

PARTICIPANTS & CONTRIBUTORS

1. Review Group membership

Independent Members

Baroness (Rennie) Fritchie	Chair
Sir Bill Callaghan	Former Chair of the Health and Safety Commission
Dick Coldwell, CBE	Former Member of HEFCE Board

Union Representatives

Gerry Carr	Research and Policy Officer, GMB
Marian Healy	
<i>replaced by</i>	National Officer, Further and Higher Education, EIS
Lyn McClintock	
Chris Kaufman	Chair of Union Side of JNCHES and Unite (T&G) National Secretary
Malcolm Keight	Head of Higher Education, UCU
James Lazou	Research Officer, Unite (Amicus)
Ben Thomas	National Officer, Education Workforce, Unison

Employer Representatives

Dr Ruth Farwell	Vice-Chancellor, Buckinghamshire New University
Philip Harding	Director of Finance, University of Westminster
David Newall	Secretary of Court and Director of Administration, University of Glasgow
Jocelyn Prudence	Chief Executive, UCEA
Professor Alasdair Smith	Former Vice-Chancellor, University of Sussex
Professor Bill Wakeham	Vice-Chancellor, University of Southampton; and Chair of UCEA Board

Review Secretariat:

Helen Fairfoul	Secretary
Chris Hall	Assistant Secretary

2. Working groups remit, membership and methodology

Finance Data Sub-Group

Remit

The finance data sub-group was established to seek to undertake an analysis of the financial health of the sector to inform the JNCHES Review of Pay and Finance Data. It was asked to include consideration of:

- past income and expenditure;
- assets and liabilities;
- the requirements for sustainable operation in the current HE market;
- the diversity of the sector;
- expected developments in the financial and market environment for HEIs;
- HEIs' own forecasts of future financial performance.

Membership

Dick Coldwell, CBE	Independent Chair
Gerry Carr,	Research and Policy Officer, GMB
Philip Harding	Director of Finance, University of Westminster
Malcolm Keight	Head of Higher Education, UCU
Stephen Large	Director of Finance, King's College London

Adviser:

Jim Port	J M Consulting Ltd
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Methodology

1. The group met four times, in March, April, May and June 2008. Members reviewed a wide range of possible sources of data to inform their deliberations. They reviewed papers produced for the main JNCHES Review Group on the role of surpluses in HEIs (DR07/07) and on the recent financial performance of the sector (DR07/08). They agreed that the timescale required them to focus on the most relevant source of data for this task which is information on the financial performance and forecasts of individual HEIs. The former data are published; the latter are regarded as commercially confidential by many institutions, but are available from the funding councils at an aggregated (sector) level.
2. The Higher Education Funding Council for England (HEFCE) provided aggregated data to the group on the financial results and forecasts of institutions in all four countries, England, Scotland, Wales and Northern Ireland. The Northern Ireland data were integrated with England data because there are only two universities in NI, and to show NI data separately would make them identifiable. This information included income and expenditure totals and some breakdown within these covering the five years 2005/06 to 2009/10 (actuals for 2005/6 and 2006/7, and forecasts for 2007/8, 2008/9 and 2009/10).
3. For the same five years, HEFCE also provide some selected balance sheet information covering a number of indicators which the group had agreed would inform its considerations (borrowings; reserves; liquidity; net assets). Finally, HEFCE also provided the TRAC cost adjustments and the TRAC-adjusted surplus or deficit (explained in the report).
4. In order to enable the group to investigate the variability of financial performance, HEFCE was also able to agree to provide these data by TRAC peer groups (explained in the report). HEFCE also provided a statistical analysis of the variability (range, median, upper and lower quartiles) of the operating surplus, borrowing, and reserves data for the most recent years.
5. The group wishes to acknowledge the assistance provided by Nolan Smith at HEFCE and Philip Harding (a member of the group) in specifying, obtaining, and interpreting these data. The analysis to produce the ratios and graphs in this report was undertaken by Simon Blee, one of Philip Harding's BUFDG colleagues and by J M Consulting.
6. Finally, HEFCE also provided various supplementary information to help the group to get behind these data, including, for example, a comparison of institutional past financial forecasts with their actual out-turns.
7. The group was therefore able to look at a range of income and expenditure and balance sheet information provided by HEFCE, at the level of the UK sector, at country level, and at TRAC peer group level, and to consider the variability and interpretation of the key data elements. The group also looked at the impact of the TRAC cost adjustments on these actual and forecast financial out-turns.
8. A report, which is essentially a commentary on these data and the discussions the group has held, was drafted by the consultant to the group, Jim Port of J M Consulting, informed by the discussions in the group. The report has then been adapted for presentation as a chapter of the Review's Report.

Remuneration Sub-Group

Remit

The remuneration sub-group was established to seek to undertake the detailed work necessary in the area of remuneration and benefits to inform the JNCHES Review of Pay and Finance Data. It was specifically asked:

- to assemble the available data on pay and conditions;
- to test out these various data sources for both statistical robustness and value to the Review;
- to commission additional data from the main data providers where necessary;
- to analyse the data;
- to summarise key findings.

Membership

Sir Bill Callaghan	Independent Chair
Stephen Court	Senior Research Officer, UCU
James Lazou	Research Officer, Unite (Amicus)
Peter Norris	Statistical Adviser, UCEA
Martin Pearson	Research Officer, UCEA
Ben Thomas	National Officer, Education Workforce, Unison
Professor Geoff White	Senior Research Adviser, UCEA

Adviser:

Grant Whitfield	Head of Statistics, Office for Manpower Economics
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Methodology

1. The Group met nine times during the period of the Review and has produced a great deal of new knowledge about HE pay. The specially commissioned datasets from both HESA and ONS have helped the Group to provide much more detailed information on the sector and in some cases the identification of data problems by the Group will hopefully assist the providers of the data in improving future collection.
2. The Group started its work by identifying the available sources of data on HE pay. Publicly available statistics were analysed and, where data gaps were identified, additional datasets were commissioned where this was possible. In order to clarify and

address the perceived data problems meetings were held with staff from both HESA and ONS. These meetings were extremely useful in deciding the programme and schedule of work. The Group was very grateful to the HESA and ONS staff involved for their assistance.

3. Data analyses included comparisons with pay levels for non-HE employees and pay changes over time. These analyses were discussed at each meeting of the Group and at full Review group meetings. Further analysis was undertaken where necessary in the light of comments received.

4. Each of the major data sources used – the Higher Education Statistical Agency (HESA) data on employment and pay in the HE sector and the Office of National Statistics (ONS) Annual Survey of Hours and Earnings (ASHE) – proved very valuable but each has its limitations. The limitations are perhaps most obvious when looking at changes over time, because of discontinuities caused by changes in the data collection methods and definitions. Sample sizes also presented difficulties in looking at some groups. In general, more (and more continuous) data were available on academic staff than support staff. The uses and limitations of the main sources are discussed in Appendices D and E.

Pensions Sub-Group

Remit

The pensions sub-group was established to seek to undertake specific work in relation to the value of pensions as a benefit for those employed in HE in order to inform this aspect of the Review's examination of remuneration. It was specifically asked to:

- explore what work might be done, and at what cost, to establish 'the value' of pensions in the sector and bring proposals to the February meeting;
- consider whether other benefits should be considered;
- seek to use any work already done in this area and be advised by OME, particularly in considering the work that Watson Wyatt has already done for the Armed Forces and Doctors & Dentists Review Bodies.

The Pensions sub-group was later asked to:

- commission and guide work to establish the comparative value of HE pension schemes;
- summarise the key findings.

Membership

Gerry Carr	Research and Policy Officer, GMB
Philip Harding	Director of Finance, University of Westminster (Chair)
Jocelyn Prudence	Chief Executive, UCEA
Professor Alasdair Smith	Former Vice-Chancellor, University of Sussex
Ben Thomas	National Officer, Education Workforce, Unison

Advisers:

Sue Field	Watson Wyatt Limited, consulting actuaries
Simon Eagle	

Methodology

1. The Pensions sub-group met on a number of occasions to consider the work needed in the area of the value of HE schemes as a benefit and identified that there would be a need to commission special work in this area. Information on relevant work was obtained from the OME. This included a report on a comparative valuation of the Armed Forces' Pension Schemes (Feb 2007) and a review of the parliamentary pension scheme (March 2001). The Group met with representatives from Watson Wyatt in February to discuss the kind of work that could be done on HE pensions.
2. The work to be done by Watson Wyatt was funded and formally commissioned by UCEA and UUK on behalf of the JNCHES Review. A meeting was held in June with the Pensions sub-group and the principals from Watson Wyatt to agree the financial and demographic assumptions and to identify the comparator schemes to be used.
3. The work delivered a series of charts and tables illustrating the value of pension benefits provided by each of the major HE schemes covering a significant number of employees in the sector compared with the value of pension benefits of a number of public and private sector comparator schemes. The charts show the value of the pension scheme benefits varies by age of the employee concerned.
4. It was agreed that the valuation of defined benefit schemes would use the 'projected unit method' which calculates the value of benefits arising over the next year of service (allowing for future increases in pay) with the results expressed as a percentage of current pay. The valuation of defined contribution schemes was determined as the value of annual contributions paid by the employer plus an allowance for the value of any 'risk benefits' (ie death in service and ill health) also provided, all adjusted (downward) to reflect the annuity conversion terms available.

5. The Review Group received the full report and asked the Pensions sub-group to produce a short summary of the main content and findings for inclusion in the main body of its Report, with access to the full Watson Wyatt report to be provided through a web link.

3. Other contributors to the work of the Review

UCEA officers:

Peter Norris	Senior Adviser, Statistics (seconded from the Local Government Association)
Martin Pearson	Research Officer
Professor Geoff White	Senior Adviser, Research
Anjna Soumal	Operations Manager

Union officers:

Stephen Court	Senior Research Officer, UCU
Monique Johnson	Programme & Project Officer, Unison

University officers:

Simon Blee	Assistant Director of Finance, London South Bank University
Stephen Large	Director of Finance, King's College London