New JNCHES 2024-25: Employers' Statement

HEIs remain committed to developing and rewarding their staff despite facing significant financial challenges across the sector. Those challenges include a variable pensions environment, deep concerns about international student recruitment and the continued substantial decline since 2012 in domestic undergraduate tuition fees.

- **Pension schemes**: For employers in the Teachers' Pension Scheme, the increase in employer contributions will prove extremely difficult for many post-1992 HEIs to absorb at current staffing levels.
- **International student numbers:** HE employers express considerable concern that international student numbers have already declined (by around 40% for January 2024 intakes) and are projected to fall even further in 24/25. For most HEIs this income stream is crucial to cross-subsidise other activities. The fall in international student recruitment already poses a serious threat to the financial stability of UCEA members and is reflected in widespread reports of job losses.
- **Frozen domestic undergraduate tuition fees**: Teaching domestic undergraduates is financially challenging due to fees only increasing once since the introduction of £9,000 tuition fees in 2012. Failing to increase with inflation means they are they are now worth only the equivalent of £6,631 in real terms (2012 value). The current figure of £9,250 in England will be matched in Wales from September 2024, which had retained the £9,000 fee. In addition, in Scotland the teaching grant deflated by over 25% in real terms since 2014-15. This is projected to grow to a 37% cut in real terms by 2024-25[1]. The current maximum tuition fee for full-time undergraduates in Northern Ireland is £4,750 per year, compared to £9,250. However, with a fall in international students, some members are concerned that competition between HEIs for domestic students could cause problems even for HEIs which do not traditionally have significant numbers of international students.

Staff costs make up over half of total expenditure in the sector (58% at the median, HESA Finance, 2021-2022). This emphasises the need for an affordable pay award in relation to financial sustainability.

The latest forecast from the Office for Budget Responsibility, published with the Spring Budget on 6 March, predicts that inflation will continue to decline. Specifically, this forecast predicts that CPI will be 1.6% in Q3 of 2024. Further data from Incomes Data Research shows that the average forecast for August 2024 is 1.8% for CPI.

Pay is one of the many elements of the employment offering which employers believe help to develop the positive experiences of employees in the sector in addition to the vast range of employee benefits offered at local level. In addition to the pay uplift, the employers offered significant joint work on a number of non-pay matters of importance to sector trade unions and employers during New JNCHES 2020-21, 2021-22 and the 2022-23 pay rounds.

In those potential areas for joint working, the number of zero-hours, fixed-term and hourly paid contracts continues to fall. And action continues to be taken to address disability, ethnicity and gender pay gaps, building on the UCEA reports *Taking action: Tackling the gender pay gap* and Caught at the Crossroads, which identified the importance of an intersectional approach to pay gaps.

[1] https://www.universities-scotland.ac.uk/wp-content/uploads/2022/09/US-submission-to-Ed.pdf

UCEA also started ethnicity pay gap research and reporting for the sector in 2020-21, and has run a series of workshops on gender, ethnicity pay gaps and their intersection, including a focus on positive action. The sector continues to make good progress on gender and ethnicity pay gaps with the median gender pay gap significantly below the median for the wider economy.

The Acas talks arising from the 2023-24 pay round included the proposals for joint work on a range of non-pay matters. Although the terms of reference for this joint work were never formally agreed, UCEA believes that the opportunity still exists for employers and unions to work together to advance improvements in the areas of contract types, pay gaps and workload as part of the 2024-25 negotiating round.