New JNCHES 2015-16: Employers' summary points

- Financial sustainability - it's not more of the 'same old story'; 2015-16 is distinctively different

Two certainties are that the maximum £9k UG student fee will not increase (it is now worth around £8,200) and there are no public funding increases in any of the four nations in 2015-16. We also know that HE will be hit hard in the next Comprehensive Spending Review – the only doubt is the level of the BIS budget cut between 25 and 40 per cent.

An uncertainty, with a General Election, includes whether the incoming Government will sustain or take in-year cuts from 2015-16. And Labour's £6k fee pledge would introduce a massive gap to be plugged, with no hypothecated funding, and thus exposure of HE to the whims of the Treasury regarding this lost element of HE funding.

- Inflation is low and earnings in HE compare well

Inflation is currently at an all-time low: CPI at zero, CPIH at 0.3%, and even RPI – which we know the trade unions prefer to quote – is at 1.0%. The basic uplift of 2% for all last year exceeded 3 inflation indicators. The basic uplift we negotiate at New JNCHES is just one element in the total pay, reward and recognition envelope; with other reward components, the average pay increase last year in HE for staff on the 51 point spine was 3.5% (c.5% for 42% of the workforce; 2% for others).
In addition to the extra element in the basic award for point 1, we also know that many HE employers have been making adjustments to their lower points to meet the Living Wage campaign levels; very small numbers of staff have not seen a benefit from these moves.

The squeeze on the pay of our employees has eased and this is in stark contrast to the public sector workforces where a freeze and then 1% total pay increase cap has been in place and still prevails. Wages have not kept pace with inflation across the whole economy. Over the longer term, median earnings in higher education have outpaced median earnings in the UK economy as well as the RPI.

- The costs of employment for HEIs are rising very sharply

HE employers face the certainty of two major additional cost pressures in 2015-16 – increases in employer pension contributions required to maintain the attractive schemes available to staff and NI increases resulting from the new State Pension. These place increases of 4.5 to 5 per cent on the payroll cost before employers have even contemplated actual pay increases for their employees.

- HEIs' sustainability requires prudence over costs and sustained investment

HEFCE refers to the wide variation in the financial performance of institutions across the sector. There are similar challenges in the devolved nations. HEFCE notes that some institutions will need to generate larger surpluses to make progress towards covering the full economic costs of their activities and maintaining sustainability.

Surpluses are essential to the viability of HEIs – to enable them to borrow and to finance necessary maintenance and investment in their estates. This is not an indulgent or wrong-headed choice but a necessity to sustain the fitness for purpose of UK HE institutions for students, those researching and teaching and the professional services staff who work in them.

- HEIs value and understand the importance of their workforces

Absolute expenditure on staff costs has been increasing – by 3% in real terms in 2013-14 and numbers of employees have also been increasing (by 3.4% since 2008-09). HEIs remain committed to offering an attractive total reward environment and recognise that their staff are the major contributors to their success. Employers believe they share an aim with the trade unions who represent their staff to achieve an *affordable, fair and sustainable* pay outcome from these negotiations.