

Appendix G

Earnings in the Higher Education industry

Introduction

Statistics for industry groups are published in the Annual Survey of Hours and Earnings (ASHE), and are available on a consistent basis from 2001 onwards. The higher education industry is recognised in the Standard Industrial Classification by the code 80.3.

The statistics for any one year are of limited value, since the group is composed of a wide range of occupations with varying earnings. Even a comparison with earnings statistics for the economy as a whole is of limited value, since the range of occupations in Higher Education is narrower than in the economy as a whole. Thus the first section below is designed simply to provide context.

However, statistics on change over time are potentially more useful. They indicate the experience of the sector as a whole relative to the wider economy (and can also be used to compare the experience of the sector as a whole with HE teaching professionals in particular). Even so, care is needed in interpreting the statistics, since changes in average earnings will reflect changes in composition of the respective groups as well as the average experience of those within them.

1. The situation in 2008

As noted above, statistics for 2008 offer only limited illumination of the issues of interest to the review. The statistics for the industry considered alone are of particularly limited value. They provide a little more insight when placed in the context of figures for other groups, so the tables in this section compare the industry with all employees, the private and public sector, and major elements of the public sector.

Table 1.1: Average gross annual earnings, 2008, HE industry and comparators

Full-time employees	Median		Mean	
	£pa	index	£pa	index
All employees	24,954	80.0	29,944	88.1
Public sector	27,248	87.4	30,340	89.2
Private sector	23,984	76.9	29,918	88.0
Higher education	31,180	100.0	33,995	100.0
Public admin & social security	27,900	89.5	30,418	89.5
Education	27,415	87.9	29,657	87.2
Human health activities	25,731	82.5	30,591	90.0
Social work	19,448	62.4	21,758	64.0

Source: ASHE

Table 1.1 shows that full-time employees in the HE industry had median gross earnings of £31,180 in 2008, and mean gross earnings of £33,995. At the median, earnings were

around 25% higher than for the wider economy, 30% higher than the private sector, and 14% higher than for the public sector as a whole. At the mean the gaps were somewhat narrower. Public administration (largely but not entirely the civil service and defence) and the broader education sector had earnings over 10% behind higher education, health activities were around 10% behind at the mean but more at the median, and those in social work had average earnings just below two-thirds of the level of higher education.

Table 1.2: Range of annual earnings, 2008, HE industry and comparators

Full-time employees	LQ	Median	UQ	Med/LQ	UQ/Med	UQ/LQ
All employees	17,644	24,954	35,252	141.4	141.3	199.8
Public sector	19,667	27,248	36,029	138.5	132.2	183.2
Private sector	16,846	23,984	34,976	142.4	145.8	207.6
Higher education	22,316	31,180	41,300	139.7	132.5	185.1
Public admin & social security	20,340	27,900	37,301	137.2	133.7	183.4
Education	19,307	27,415	35,977	142.0	131.2	186.3
Human health activities	17,879	25,731	34,996	143.9	136.0	195.7
Social work	14,438	19,448	26,638	134.7	137.0	184.5

Source: ASHE

Table 1.2 shows the range of earnings within each sector. Higher education is in line with the public sector as a whole, public administration, broader education and social work, and has a slightly narrower range than human health, and (understandably, given their greater range of occupations) the private sector and the economy as a whole.

Table 1.3: Average gross annual earnings by gender 2008, HE industry and comparators

Full-time employees	Men		Women		Gender ratio	
	Median	Mean	Median	Mean	Median	Mean
All employees	27,175	32,906	21,482	25,314	126.5	130.0
Public sector	29,949	33,896	25,064	27,546	119.5	123.1
Private sector	26,263	32,697	19,088	23,818	137.6	137.3
HE industry	34,146	37,671	27,118	29,840	125.9	126.2
Public admin & social security	31,268	33,589	23,067	25,752	135.6	130.4
Education	30,001	32,801	25,304	27,572	118.6	119.0
Human health activities	31,440	40,148	24,365	26,982	129.0	148.8
Social work	22,790	25,914	18,140	20,079	125.6	129.1

Source: ASHE

Table 1.3 shows that full-time men in the HE industry earned, at the median, around £7,000 more than full-time women. At the mean the gap was more than £7,800. The HE industry gender earnings gap was slightly wider than for the broader education sector and the broader public sector. However, it was narrower than for human health and public administration, and for the private sector. At the median it was similar to the gap for the economy as a whole, though slightly narrower on the mean measure.

Table 1.4 shows that full-time employees in the industry earned, at the median, £16.50 per hour, and at the mean £17.85 per hour. On the hourly basis industry earnings were generally further ahead of comparators than was the case with the annual basis. This reflects lower *recorded* working hours in the industry than in the wider economy.

Table 1.4: Gross hourly earnings, 2008, HE industry and comparators

Full-time employees	Median		Mean	
	£ph	index	£ph	index
All employees	11.97	72.5	14.53	81.4
Public sector	13.77	83.5	15.47	86.7
Private sector	11.14	67.5	14.18	79.4
HE industry	16.50	100.0	17.85	100.0
Public admin & social security	13.48	81.7	14.76	82.7
Education	14.63	88.7	15.91	89.1
Human health activities	13.00	78.8	15.23	85.3
Social work	9.45	57.3	10.69	59.9

Source: ASHE

Table 1.5 records median gross hourly earnings for part-timers at £11.49, with mean earnings at £13.65. The excess over the private sector, all employers and the wider education sector is larger than it is for full-timers. For the public sector the gap at the median is larger but this is not the case at the mean. For public sector industries other than education, gaps are narrower for part-timers.

Table 1.5: Average gross hourly earnings, 2008, HE industry and comparators

Part-time employees	Median		Mean	
	£ph	index	£ph	index
All employees	7.50	65.3	10.09	73.9
Public sector	8.97	78.1	11.87	87.0
Private sector	6.56	57.1	8.90	65.2
HE industry	11.49	100.0	13.65	100.0
Public admin & social security	9.79	85.2	11.70	85.7
Education	8.39	73.0	11.49	84.2
Human health activities	10.10	87.9	12.56	92.0
Social work	7.32	63.7	8.50	62.3

Source: ASHE

2. Change from 2001-2008

Table 2.1 shows average earnings for full-timers in the HE industry over the period 2001-2008. At the median earnings increased by around 39%, at the mean by 37%, and on both measures earnings grew quite consistently across the period.

Table 2.1: HE industry average gross annual earnings 2001-2008

	Median			Mean			RPI	
	£pa	Index 1	Index 2	£pa	Index 1	Index 2	Index 1	Index 2
2001	22,392	39.2		24,846	36.8		23.6	
2002	23,349	33.5	4.3	26,412	28.7	6.3	21.8	1.5
2003	24,286	28.4	8.5	27,318	24.4	10.0	18.1	4.7
2004	25,781	20.9	15.1	28,370	19.8	14.2	15.2	7.3
2005	27,026	15.4	20.7	29,774	14.2	19.8	11.7	10.7
2006	28,249	10.4	26.2	30,856	10.2	24.2	8.9	13.5
2007	29,991	4.0	33.9	33,088	2.7	33.2	4.2	18.7
2008	31,180		39.2	33,995		36.8		23.6

Source: ASHE

Index 1: Percentage increase from year shown to 2008

Index 2: Percentage increase from 2001

RPI: Retail Prices Index

Table 2.2 shows growth at different points on the earnings distribution. Taking the period as a whole, growth has been somewhat greater at the lower quartile than the upper quartile, leading to a slight narrowing of the inter-quartile range. Most of the narrowing occurred between 2001 and 2002, however. Since then a small widening between lower quartile and median has been balanced by a small narrowing between median and upper quartile.

Table 2.2: Range of HE industry gross annual earnings 2001-2008

	Median		Lower quartile		Upper quartile	
	£pa	Index 1	£pa	Index 1	£pa	Index 1
2001	22,392	39.2	16,238	37.4	30,876	33.8
2002	23,349	33.5	17,552	27.1	32,439	27.3
2003	24,286	28.4	18,177	22.8	33,577	23.0
2004	25,781	20.9	19,047	17.2	34,595	19.4
2005	27,026	15.4	19,589	13.9	36,321	13.7
2006	28,249	10.4	20,220	10.4	37,494	10.2
2007	29,991	4.0	22,040	1.3	39,486	4.6
2008	31,180		22,316		41,300	

Source: ASHE

Comparative change since 2001

Tables 3.1-3.6 (supplied on separate sheets owing to their size) compare earnings growth for the HE industry against growth for the whole economy, the public and private sectors and the major industry groups within the public sector. Three pairs of tables supply figures for median and mean.

For these tables only we also compare the experience of the industry as a whole with that of its largest occupational group – HE teaching professionals (who are considered in more detail in the next section). It is evident that that the earnings increase for the HE industry is greater than that for the HE teaching professional group alone (the latter recorded increases in gross annual earnings of 33.5% at the median and 32.6% at the mean, 2001-8, compared with 39.2% and 36.8% for the sector). Since the HE teaching professional group is part of the HE industry this implies that the remainder of the group recorded an even larger increase than that recorded for the group as a whole.

In relation to other comparators, the general finding is that growth for the HE industry is greater, over the period taken as a whole, than growth for most other groups. The conclusions that can be drawn are:

- Over the period as a whole gross earnings growth for full-timers in the HE industry is around 5-7 percentage points greater than for the comparator groups (though on the mean measure the gap is narrower in relation to public administration and human health).
- As with comparators, earnings growth for part-timers is greater than for full-timers
- The two indicators give contradictory results for part-timers. At the median, earnings growth is greater than for the comparators. At the mean, though, this is not the case – and in fact public administration and broader education sectors record greater growth than the HE industry (the only instance where any of the comparators exceeded HE industry growth on any of the six measures)
- Since the HE industry includes HE teaching professionals, and since HE industry earnings growth is invariably greater than that for HE teaching professionals alone, it is likely that those in the industry who are not teaching professionals will have recorded still higher earnings growth than the industry as a whole (note this is not the only possible explanation: compositional change could have resulted in there being more employees in higher-earning occupations within the industry at the end of the period than the beginning).

The final point can be generalized. Tables 3.1-3.6 generally show greater earnings growth in the HE industry than for other comparator groups. This is likely to mean that, on average, an individual within the HE industry will have experienced faster earnings growth over the period than an individual within any of the comparator groups.

An alternative scenario is possible, though. In this, the earnings growth of the HE industry may reflect changing composition (with relatively more people in higher-earning occupations such as lecturing and relatively fewer in lower-earning occupations such as cleaning or catering). Alternatively, in theory, comparator groups may have experienced negative compositional effects (with relatively more people in lower-earning occupations and relatively more in higher-earning occupations).

JNCHES Review of HE Finance and Pay Data

Analyses of ASHE data in Appendices H-M compare earnings inside and outside the HE sector for narrower occupational groups, thereby limiting the possible effect of compositional change.