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A year in UK employee relations

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A year in UK employee relations

Helen Fairfoul, Chief Executive

April 2015

Overview

1. UK collective bargaining arrangements

2. Some context

- Economic and policy backdrop
- HE funding and policy shifts
- Trade union agendas

3. Key issues at the national bargaining tables

- The 2014-15 pay round
- Pensions reform
- 'Joint work' on non-bargained issues

UK collective bargaining arrangements

A hybrid bargaining arrangement

National

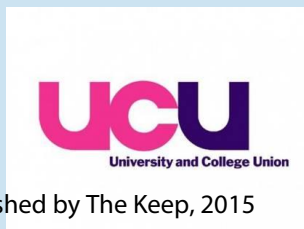
- Multi-employer collective negotiations on basic pay uplift
 - Voluntary *opt in* or *opt out*
 - 150 institutions (93%) *opted in* for 2014-15
 - Those outside bargain on uplift at institutional tables
- National pay spine only
 - 51 pay points (“single pay spine”)
 - Bottom point = £13,953; \$20,810; top point = £58,172; \$86,760
- Pensions arrangements: two main national schemes

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

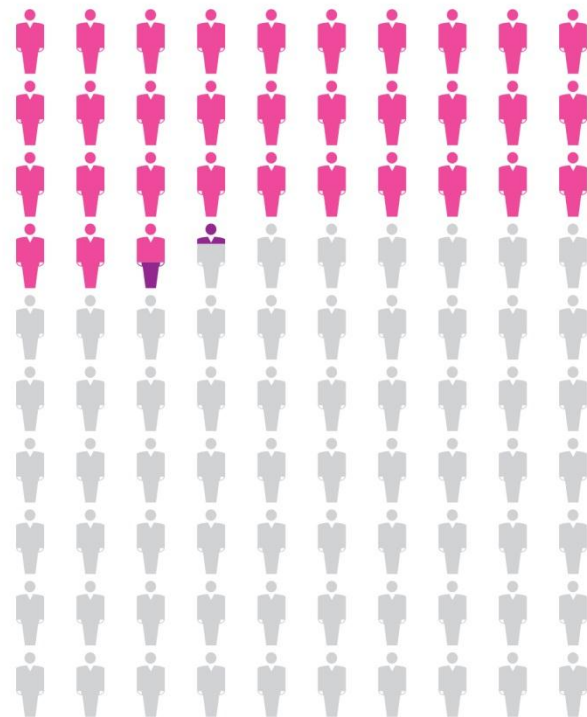
The bargaining setting

- 395,000 staff (51% professional services; 49% academic)
- ¾ of staff covered by national pay uplift bargaining
- £14.7 billion pay bill (staff costs at 53% of total income)
- Five trade unions at single table
 - UCU, EIS (academic or academic + senior professional staff)
 - GMB, UNISON and UNITE (professional services staff)
- UCEA represents the employers
- 27% of staff in union membership
 - Academic staff 33%
 - Professional services staff 20%
 - Recognition generally limited to staff below Professor



Trade union density in Higher Education

Academic staff



Support staff



Based on responses from 115 out of the 150 affected HEIs. Trade union density figures represents reported trade union membership as a percentage of either all support staff (GMB, UNISON, Unite) or all academic staff (EIS, UCU) at HEIs with members of that trade union.

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Issues at institutional tables

- Current focus on workforce responses to change; depending on institutional priorities, for example:
 - workload allocation models
 - revisiting reward and grading structures
 - flexibility in the contract
 - academic progression routes and roles
 - tackling 'automatic' pay progression /performance review systems
 - some casual and hourly paid arrangements
 - some restructuring and redundancy
- Some challenging employee relations; some disputes but also some agreements
- Pay deals showing little divergence from national outcomes
- Senior pay rarely bargained with staff representatives; operation of remuneration committees under greater scrutiny

Some context

Economic and political backdrop

Falling real wages



Recovery?



Gender pay gap



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Living Wage



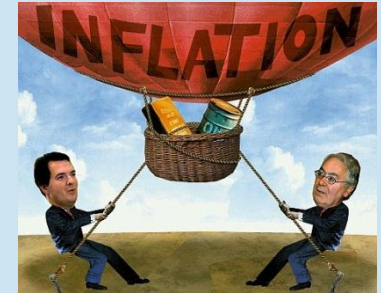
1% public pay policy



Zero hours contracts



Inflation/deflation?



A United Kingdom?



Senior pay



HE funding and policy change

- New UG tuition fee regimes since 2012:
 - England: up to £9,000 (capped and effectively frozen) loaned; access agreements required; teaching grant cut by 80%
 - Scotland: free for Scottish and EU students, £9,000 rest of UK
 - Wales: up to £9,000 (maximum £3,575 for Welsh students, fee top up grant provided for study outside of Wales)
 - Northern Ireland: up to £9,000 (maximum £3,575 for students from N.Ireland)
- Entry of alternative providers and student number cap removal (England)
- Immigration control / Home Office rules
- 4 years of decline in PGT student numbers

NOTE: £9,000 tuition fee = \$13,325

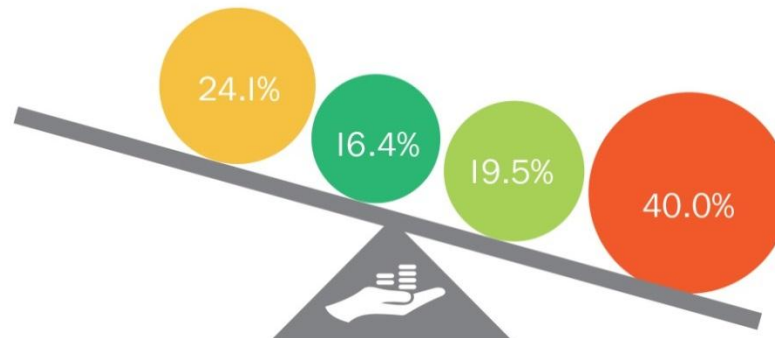
Where does the money come from?

INCOME IN UK HEIs 2007–08 £23.4 bn



INCOME IN UK HEIs 2012–13 £29.1 bn

- Direct Government funding
- Research grants and contracts
- Other income – including residences, catering and endowments
- Tuition fees



Sources: HESA

HE trade union agendas

Pay and its 'real terms erosion'

Pension scheme changes

Performance management and 'managerialism'

Senior pay levels and transparency

Gender pay gap / influence over professorial pay

Casual workforce (fixed-term contracts, hourly paid staff, 'zero hours' contracts)

Private provision

Workloads, working hours and stress

Early career researchers

HEI governance (particularly in Scotland)



Key issues at the bargaining tables: 2014-15 pay round

Recent basic uplift bargaining outcomes

National pay uplift outcomes in HE, claims and inflation, 2009-10 to 2014-15

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%	“Cost of living” + “catch up” to address 15.2% real-terms fall in value of pay since 2009	2.4% (May)	1.5% (May)

Source: UCEA. Inflation figures are for the year to August except for 2014-15. Pay award is effective from 1 August. * Included a request for an additional increase to compensate for real terms earnings erosion. ^ A joint claim from the other four trade unions requested a “pay agreement that builds upon recent pay increases”

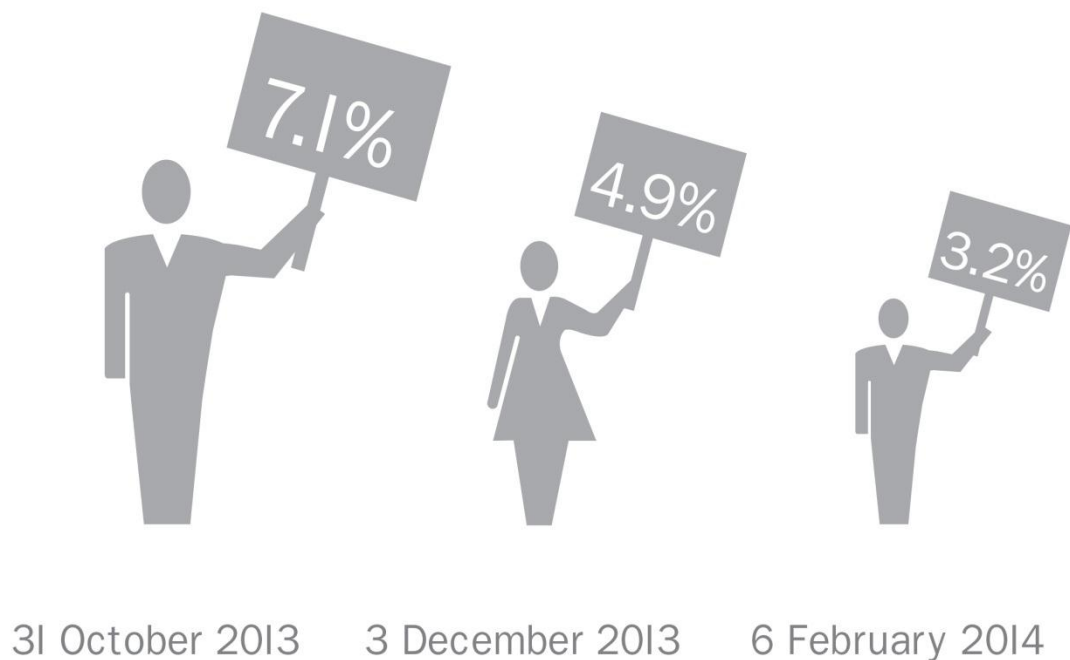
The 2014-15 pay round

2013-14 breakdown; dispute in play

- Dispute procedure exhausted autumn 2013
- 3 joint strike days (October 2013, December 2013, February 2014)
- December 2013: employers implemented 1% (final offer made in May)
- UCU alone initiate two-hour strike days (3 in January and February 2014); banking on only 2-hour pay deduction for a drawn out strike period
 - aim is “maximum impact” at “minimal cost to members”
 - throwing everything at HEIs not deducting only 2 hours’ pay
- HEIs report low support and “no” or “low” impact
- Action short of strike (ASOS) – work to contract “*to keep the mandate live*”

Proportion of staff taking strike action

* Estimates based on UCEA member surveys



Sources: UCEA membership surveys and HESA

Difficult times...different approaches?



What are the next steps?

UCEA priorities are:

- No re-opening of the 2013-14 pay outcome
- HEIs sticking to line taken regarding pay deductions for action
- Thorough exploration with HEIs of scope for pay in 2014-15 (in February/March consultations)

Informal discussions with TUs:

- Knowledge of declining support for action
- Shared desire to achieve a 'pause' in further action
- Seek negotiating scope in 2014-15; shared desire to avoid rekindling a fresh dispute
- Use of 'exploratory talks' preparatory to the formal negotiating meetings

What are the next steps?

UCU to decide:

- **Either** move to a marking boycott and/or more 2-hour strikes
 - test employers' resolve with threat / fear of upsetting students
- **Or** move into 'exploratory talks' in period before 2014-15 round starts
 - hold off any further calls for action
 - seek a resolution to both years through the coming pay round
 - threat of marking boycott held in reserve

The 2014-15 process

- UCU keep threat of exam boycott from late April
- HEIs retain clear policies on deducting pay for partial performance
- Start with informal talks
 - 3 facilitated meetings with reduced numbers attending
 - Building of trust and openness
- TU pay claim avoids a specific number
- Change to approaches used in meetings (on both sides)
- Agreement to a speedy move to full and final pay offer
 - 2% on all points, drawing a line under previous year
 - To be picked up before start of a threatened marking boycott or off the table
- TUs consult - overwhelming majorities to accept
- Pay agreement concluded in May, with agreed joint working groups on casual staff and gender pay gap

2014-15 employers' strategy

- Investing in relationship-building among negotiators
 - Changes in behaviour on both sides to move to problem-solving
- Positioning the level of the *conditional* final offer
 - 2% balanced employers' maximum mandate vs. TUs' aspirations on i) cost of living, ii) catch-up, iii) low pay
- Responding on 'pay equality' issues:
 - Signalled two areas where some HE sector willingness to pursue joint work
- Could not move on Living Wage commitments, London weighting claim, and other matters (e.g. workload and redundancy agreements)
- A robust and cohesive stance on industrial action, including partial performance

Key issues at the bargaining tables: pensions

Bargaining on university pensions (1)

- **Reform of public sector schemes** (offered to around 50% of HE staff)
 - TU resistance: "Pay more, work longer, get less"
 - Government-led; national TU deals brokered
 - Final salary DB closed; career average future service; higher contributions
 - Most (e.g. Teachers' Pension Scheme) unfunded (Treasury / taxpayer backed)
 - new Teachers' scheme in place from April 2015
 - some teacher unions and UCU remain technically 'in dispute'
- **Individual university pension schemes**
 - mainly for support staff; local funds
 - many in deficit in recent years
 - moves to close final salary; trend from DB to DC

Bargaining on university pensions (2)

- **Universities Superannuation Scheme**

- A funded scheme, c£50bn
- Benefit decisions taken in scheme's Joint Negotiating Committee
- In an impasse the independent chair can use a casting vote

2011 valuation deficit c£2.9bn

- final salary closed *to new entrants* in 2011; career average introduced (without union agreement)

2014 valuation c£8bn deficit

- employer proposals around:
 - end all final salary accrual
 - move all to career average but with DB accrual up to c£50,000 salary; DC on earnings above
 - employers' contribution from 16% to 18%

The USS pension dispute timeline



- Inevitable (?) dispute declared by UCU early in process
- UCU 'red lines'
 - closure of final salary section
 - DC component
- *"Are you prepared to take industrial action consisting of strike action?"*
77.8% Yes
- *"Are you prepared to take industrial action consisting of action short of a strike?"*
86.7% Yes

"In the face of proposals which are detrimental to almost everyone, the turnout (44.5%) was the highest we have seen for a national ballot in UCU since our foundation" **Sally Hunt, UCU General Secretary**

The USS pension dispute timeline

July 2014:

UCU dispute established (with 66 universities)

September 2014:

UCU Special Conference on USS discusses ballot and potential action

October 2014:

UCU ballots affected members

Majorities for both strike and action short of a strike (ASOS)

Negotiations continuing; both sides put pressure on Trustee

6 November 2014:

Assessment boycott starts – very little real impact

20 November 2014:

Action suspended until mid-January, as talks continue

Negotiations continue through to January 2015

Action suspended again to end of January

end January 2015:

Joint reform proposal passes through USS JNC

UCU move to consultative e-ballot of affected members

- 67.1% Yes to accept proposals (39.1% turnout)

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Next step: formal consultation; scheme changes wef April 2016

JNC proposals for USS benefit reform

Past service

Final salary link replaced with CPI

Future service

Core CRB benefits at an improved accrual rate of 1/75ths plus lump sum for all members up to a Salary Threshold

Salary Threshold of £55,000 (\$81,430)

Member contributions of 8% (up from 6.5%/7.5%)

Single blended employer contribution rate of 18%

DC benefits also accrue above the salary threshold

Employer puts 12% into DC (employee 8%)

Additional flexible DC pot for all members

Additional matched employer contribution of up to 1% on salary above and below the salary threshold

Key issues at the bargaining tables: joint working

Joint working groups:

Hourly paid and casual staff:

- *To arrive at a better understanding of the nature and extent of contractual flexible arrangements in use in HE and any trends in their use and examples of practice...and report on conclusions regarding practice in this area*

Gender pay gap:

- *To collect qualitative examples from within and beyond HE in order to understand better the nature of gender pay gaps where they exist, the possible reasons for these, and the types of measures being taken to address them*

Outcomes:

Joint reports – findings, positions (not always shared), commended practices and principles

Dissemination through published reports and events

Difficult times continue...will we continue with different approaches?



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