



UNIVERSITIES & COLLEGES
EMPLOYERS ASSOCIATION

Bargaining developments and trends in the UK

Helen Fairfoul
UCEA Chief Executive

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Session outline

- **The national and institutional bargaining arrangements in UK HE: a brief explanation**
- **Trends in UK pay bargaining, 2008 to 2016**
- **Current union strategies in bargaining and reflections on the future**



Bargaining arrangements

- **410,130** staff (51% support staff)
- Circa 90% of staff covered by national (base pay) bargaining
- **£18 billion** pay bill
- **Five** labour unions
 - UCU, EIS (academic staff)
 - GMB, UNISON and UNITE (support staff)
- **27%** of staff in union membership
 - Academic staff 34%
 - Support staff 20%
 - Recognition generally limited to staff below Professor



Hybrid pay bargaining arrangements

National

- 51 point pay spine uplift only (max point £59,400 / A\$101,000)
- Multi-employer collective bargaining (called JNCHES)
- 148 institutions in *voluntary* multi-employer negotiations for 2017-2018
- Those outside negotiations tend to 'track' national awards

Institutional

- Grades and their boundaries, reward and career structures
- Senior pay (Professors and others above point 51)
- All other pay matters (e.g. progression, merit, market payments)
- Benefits and conditions



National bargaining arrangements

UCEA's Guide and 'Code' for participating institutions

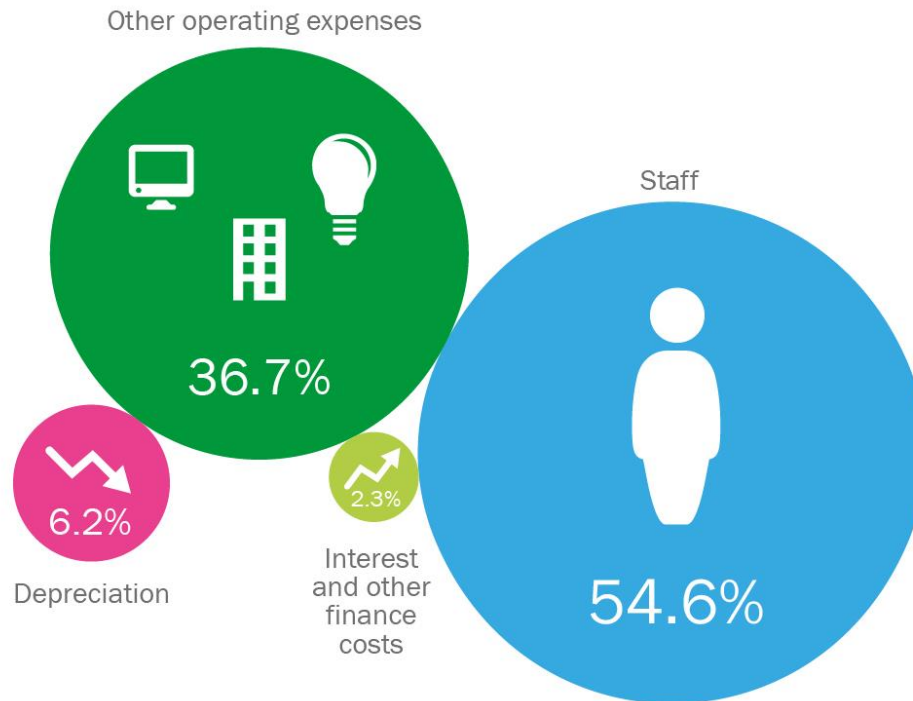
- Established in 2008 following consultation on 'lessons learned' in 2006 dispute
- Sets out expectations and commitments for member institutions and UCEA
- Aims to ensure greater clarity / understanding of the processes involved and improved unity of purpose
- Key elements:
 - **Consultation in three stages:** contextual briefing; meetings; questionnaire
 - Final questionnaire seeks mandate and decisions on 'opting in' or 'opting out'
 - UCEA Board advises on negotiating remit
 - UCEA negotiating team (of 6) formed
 - **Communications:** expectation that participating members will commit to a shared approach to internal and external communications
 - **Industrial disputes:** adopt a common strategic framework and policy on withholding of pay consistent with recommended approach



Some context

What do HE institutions spend their money on?

TOTAL EXPENDITURE 2015-16



*fundamental restructuring costs 0.2%

Sources: HESA

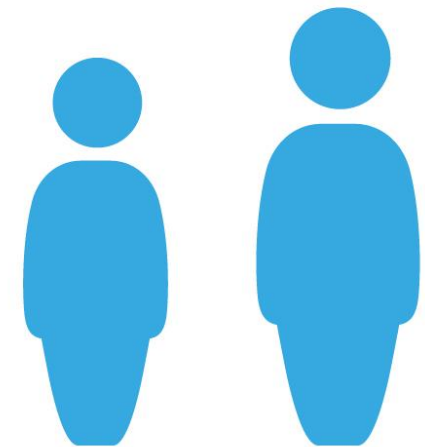
22.5% INCREASE IN
STAFF EXPENDITURE

£14.7 bn

2010-2011

£18 bn

2015-2016



381,790

2010-2011

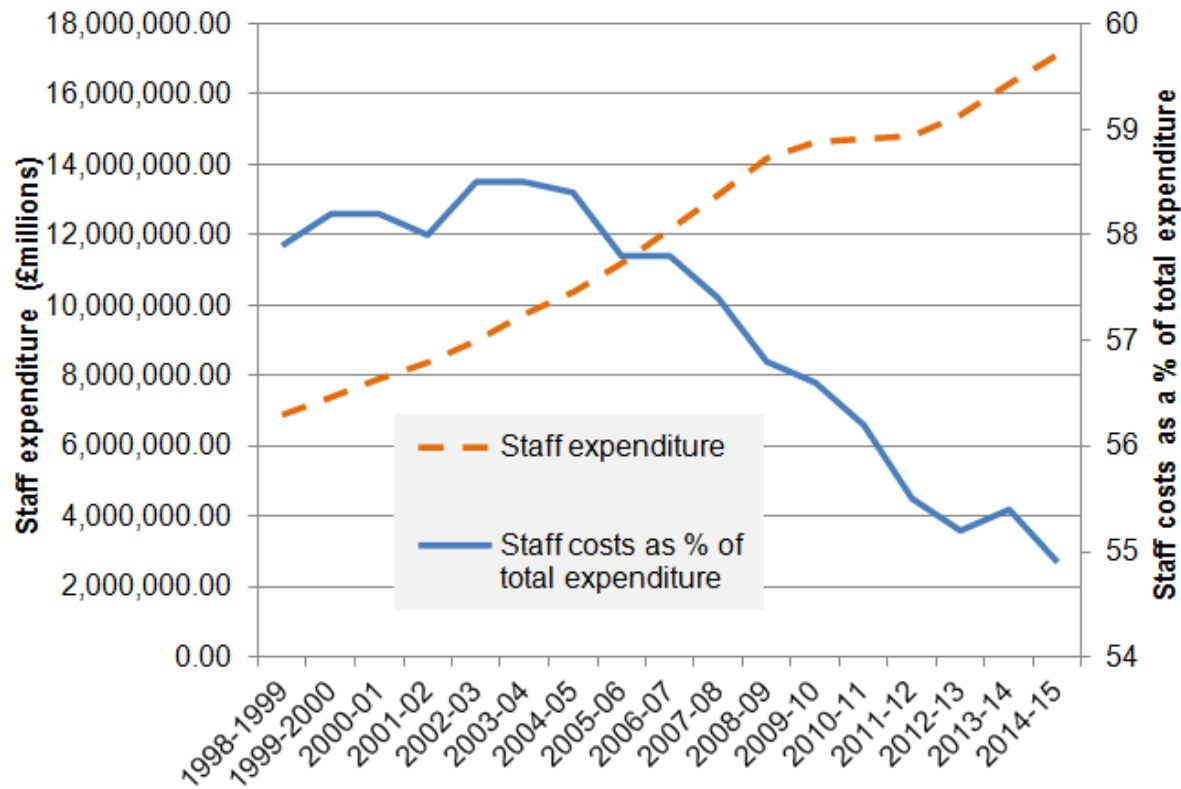
410,130

2015-2016

7.4% INCREASE
IN STAFF

Some context

Staff costs as a per cent of total expenditure and staff costs, 1998-99 to 2014-15



Source: HESA.



Bargaining context at national level

- Squeeze on public finance; funding challenges for HEIs
- Loss of capital funding; need to build surpluses
- Diversity of outcomes and ability to pay
- Uncertainty of income from students – undergraduate; postgraduate; international
- Future pensions costs and ongoing funding concerns
- Incremental pay costs
 - moves in public sector workforces to remove or manage progression pay
- Backdrop of public sector pay policy
 - pay freezes, then 1% for several years
 - “restraint at all levels” expectations in HE
- HE earnings holding up against UK comparators
 - Some growing concern regarding international competitiveness
 - Different pay pressures from different pay markets



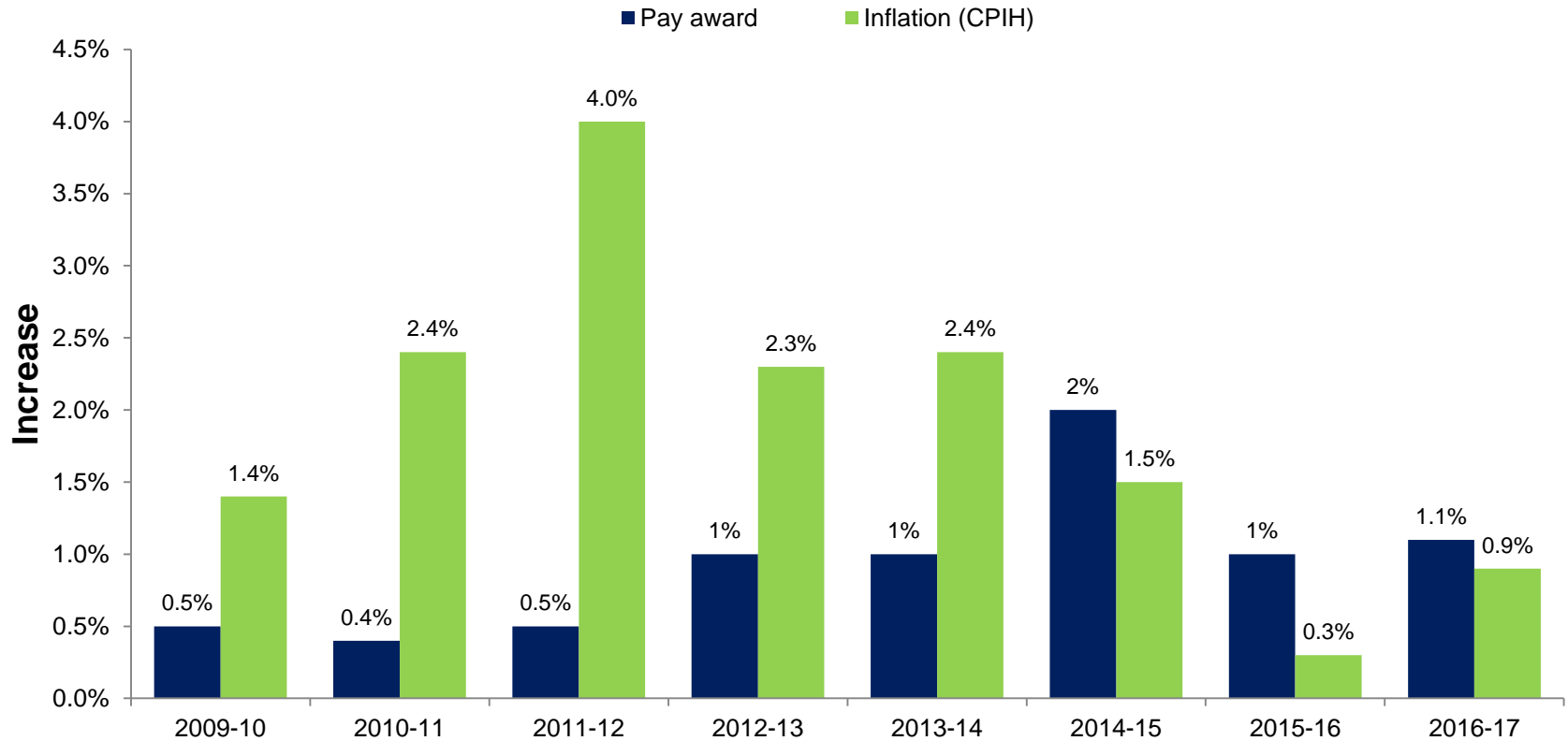
Bargaining outcomes at national level

Year	Pay Award	TU Claim	RPI Inflation	CPI Inflation
2009-10	0.5%	8% (UCU)	-1.30%	1.6%
2010-11	0.4%	7.2%	4.7%	3.1%
2011-12	£150 on all pay points (equivalent to 0.5%)	5.2%	5.2%	4.5%
2012-13	1.0%	7%	2.9%	2.5%
2013-14	1.0%	3.3% + “catch up”	3.3%	2.7%
2014-15	2.0%	2.8% (RPI) + catch up	2.4%	1.5%
2015-16	1.0%	1.1% (RPI) + catch up	1.1%	0.0%
2016-17	1.1%	5%	1.8%	0.6%

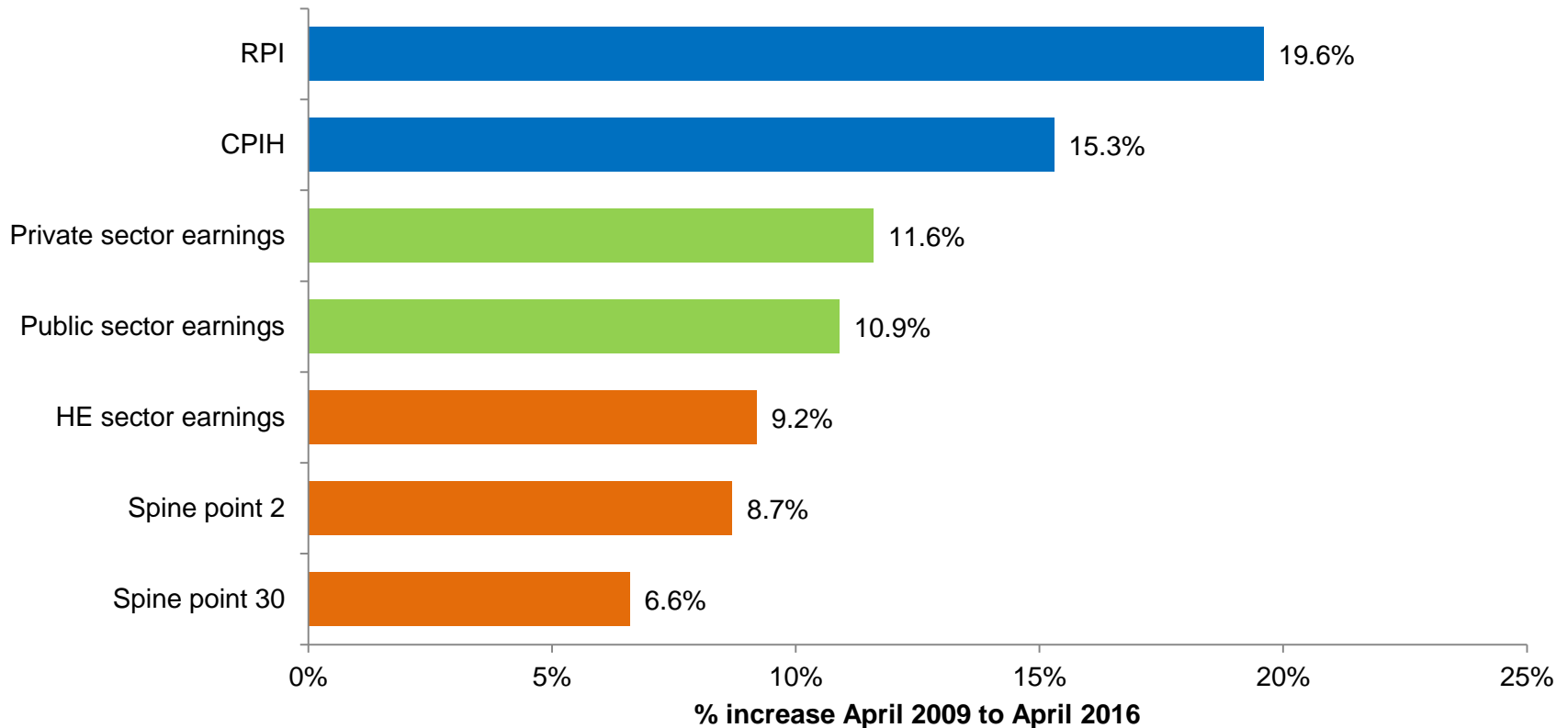
Source: UCEA. Inflation figures are for the year to August. Pay award is effective from 1 August.



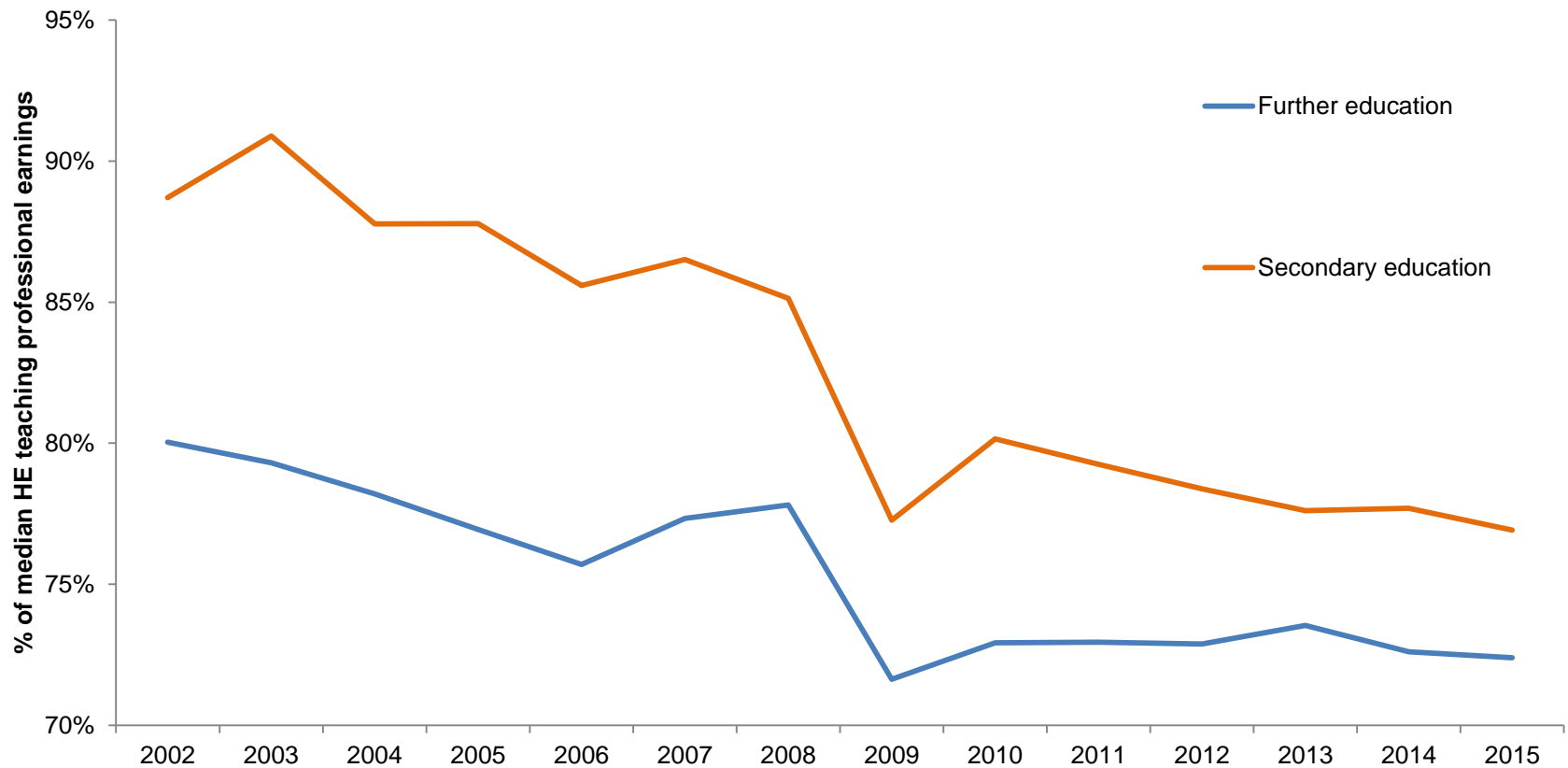
Base awards tracked against inflation



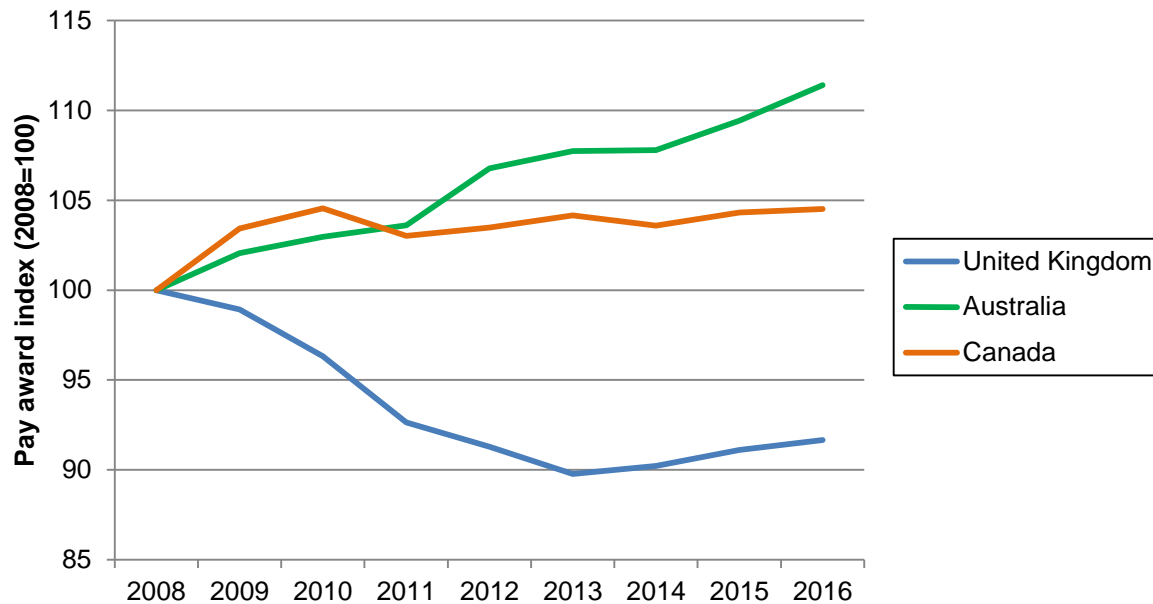
Pay spine and HE earnings increases compared to public and private sector earnings and inflation, 2009 to 2016



Median secondary and further education teaching professionals' earnings as a percentage of HE teaching professionals, 2002 to 2015



Index of real-terms pay awards in Australia, Canada and the UK, 2008 to 2016



Source: White and Hopkins, 2016



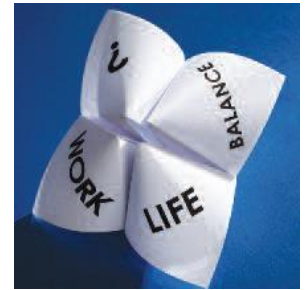
2017-18 round: trade union issues

Headline issues:

- Rising inflation (“keep up”)
- Real terms erosion in pay levels (“catch up”)
- Casual workforce (fixed-term contracts, hourly paid staff, ‘zero hours’ contracts)
- Equality – “close the gender pay gap”
- Workloads, working hours and stress
- Low pay (disproportionate impact of pay restraint on lower paid) and ‘Living Wage’

Background issues:

- Conforming / shaping to a ‘national’ norm
- Pension scheme reforms
- Privatisation of HE and outsourcing concerns
- Maintaining jobs



I want to
live
not just
exist

Join the campaign
for a Living Wage



**STAMP
OUT CASUAL
CONTRACTS**

Rising inflation

Inflation forecasts, 2016 to 2020

Measure	2016	2017	2018	2019	2020	2021
CPI (%) - OBR	0.7	2.3	2.5	2.1	2.0	2.0
CPI (%) - Independent forecasts	0.7	2.6	2.5	2.1	2.0	n/a
RPI (%) - OBR	1.8	3.2	3.5	3.2	3.1	3.2
RPI (%) – Independent forecasts	1.8	3.4	3.1	3.0	3.1	n/a
RPIX (%) - OBR	1.9	3.5	3.6	3.3	3.2	3.2

Source: Office for Budget Responsibility, November 2016. Treasury, November 2016.



Employer challenges

- Uncertainty around home/EU student recruitment in an increasingly competitive market
- Future challenges to achieving non-EU student recruitment targets
- Increasing staff costs
- Falling liquidity and high sustainability gaps
- Increasing pension liabilities
- Loss of the ability to borrow at affordable rates
- The potential financial consequences of the UK leaving the EU



The employers' offer

- Base pay uplift 1.5%*
 - Sits on top of pay progression available to 50% of workforce covered (3% value; 1.5% overall addition)
- Extra loading to lower points
- New national joint work on gender pay gap action-planning
- Consider need for further national joint work on casual employment when current (substantial) work concludes in autumn 2017

* Offer made on 4 April. A final offer will be made on 27 April



UCU campaigning: “Fair pay” ...equal pay...gender pay gap

“Fair Pay for Higher Education - Rate Your Pay!

See how the value of your pay has been affected by below inflation pay rises.

'Rate for the Job' is a new part of the UCU website you can use to:

1. Compare your salary to similar staff in your and other universities
2. See how the value of your pay has been affected by recent below inflation pay rises
3. Check how big the gender pay gap is in your institution”



Issues at institutional bargaining tables

- Pay deals showing little divergence from national outcomes
- Current employer focus on workforce changes, for example:
 - revisiting reward and grading structures
 - flexibility in the contract
 - academic progression routes and roles
 - tackling ‘automatic’ pay progression / performance review systems
 - restructuring and redundancies
 - some Statute reform
- Senior pay rarely bargained with staff representatives; operation of remuneration committees under greater scrutiny
- Trade union claims being seen, for example:
 - Casual and hourly paid arrangements
 - ‘Living Wage’ demands
- Some disputes but also some agreements



Bargaining on pensions

- Universities Superannuation Scheme

- dispute in 2014 declared by UCU early in process
- scheme reforms in 2016 – moved to DB/DC hybrid



- 2017 valuation now under way; larger deficit expected
 - anticipation of a further phase of discussion re funding and benefits
- Central government reform of public sector schemes
 - TU stance: "Pay more, work longer, get less"
 - Government/national TU deals; moved to Career Average
 - Individual university pension schemes
 - local funds for support staff; many in deficit in recent years
 - moves to close final salary; trend from DB to DC



Pay disputes and industrial action

- 2013-14: dispute
 - Four unions took joint strike action (3 days)
 - Plus UCU action short (work to contract)
- 2014-15: no dispute; settled (both years)
- 2015-16: dispute; lack of member support for action; settled
- 2016-17: dispute
 - UCU called early dispute; strike days (25 and 26 May 2016)
 - UCU plans for rolling strikes over summer and action short (work to contract); fizzled out
 - Other unions failed to get member support for action



2013-14 days of strike action

Proportion of staff taking strike action

* Estimates based on UCEA member surveys



Sources: UCEA membership surveys and HESA



May 2016 impact

25 May



■ None
■ Low

26 May



Percentage of staff participating in strike action days across all HEIs

	UCU members	Academic staff	Ave. number per HEI
25 May	8.7%	2.7%	34.8
26 May	8.5%	2.7%	34.2



UCU 2016 ballot numbers

- Total members voting: 21,141
 - Support for strike action
 - Yes: 13,775 (65.4% of votes)
 - No: 7,292 (34.6% of votes)
 - Support for action short of a strike
 - Yes: 16,270 (77.3% of votes)
 - No: 4,770 (22.7% of votes)
- Estimate of turnout: 35% of members



Trade Union Act 2016

- A strike ballot must currently have the support of a simple majority of those voting. The Act introduces a new minimum voter turnout (i.e. that at least 50% of those entitled to vote do so)
 - and an additional minimum support threshold applying in some important public services (i.e. that at least 40% of those entitled to vote must vote 'yes').
- The ballot voting paper must carry more information, including a summary of the matters in dispute and the periods within which the action is expected to take place.
- Notice of industrial action to the employer is doubling to fourteen days (unless the employer agrees to seven days' notice).
- Currently, industrial action must take place within four to eight weeks of the ballot and action can be taken indefinitely, provided the dispute remains live. This is repealed and the Act provides that a ballot mandate expires after six months, or up to nine months if both sides agree.
- Against its wishes, the Act requires the Government to conduct an independent review of electronic balloting for strike ballots. However, there is no legal commitment to its introduction.
- Came into force from 1 April 2017



Current strategies?

- Trade unions
 - More cohesion between the HE unions
 - Value placed on joint 'national' work
 - Building member-level support for positions
 - Picking issues beyond pay; seek to grow memberships
 - 'Build the vote' activity; explore other pressure tactics
 - Local disputes (but on what issues?)
- Employers
 - Still recognise value in cohesion, but question for how long the common ground can be found
 - Difficult times ahead, and increasing divergence between HEIs
 - Balance affordability with need for change
 - 'Total reward' frustrations







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