A national agreement to address the gender pay gap.
- A national agreement to address the issue of incorporating the Living Wage / London Living Wage into all new outsourced contracts and all contract renewals.

We are seeking to negotiate an offer on both pay and pay related matters that we can recommend to our members.

Extension of the Pay Spine

Pay transparency and fairness are key principles of the National Framework Agreement. When implemented via agreed job evaluation and reward practices these principles enable institutions to operate equality proofed and open practices. However both principles and practice become opaque beyond point 51 as many institutions have devised and operate their own progression and reward strategies. The trade unions are not convinced that the appropriate checks and balances to ensure pay equality based on gender are taking place. This has the potential for unfair and unequal pay structures, which could expose institutions to equal pay claims.

The latest data indicates that approximately 25% of staff in the sector is paid above the pay spine and that of this percentage a lower proportion are female employees. This now represents a significant and growing proportion of the HE workforce and the issue needs to be addressed if the NFA is to retain its integrity.

The Prondzynski Review of HE Governance in Scotland has recommended that the New JNCHES salary spine be expanded to cover all University employees. Such a move could be introduced relatively quickly and would aid transparency, accountability and equality by building on the existing arrangements.

The trade unions claim is for an agreement to extend the pay spine beyond point 51 based on the agreed principles of fairness and transparency.

Zero Hours Contracts, Hourly Paid Staff and other forms of Casualisation

Despite commitments from employers in the sector, there is still hourly paid employees whose pay is not linked to the national pay spine. Even where the link exists, the calculation of comprehensive hourly rates, detrimental terms and conditions and the use of zero hours contracts continue to leave HE staff in an unfavourable position compared with their full time salaried colleagues.

The trade union claim is for;

- the assimilation of all hourly paid staff to the national spine

- the *conversion* to fractional contracts for hourly paid lecturers to harmonised terms and conditions that recognise the hours required to perform the job and do not make use of zero hours contracts.

National Agreement on Disability Leave.

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.

Whilst the trade union side acknowledges the recent UCEA and union joint work on this matter, the trade unions believe a national level agreement on disability leave is the best way of achieving fair and consistent treatment of disabled staff across the sector.

An Agreement on Workloads and Working Hours

A UCU survey of 14,000 higher education academic and academic-related staff, found stress levels from intense workload is considerably higher than that of the general British working population, and that many universities suffer from a long-hours culture.

The key survey's findings include:

- At 76 institutions, more than 30% of all full-time respondents reported working over 50 hours a week.
- UCU members at universities show a considerably higher average level of stress relating to the demands made on them at work, than the British working population as a whole.
- Stress levels related to work demands have risen for UCU members in higher education over the past four years.

The pressure on staff in higher education is being further compounded by funding cuts, increased workloads and rising expectations from students now paying much more for their education.

The trade union claim is for national guidance on workloads and working hours, that incorporate and builds on existing workload agreements.

Nationally Agreed Measures to Avoid Compulsory Redundancy

Despite repeated attempts by the joint trade unions to press the employer's representatives for a national level job security agreement, no recent negotiations have taken place beyond the talks that led to the Higher Education ACAS Digest in 2010.

However with the recently announced government plans to exclude fixed term contract staff from collective redundancy consultations and cut the statutory minimum consultation period from 90 days to 45 days if at least 20 employees are to be made redundant, job security in now back on the agenda.

The BIS consultation document published on 18 December 2012 clearly indicates that HE employers were instrumental in lobbying government to make it easier to their sack staff at the end of fixed term contracts.

Increasing job insecurity for a large and essential cohort of HE staff has a knock on detrimental effect on staff in the sector beyond those immediately at threat of redundancy.

The trade unions claim is for nationally agreed measures to avoid compulsory redundancy.

Measures to address the Gender Pay Gap.

Despite some limited improvement 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%. In 2012 ASHE data has the gap at 17.1 %

Gender pay (GP) gap (ASHE)

Gender pay gap (ASHE)									
Higher education teaching professionals									
Median@April	Female	Male	F as % M	GP gap	Mean@April	Female	Male	F as % M	GP gap
2012	40984	46715	87.70%	12.30%	2012	41,668	50,306	82.90%	17.10%
2013	41433	47138	87.90%	12.10%	2013	42653	50428	84.58%	15.42%
Further education teaching professionals									
Median@April	Female	Male	F as % M	GP gap	Mean@April	Female	Male	F as % M	GP gap
2012	32819	34176	96%	4%	2012	33124	35598	93.10%	6.90%
2013	33081	35074	94.32%	5.68%	2013	33794	36181	93.40%	6.60%
Secondary education teaching professionals									
Median@April	Female	Male	F as % M	GP gap	Mean@April	Female	Male	F as % M	GP gap
2012	36209	38638	93.70%	6.30%	2012	35210	38098	92.40%	7.60%
2013	35576	39291	90.54%	9.46%	2013	35038	38601	90.77%	9.23%

The trade unions believe 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 measures agreed with the unions.

Conclusion

Higher Education is going through 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 pay cuts despite working harder and longer than ever.

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

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