

New JNCHES 2016-17 negotiations

Employers' opening offer, 22 March 2016

The employers are making an **opening offer** in the negotiations process, as the employer negotiating team wish to have genuine and productive negotiations with the trade unions. However, the employers **recognise the desire, expressed by the trade unions, to see whether the negotiations this year can be concluded in two meetings, i.e. by 28 April.** Therefore we make an opening offer that is **already at a level that a significant number of participating HEIs have indicated is at the limit of affordability** without serious implications for job losses.

The trade unions have expressed the desire to see base pay increases keep up with or exceed inflation and this **opening offer of a 1% increase on all points from 1 August 2016 is 0.7% ahead of the current official inflation measure**, and well above current CPIH and RPIJ.

The offer is **not pitched to what is affordable for all participating institutions**; we know that there are several **participant institutions that will find this opening position to be very challenging**. For all institutions, these negotiations take place against a backdrop of significantly increasing costs and continuing uncertainty in the political, funding and policy environment. The offer reflects a genuine concern not to put at risk financial sustainability and the job security of employees.

There is also recognition of some important contextual issues for the pay of our employees. Principal among these are that:

- i) At April this year **many employees who are members of the defined benefit schemes offered by their employers will see an increase in their National Insurance contributions** arising from introduction of the new State Pension;
- ii) That around **half the employees covered by these negotiations will be eligible for additional progression pay increases averaging 3%, subject to satisfactory performance**, in addition to the base pay increase that will be negotiated at this table. This year the participating employers report that 53% of academic staff and

45% of professional services staff would, with this offer, expect to see their pay increase by 4%.

This opening offer on pay means that the pay increases for the employees covered by these negotiations would, on average, represent an increase of 2.6%. This compares favourably with the median level of settlements being seen in the private sector at 2% (XpertHR, IDR), the median merit pay award of 2.7% (XpertHR), and public sector pay increases, which are limited to 1% on the total pay bill.

This offer will bring the hourly-rate on the lowest pay spine point to 73p above the National Living Wage (£7.93 per hour) for employees on a 35 hour week. The trade unions' request for voluntary living wage increases to be considered at the bottom of the pay spine, but to apply across all points up to 51 is unachievable given the increase in the voluntary living wage in November 2015 that exceeded inflation by 5%. It also fails to recognise that the 'living wage campaign' aims to address challenges for the lower paid. The consequent £785 million on sector pay bill would require 95% of the predicted sector surplus for 2016-17.

As noted in HEFCE's update on the financial health of the sector published yesterday, "in the medium to long term, institutions will need to generate larger surpluses to make progress towards covering the full economic costs of their activities and thus securing their long-term sustainability."

All HE employers will, of course, be increasing pay rates as necessary to pay the new National Living Wage that applies from April 2016 and the anticipated 6% increase that applies from April 2017. A significant number of HE employers have additionally decided that they will pay the voluntary living wage campaign rates that prevail at 1 August 2016. They do this by selecting and/or augmenting an appropriate point on the pay spine that is relevant for their working week, and in London also factoring in variable levels of weighting payment that may be in place. HE employers also have very generous terms and conditions that make the positions they offer at their lowest grade very attractive in their localities. **All decisions relating to the use of the spine points are for HEI-level determination, and a decision whether to meet prevailing voluntary living wage rates has to be made at that level.**

The trade unions have raised **five further items** in their claim to which the employers are also responding here with an opening offer.

There are **two matters which would have a direct relationship to the pay offer** as they would add costs - external examiner rates and minimum points for specific occupational groups. The **potential costs are not factored in to the opening offer** for an increase on all points presented here which sits against a position as follows:

- **external examining arrangements are not within the purview of New JNCHES** and the employers have no permission to change this;

- **there are no nationally agreed occupational group grading arrangements** applying across the institutions participating in these negotiations; these are matters that since the implementation at institutions of revised pay and grading arrangements as a result of the Framework Agreement ten or more years' ago (in 2004-2006) have been negotiated at that level. The employers at New JNCHES have no permission to reverse this.

There are two matters raised in the claim - **gender pay gaps and casual and 'zero hours' contracts** - where the employers cannot enter into agreements that would dictate actions at individual institutions but where **the employers have a genuine interest in exploring, in these New JNCHES discussions, whether we can together agree joint work that would contribute to the sector's progress on these issues.**

Finally, the claim asks, in effect, for clause 10 of the New JNCHES Agreement to be considered such that **a sub-committee for Scotland** be established to discuss matters at New JNCHES not being dealt with at the main committee. The employers do not recognise that there are matters that they would accept as pay and related items to be discussed at New JNCHES that are not discussed at the main committee and do not support the request.

The employers trust that the trade unions will regard the opening position as demonstration of a desire to have positive negotiations and outcomes this year and we look forward to engaging with the trade unions in constructive dialogue over the scheduled meetings to follow.