

NATIONAL PAY BARGAINING: All Staff Communication

1. The three-year national pay agreement from 2006 expires at the end of July 2009 and that a new pay settlement is due to be negotiated nationally¹ between UCEA (the employers' association for the sector) and the five recognised trades unions within the sector: EIS, GMB, UCU, UNISON and UNITE.

New pay-bargaining machinery ('New JNCHES')

2. Under the terms of the 2006 national pay agreement, there was a clear commitment to review the national pay bargaining machinery for the sector, known as JNCHES (Joint Negotiating Committee for Higher Education Staff), by July 2007, with a view to establishing an improved system of national bargaining.
3. In November 2007, following extensive discussions throughout 2006/07, agreement was reached, in principle, between all five trades unions and UCEA on new national pay bargaining machinery. This machinery is known as New JNCHES.
4. New JNCHES provides for "single table" bargaining for all recognised trades unions in the sector and a clear timeframe for the deliberation of future pay claims in the full knowledge of higher education institutions' (HEIs') funding position for the year ahead.
5. The negotiators for the unions and employers collectively agreed that the in principle agreement was "the best that could be achieved by negotiations".
6. In a subsequent ballot of its membership, UCU rejected the JNCHES reforms and has not therefore joined New JNCHES. The other trades unions have formally signed up to this forum.
7. New JNCHES² is the only national forum within which national pay claims can be considered.

JNCHES Finance & Pay Data Review

8. Another agreed outcome to the 2006 national pay settlement was that the first ever, in-depth, joint employer/union consideration of finances and remuneration in higher education would take place. The express purpose of this review was to establish "commonly accepted data" to "facilitate and inform future negotiations."
9. All of the recognised trades unions fully participated in the review and are parties to its findings.

¹ Sussex is committed to national pay bargaining and has stated this intention to UCEA. However, the University will keep this position under review as it is important that participation in national pay bargaining remains in the best interests of the institution.

² Agreements made by JNCHES and predecessor negotiating bodies, and which were in force in August 2007, have been inherited by New JNCHES.

10. The full report and supporting appendices from the review may be found at:

http://www.ucea.ac.uk/en/New_JNCHES/jnches-review-of-finance-and-pay-data/

11. Key points to note from the findings of the review are:

- a. Although most HEIs are financially stable in the short term, the levels of surplus and investment of HEIs are too low to confidentially assure a sustainable future.
- b. The standard activity-based costing system reveals the whole sector to be in deficit, suggesting that institutions are not making sufficient financial surpluses to cover long-term needs for investment in estates and other infrastructure. There are serious concerns about the sector's capacity to generate sufficient financial headroom for necessary improvements, innovation and investment to maintain the reputation of UK higher education and its contribution to government objectives, including the national economy.
- c. The sector's costs are rising faster than public funding.
- d. Staff costs have remained broadly constant as a proportion of institutional costs, with the average at 57 – 58%.
- e. Total staff costs have increased on average by 8% per year over the last six years. This is significantly higher than the increase in public funding for teaching in higher education.
- f. Although staff costs have risen faster than price inflation, the sector has, in general, been able to manage this deficit through the large increase in overseas student fees and the introduction of variable fees for home and EU students.
- g. The major part of the new tuition fee income for English HEIs from home and EU students has been spent on staff costs. A further significant part has been spent on bursaries for students, leaving less than a quarter of the increased income available to support investment in infrastructure and financing of university operations.
- h. Average earnings in the HE sector are higher, by 25% for full-time staff, than across the economy as a whole.
- i. Earnings for HE teaching professionals rank fifth or sixth out of 44 professional occupations, depending on the measure used. Annual earnings for researchers are slightly lower in HE than outside but, on an hourly earnings measure, are ahead.
- j. Managers and personal assistants earn more outside HE, even on an hourly basis, while occupations in which earnings are higher in HE include scientific and engineering technicians, skilled trades, clerical occupations, cleaners and catering assistants.
- k. HE national pay settlements have resulted in a total increase of 35.6% in the years from 2001 to 2008.
- l. Academic salaries for the years 2001/02 to 2006/07 have shown an average increase of 27.8% which is well ahead of inflation.

- m. The biggest earnings increases have been recorded by part-timers, and by those with the lowest earnings. This largely reflects the bottom weighting of pay awards with minimum flat-rate increases for the lower paid.
- n. Overall, the gender pay gap in HE is higher than that in the whole economy. On the basis of mean full-time hourly earnings (the usual measure for the gender earnings gap), the HE sector has a gender pay gap of 20.3% compared to 17.1% for the whole economy.³
- o. Recruitment and retention is not a major problem for the majority of HEIs. Where problems do exist, they are confined to specific occupational groups or academic subject areas. Only 1.8% of respondents to the review saw high turnover rates for academic staff as a problem.

Status of Current National Pay Talks

- 12. The timetable for this year's national pay bargaining starts in March 2009 with the expectation of a pay settlement being negotiated for 1 August 2009. HEIs will be advised of their respective funding allocations from government in March 2009 which will inform the national pay bargaining process from an affordability point of view.
- 13. Although not signed up to New JNCHES, in December 2008 UCU submitted a pay claim for 2009. UCU is seeking, amongst other things, a minimum pay increase of the higher of RPI (Retail Prices Index) + 5% or 8%. UCU indicated to UCEA that, if national pay talks had not commenced by the end of January 2009, it may ballot its members for industrial action.
- 14. The other unions will shortly be submitting their claim to New JNCHES.
- 15. UCU is invited to all meetings of New JNCHES and attended the inaugural meeting as observers.
- 16. ACAS talks are currently taking place between UCEA and UCU in a bid to resolve UCU's issues with the revised national bargaining arrangements; the other trades unions are also party to these ACAS talks. Four meetings have taken place to date and it is understood that significant progress has been made. A further ACAS meeting has been scheduled for 20 February and another is being arranged for about 3 March. It is understood that UCU will convene a special meeting of its Higher Education Committee to re-consider the position shortly after this date.
- 17. Further detail on the background to and progress of national pay bargaining for 2009 may be found at:

<http://www.ucea.ac.uk/en/2009 Pay Negotiations/>

³ A gender pay gap does not necessarily indicate differences in pay for *comparable* jobs. Following the Framework Agreement at Sussex, comparable jobs fall within the same grade as each other. An independent equal pay review conducted in 2007 for Sussex showed that Sussex does not have an equal pay gap in any of its grades – i.e. between comparable jobs. A follow-up review will be conducted in 2009.

18. As with other HEIs, Sussex will receive its funding statement for the year ahead in March, including the funding outcome of the recent research assessment exercise (RAE). Given the current financial environment, no real growth in government funding is expected. We are also subject to likely loss of QR as a result of the RAE and cost pressures from last year's above expectation pay rises, increased utility costs and pension costs. We expect that the University will struggle to achieve its planned surplus this year and may not meet its break-even budgets in the next two to three years. This is at a time when creating financial headroom for investment in campus facilities and the academic enterprise are more important than ever. Similar pressures will be faced by peer institutions. Therefore, it is important that a realistic approach is taken in this pay round.

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