

New JNCHES Pay  
Framework and Data  
Research Working Group

# Pay Framework and Data Research Overview Report

January 2011



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# Foreword

We are delighted to introduce the New JNCHES Pay Framework and Data Research Working Group overview report and its accompanying pieces of research. This report follows nearly a year of joint work between employer and union representatives on addressing the need to establish good information about pay and grading in the sector.

The revision and improvement of Chapter Five of the JNCHES Review of Finance and Pay Data, along with the examination of low pay issues, the identification of a range of data issues (and how they should be addressed) plus the Framework Agreement analysis report (and indeed the preceding survey and the interviews that may provide further useful data) are all seen as positive achievements.

We are grateful to the UCEA Research Team for their work on updating the work, first undertaken in 2008, on pay in higher education making use of the latest data available during 2010 through the Higher Education Statistics Agency Staff Record and from a specially commissioned dataset drawn from the Annual Survey of Hours and Earnings.

We are also grateful to the UCEA Research Team for devising, co-ordinating and analysing the survey on implementation of the Framework Agreement and to the many HEIs who assisted by completing returns. We would particularly like to thank the six HEIs who participated in the in-depth case studies conducted by Ms Sue Milsome on behalf of the Group; the willingness of both the HR specialists and the union representatives to share their experiences and views has greatly enriched the report we have produced.

The third area of output of the Working Group is a report on the Group's dialogue with the two principal bodies involved in collecting data relevant to HE on salaries or earnings: the Higher Education Statistics Agency and the Office of National Statistics.

Finally, we would like to suggest that, having read the overview report, it is disseminated widely to those with an interest across each and every HEI. Additionally, the detailed research reports will be of significant interest not only to union representatives, HR and reward practitioners but also to others with an interest in the reward and grading arrangements across the sector.

***Professor Paul Webley, Employers' Side Chair***  
***Jason Robertson, Union Side Chair***

# 1. New JNCHES Pay Framework and Data Research Working Group

As part of the 2009/10 Agreement, the New Joint Negotiating Committee for Higher Education Staff (New JNCHES) agreed to establish Working Groups to review three areas:

- Pay framework and data research
- Equalities
- Sustainability Issues

This report provides an overview of the work conducted by the New JNCHES Pay Framework & Data Research Working Group during 2010. The group's terms of reference were as follows:

## 1.1 Terms of reference

1. To undertake a study to understand how the Framework Agreement has been applied at HEIs. The areas to be covered by the study will cover;

- The operation of contribution points.
- The extent of harmonisation of terms and conditions.
- The national pay spine.
- The application of the agreement to Hourly Paid Workers.
- To understand the impact of new grading structures such as:
  - the length of grades

2. As set out in the final chapter of the JNCHES Review of HE Finance & Pay Data, published in December 2008, there are a number of areas where it was agreed that steps could be taken to improve the quality of the statistics for the HE sector. These elements will now form part of the Data Research section of the Working Group, which will be tasked with;

- Maintaining, updating and, where possible, improving upon the core components of analysis in relation to finance and remuneration set out in the Review of HE Finance and Pay Data with a view to presenting updated data by early 2010.
- Establishing a dialogue with the Higher Education Statistics Agency (HESA) to address the issues that the Review identified in connection with data provided; in particular exploring how HESA might;
  - develop a mechanism for collating data so that it can be used to provide consistent long-term and detailed pay analysis;
  - consider improving the information relating to support staff and part-time staff.
- Establishing a dialogue with the Office for National Statistics (ONS) in relation to the Annual Survey of Hours and Earnings (ASHE) to explore how consistency between industry and occupational coding may be achieved and to encourage arrangements between HEIs and the ONS to submit data to the ASHE electronically.

The Group will make recommendations to New JNCHES and relevant bodies to improve data. The members of the Group were:

## Employers

Chris Cobb	PVC (Roehampton University)
Helen Fairfoul	Deputy Chief Executive, UCEA
Naomi Holloway	HRD (University of Hertfordshire), alternate for Nick Rogers
Nick Rogers	HRD (University of the Arts London)
Keith Watkinson	HRD (University of Salford)
Prof Paul Webley	Director (SOAS). Employers' Side Chair
Prof Geoff White	Senior Adviser Research, UCEA
Emma Woollard	FD (University of Portsmouth)

## Unions

Tony Britton	Unite
Rick Graham	Unite
Mick Hubbard	GMB
Kate Muir	Unison
Gavin Reid	UCU
Jason Robertson	EIS, Union Side Chair
Ben Thomas	Unison
Jane Thompson	UCU

## Secretariat

Martin Pearson	Research Officer, UCEA
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### 1.2 Meetings

The Working Group held five meetings during 2010, on 22 March, 3 June, 14 July, 12 October and 8 December. At these meetings progress was reviewed on the various activities with which the Group was tasked and various draft documents discussed. While it had been hoped that staff from both HESA and ONS would be able to attend a meeting, for various reasons this was not possible. However, there was ongoing contact with HESA and ONS staff and there were outcomes from these contacts (see part 2 of this report).

### 1.3 Outputs from the Group

The outputs from the Working Group cover the three areas within its terms of reference. The outputs have not been endorsed by UCU. The three sections that follow present the headline content, and are supported by three extended reports available in electronic form:

- Framework Agreement analysis report
- Report on progress with improving HESA and ASHE data
- Pay in Higher Education

The full reports that inform this overview are available online as an appendix to this report. Visit:

[www.ucea.ac.uk/publications](http://www.ucea.ac.uk/publications)

[www.unison.org.uk/education/higher/](http://www.unison.org.uk/education/higher/)

[www.eis.org.uk/ula/](http://www.eis.org.uk/ula/)

[www.gmb.org.uk](http://www.gmb.org.uk)

[www.unitetheunion.org](http://www.unitetheunion.org)

## 2. Framework Agreement analysis report

As part of its terms of reference the Working Group was tasked with undertaking a “study to understand how the Framework Agreement has been applied at HEIs”.

To fulfil this task the group agreed a research methodology comprising two elements – an online survey of HEIs conducted by UCEA on behalf of New JNCHES and six case studies. The Working Group agreed the questions and format of the survey and the focus and scope of the case studies as well as reviewing and providing comments on the draft analyses and reports.

The survey was sent out for completion between August and September 2010. A further week was given to accommodate late responses and the survey finally closed with 116 returns.

The case study interviews were conducted in six institutions during November 2010 by an independent free-lance researcher, Ms Sue Milsome. Six institutions were visited, four in England, one in Scotland and one in Wales. In the case of the employer, the HRD, the Deputy HRD or the HR manager responsible for implementation of the agreement locally was interviewed (or in some cases more than one of these). In the case of the union representatives, all recognised unions were invited to attend and at least two unions were represented at each case study interview.

The findings from the research are presented under the following headings:

- Implementation
- Grading structures
- Senior staff structures
- Contribution pay
- Hourly-paid lecturing staff
- Harmonisation
- Market supplements
- New JNCHES involvement

### 2.1 Implementation

HEIs were asked to provide details of the date(s) they implemented the framework agreement. For the majority of respondents their local agreement was effective for all staff in the same year. Of the institutions which implemented in the same year, two-thirds had an effective implementation date in 2006. Of the remaining third, most had effective dates in either 2005 or 2007. Of those institutions which did not implement the framework on the same date for all staff 2006 was again the most common implementation year for academic and support staff. Two HEIs did not implement the framework for academic staff until 2010 and one stated that the effective implementation date for technical, administration and clerical staff was in 2003.

Respondents were asked to identify if there were any ‘other’ groups of staff with a different framework agreement implementation date. A minority identified some groups of staff, the most common of which was hourly paid lecturers.

### 2.2 Grading structures

The most commonly used job evaluation scheme is HERA which was reported to be in sole use at their institution by two thirds of respondents. The other scheme in common usage is Hay which was reported as being the sole system by a quarter of respondents. A handful of HEIs reported using both HERA and Hay. The one exception to the use of Hay or HERA was Equate.

HEIs were also asked to describe the structure of their local agreements and provide details of the number of grades, their length and at what point they start and finish with reference to the single national pay spine. Two thirds of HEIs have either 9 or 10 grades with the lowest number reported being 6. Few respondents reported having in excess of 12 grades. Appendix 1 of the separate Framework Analysis Report provides a spreadsheet showing the distribution of grades in relation to the 51 point pay spine found in the respondent institutions.

The most common number of incremental points in a grade is 5, followed by 6 and then 4. The average length of a grade is 5.1 incremental points with a range of 3.2 at grade 1 rising to 6.3 at grade 8. The majority of respondents reported that all of the 51 points on the single national pay spine are used at their HEI. The most common points not in use are at the very bottom of the scale or at the very top. Several respondents stated that they do not use point 1 or 1 and 2 as they feel that this level of salary is not appropriate at their institutions. At the top end several respondents stated that points 50 and 51 are not used conventionally but rather as contribution points.

The median entry level point for research staff is 23 with the median for lecturing staff being 31. In both cases the mean, median and mode are very close, suggesting a fairly even distribution of data. The range for researchers goes from point 8 to point 34 and for lecturers from point 21 to point 39. Some HEIs stated that their entry level point was for staff who are in 'teaching only' positions rather than 'teaching and research' posts i.e. not equivalent to the previous Lecturer A or Lecturer grades.

The case study research found that both employers and unions are fairly satisfied with their grading structures but some HR departments would like to change grade boundaries or lengthen the pay spine.

Opinions are divided on the usefulness of academic role profiles. Some HR respondents were in favour but generally they were considered too generic and often local profiles had been developed instead. UCU was positive about the use of the national role profiles. Local role profiles had often been developed for support staff, for the purposes of job evaluation, but these have mostly fallen into disuse. The support unions saw no problems with these local role profiles and did not know why they were no longer used.

HR respondents found that HERA was and remains time consuming and was considered expensive, but is accepted nonetheless as the main job evaluation scheme within the sector. Opinions about Hay are more positive. Views on the trade union side were generally positive about both HERA and Hay.

The case studies identified that joint grading panels have mainly fallen into dis-use and that grading of new posts is largely determined by HR. This is an area of particular concern for the trade unions.

There have been some equal pay reviews in the six case study HEIs but some are imminent.

## 2.3 Senior staff structures

Most respondents reported that that the 51 point pay spine had not been extended for the highest grade at their HEI although a sizable minority had done so. Of the 21 respondents who stated the value of this highest grade, sixteen fell between a fairly narrow range of £56,379 to £65,394. Four HEIs reported extending to over £100,000 with one of these being over £200,000. The groups of staff most commonly not covered by grading structures agreed as part of the framework agreement were described as 'senior academic' or 'other senior staff'. Of those that specified 'other' the most commonly referenced group were the senior management team. Other groups included clinical academics, hourly-paid staff and apprentices. There was a reasonably even split between HEIs who have not developed a local grading structure to cover those senior staff not covered by the framework agreement and those who had developed a structure to cover at least some staff. Over a quarter of respondents reported developing a system which covers all senior staff below head of institution.

Those HEIs which have developed a system were asked for the salary maxima for the group (as at 1.08.2009). Answers ranged from £64,380 - £240,471 with over three quarters of these falling between £64,380 and £130,225. Only one structure was reported as being in excess of £200,000. For those HEIs whose senior staff are not covered by local grading structures the most common method of determining pay was reported to be via a remuneration committee. Another commonly reported method was via benchmarking/market rates. These two methods often seem to be combined i.e. benchmarking is undertaken and informs the decision of the remuneration committee. Of those HEIs who do have a local senior staff grading structure, approximately one third of respondents reported that it allows for service-based progression within a grade and over two thirds of respondents reported that it allows for contribution based progression within a grade. Of those HEIs who do have a local senior staff grading structure, just under half of respondents reported that it allows for other types of



contribution-based reward. The most commonly mentioned arrangement was one off bonuses with performance related pay also frequently specified.

The number of grades in the reported local senior staff grading structures ranged from 1–15 with the vast majority of respondents citing between 1 and 6 grades. The most common number of grades was three.

A small number of respondents reported that their local senior staff grading structure was negotiated with the trade unions. Over a quarter of respondents stated that there was a consultation process with unions in developing their local senior staff grading structure. The majority of respondents reported that a job evaluation scheme had been used to develop the local senior staff grading structure.

In all but one of the six case study institutions senior staff are placed on separate structures, which are kept confidential from the unions in four cases out of five. The union position is that this separation conflicts with the concept of a single pay spine.

## 2.4 Contribution pay

Two thirds of respondents to the survey stated that they use contribution points. A clear pattern emerges from the survey with the most common number of contribution points in grade 1 being one; in grades 2-5 it is two; and in grades 6-8 it is three. In grades 9 and 10 there were an equal number of responses for two and three contribution points. There were nineteen institutions which reported using contribution points for some grades but not others. For several of these it seems that they are using contribution points for all grades other than the highest in their structure.

The majority of grades do not contain a progression bar. The proportion of those that do is fairly consistent within grades 1-9, with a range of between 14% and 20%. Grade 10 saw a much lower proportion at around 4%.

Most HEIs in the survey include some form of contribution pay in their new pay and grading structures and in the majority of cases this applies to all staff. One third of respondents reported however, that their HEI does not use contribution-related pay at all. Of those HEIs who stated that that contribution pay applies to 'some staff' there were two reasonably common reasons. Several respondents stated that only staff on the 51 point pay spine are eligible for contribution pay while some others stated that hourly paid staff are not eligible. For those HEIs who do use contribution pay, two-thirds reported that it can be awarded at any point in a relevant grade while one-third stated that it can only be awarded at the top of the grade.

The most common factor used in assessing contribution is individual performance against targets, followed by demonstration of specific competences/behaviours. For those HEIs who specified 'other' the most common factor stated was demonstration of 'exceptional' or 'outstanding' performance. The vast majority of HEIs do not operate any other contribution pay arrangements at the top of grade.

A majority of respondents stated that their HEI does not operate any other contribution pay arrangements (outside the pay spine). Of those that do by far the most common arrangement mentioned was a one-off bonus or payment.

Four of the six case study institutions use contribution pay. In these four institutions general academic staff progress almost automatically through the lecturer and senior lecturer grades. There is a perception among support staff unions that academic staff are further rewarded for growing their own jobs (i.e. developing new areas of work). In contrast, support staff are not expected to grow their jobs and can only progress to another grade if they gain a promotion. This is perceived as unfair by the support staff unions.

Individuals generally apply for contribution points but must get management endorsement. The way this is given to some but not others is perceived as subjective by the unions and open to bias. Criteria for contribution points are a bit vague - generally "above and beyond" normal expectations - and open to subjective interpretation.

Contribution points are generally not yet being used to drive performance improvements in line with corporate objectives.

## 2.5 Hourly-paid lecturing staff

More than half of all grading structures in the survey incorporate all employees on hourly-paid contracts. Of those who responded 'most' are incorporated' the most commonly excluded group were 'casual' staff. Of those who stated 'none' the most common method of determining pay for hourly paid staff was via a local agreement. The vast majority of respondents reported that the roles of hourly-paid staff were job evaluated before being incorporated into local grading structures. Over three quarters of respondents reported that they did not experience any difficulties in assimilating hourly-paid staff onto their local grading structure. The most common difficulty mentioned by HR respondents was reaching agreement with unions.

The majority of respondents reported that a multiplier is used for hourly-paid lecturers. Of those who stated that they use a multiplier for hourly-paid lecturers the most common stated level was reported to be 2.5 followed by a variable scale. Of the thirteen who stated 'other', nine were lower than 2.5 with eight of these falling within a range of 1.75 – 2.25. Four were higher than 2.5 and these ranged from 2.8 – 3.

All the six case study institutions have put hourly paid lecturers on permanent 'zero hours' or 'hours to be notified' contracts with pro-rata terms and conditions and incremental progression. Four institutions have allowed hourly paid lecturers to apply for permanent part-time contracts.

Few jobs have actually been fractionalised, even where staff have been allowed to apply for fractionalisation. Faculties fear a loss of quality, and hourly paid lecturers don't always want fractional contracts.

## 2.6 Harmonisation

In the survey HEIs were asked which conditions of service they have harmonised. Of the six terms and conditions specified (i.e. working hours, holiday entitlement, paid sick leave, overtime pay, maternity/paternity leave and notice periods) the most common to have been harmonised in some way was maternity/paternity leave followed by working hours - holiday entitlement was the least harmonised.

Harmonisation appears to have gone smoothly and the unions accept the outcomes, despite pushing for harmonising upwards at the time. The removal of shift allowances and unsocial hours payments is an issue in some cases.

## 2.7 Market supplements

A large majority of respondents to the survey reported that their institutions use reviewable market supplements. The case study research found that these are being used rarely. In only one case were unions aware of who is receiving market supplements.

## 2.8 New JNCHES involvement

The case study interviewees were asked about how New JNCHES could assist further in the development of the Framework Agreement. Some employers want no future interference from New JNCHES in local decisions but others had suggestions for a New JNCHES role. In contrast unions want New JNCHES to monitor developments (in re-gradings, promotions, contribution pay and market supplements), and to produce more best practice guidance

There is little desire among HR departments for further changes, apart from redrawing grade boundaries. Unions want more transparency - about re-gradings (which in the case study institutions are reported to be done by HR alone rather than jointly), promotions, contribution pay and market supplements. UCU also wants more fractionalisation. Unions oppose separate pay arrangements for senior staff.

## 3. Improving pay data

As part of its terms of reference, the Working Group was tasked as follows:

- To establish a dialogue with HESA to address the issues that the Review identified in connection with data provided; in particular exploring how HESA might;
  - develop a mechanism for collating data so that it can be used to provide consistent long-term and detailed pay analysis;
  - consider improving the information relating to support staff and part-time staff.
- To establish a dialogue with the Office for National Statistics (ONS) in relation to the Annual Survey of Hours and Earnings (ASHE) to explore how consistency between industry and occupational coding may be achieved and to encourage arrangements between HEIs and the ONS to submit data to the ASHE electronically.

### 3.1 HESA data

The Working Group invited HESA staff to attend one of its meetings to discuss the issues identified above. No representatives from HESA were able to attend a meeting of the Working Group but we were informed that HESA is conducting its own review of the annual staff record and is aware of the New JNCHES's concerns about the usefulness of the pay data.

As part of this review, a HESA staff record review think tank meeting took place on 21 September 2010 to which UCEA (and UCU) were individually invited to contribute at which pay statistics were discussed. At this meeting feedback was given concerning the pay related recommendations of the 2008 JNCHES Review of HE Finance & Pay data as regards data collection.

At the request of HESA, UCEA officers then met with the Head of Operations Development from HESA on 4 November 2010 to explain the methodology used for the UCEA salary surveys (for senior staff and all other staff). It was reiterated that HESA is currently undertaking a review of the staff record and that pay data will fall within that review. It was agreed by HESA that the current arrangements for collecting pay data were not satisfactory.

A major issue for pay is the way in which the HE workforce is classified - HESA statistics use a variant of the Standard Occupational Classification (SOC). All academic staff fall into group 2A of the SOC classification, regardless of their discipline (e.g. science, engineering, social sciences, humanities, languages). Until 2007/08 SOC group 2A could be further disaggregated into smaller groupings - which allowed for flexibility when conducting analysis. From 2008/09, following the ending of national grading structures for academic staff (i.e. grading structures are now determined at institutional level), the HESA data on academic staff are no longer collected on the previous basis that allowed disaggregation by level of post. The data are now only available as 'including Professors' and 'excluding Professors'.

Support staff are defined as members of staff who fall into one of the remaining 12 occupational categories such as managers, non-academic professionals, student welfare workers, secretaries, caretakers and cleaners. Unlike academic staff, these broad groupings have never been able to be broken down further into their constituent parts which has always limited the scope for any detailed analysis. The original 2008 JNCHES review identified a lack of information on support staff as a major issue.

ONS has now published an updated version of its SOC – SOC 2010. While on the surface the Major Groups look similar to those from SOC 2000 there has been significant change in the definitions that underlie them. It was reported by HESA that if the Staff Record was to continue to use a SOC-based classification system for activities it would be necessary to design a new SOC 2010-based coding frame.

It was therefore agreed that at present there is insufficient capacity to interrogate both academic and support staff pay data to the requisite level of detail for anything other than a top-line overview.

Feedback from the initial think tank meeting on 21 September 2010 specified that more detailed coding of activities is required to support a range of analyses including equality monitoring, for example.

A discussion was conducted regarding ways of overcoming this. UCEA representatives explained how UCEA currently collects data for its two annual salary surveys (one for senior staff and one for staff below that level). In both cases this is done using role and level descriptors, a common technique used for salary surveys. It was agreed that this would potentially be something HESA could look at doing instead of the current methodology using SOC. An alternative but more onerous classification of occupations could be to use the 4 – digit SOC codes that allow much more detailed analysis of particular occupations (e.g. cleaners or security staff). Using the 4-digit SOC codes would allow closer comparison with ASHE data.

As detailed above, at present HESA data captures base salary only as there is no mechanism for recording the total payment to any individual (e.g. including any allowances, bonuses etc). Non-base pay elements, such as London weighting, are not included unless such pay has been consolidated into basic salary, nor is any 'back pay' captured when it is paid. There had been previous consultation by HESA within the sector about using information from Income Tax P60s to capture the total payment figure (as is used for the ONS Annual Survey of Hours and Earnings) but this was rejected by the sector because of the workload involved. Several years have now passed since that consultation and HR IT systems within the sector have become more sophisticated. Informal discussions have revealed that there may now be a lot less opposition to the idea within HEIs and there may be scope for revisiting this idea.

There will be a further meeting of the HESA staff record think tank on 27 January 2011 which will focus exclusively on pay. It was agreed that representatives from the Working Group will be invited to attend this meeting – including one from academic unions and one from the support unions.

### 3.2 ONS data

The major issue with the ONS Annual Survey of Hours and Earnings data that emerged from the 2008 JNCHES Review was that there is a discrepancy between the industry and occupational coding as it relates to 'Higher Education Teaching Professionals'. The result is that approximately 10 per cent of those coded as 'HE teaching professionals' do not work in the higher education sector according to the industry coding. As these staff largely work in lower-paid sectors (e.g. Further Education, private colleges), their inclusion in the dataset tends to depress the overall figures for the HE sector. There is also the on-going problem that the HE Teaching Professionals SOC code does not include researchers (who are covered by a separate SOC code) but does include staff not covered by the New JNCHES (e.g. clinical academics and staff above the remit of New JNCHES such as professors and heads of department).

The other two recommendations concerning ASHE were that if possible HEIs should be encouraged to submit data electronically. It was also requested that the cut to the sample size made in 2007 should be reversed if possible as it was found that when trying to look at the level of individual occupations the sample size was often not large enough for any reliable analysis.

The ONS had accepted an invitation to attend the final meeting of the pay framework and data research working group on 8 December to discuss issues relating to the Annual Survey of Hours and Earnings (ASHE). Unfortunately the publication of the 2010 ASHE data which was scheduled for November was subsequently postponed to 8 December and ONS officers had to be on-site to manage this process.

Subsequent email discussion with ONS officers revealed that occupations are coded from the job title completed on the ASHE returns and the industry codes are obtained by a match of the PAYE reference against the Inter-Departmental Business Register (IDBR). These industry codes are obtained by IDBR from Her Majesties Revenue and Customs who obtain them from Companies House.

The problems with coding HE teaching professionals would therefore seem to lie with either the respondent (employer) entering their employee's job title incorrectly or with the industry classification. ONS officers were therefore unsure how this issue could be resolved. It could be argued that this is a data cleaning issue for ONS.

ONS officers were able to confirm that in 2009 the cut made to the sample size in 2007 was reversed and it was restored to the full one per cent sample from the HRMC PAYE register.

It was also revealed that ONS were holding an online consultation (ending in December 2010) to which members of the group were free to contribute.

## 4. Pay in Higher Education

The Working Group was tasked with maintaining, updating and, where possible, improving upon the core components of analysis in relation to finance and remuneration set out in the Review of HE Finance and Pay Data with a view to presenting updated data by early 2010.

The 2008 JNCHES Review of Higher Education Finance and Pay Data used two main sources for its deliberations – the salary data collected via the Higher Education Statistics Agency (HESA) Staff Record and earnings data collected by the Office for National Statistics (ONS) for the Annual Survey of Hours and Earnings (ASHE).

As the original 2008 JNCHES Review sub-group commented, these two sources of pay data each have their advantages and disadvantages. The HESA data has the advantage that it is a census of all HE staff and hence should provide the most accurate data on salary levels. Its disadvantages were found to be that the data was not easily compared with sectors outside HE and that much of the data appeared to be unreliable for long-term pay analysis. There were issues around the definition of salary and the composition of the data, particularly around data for part-time staff and for support staff. Data on support staff salaries are only available from HESA from 2003/04.

In contrast, the ASHE data provide only a one per cent sample of the whole economy but this is based on a stronger definition of 'pay' (i.e. it is based on total P60 earnings). Its advantage is that it is well established as a pay analysis tool, being used by bodies such as the Office of Manpower Economics (OME) for the Pay Review Bodies and the Low Pay Commission, and allows comparisons to be made across occupations and industries. Its main disadvantage is that there have been several changes to the way the data are collected over time, with changes to both the Standard Occupational Codes (SOCs) and the Standard Industrial Codes (SICs) used to classify the data. This makes long-term analysis problematic but not impossible. The only HE-specific occupation covered in the ASHE is HE Teaching Professionals. Unfortunately, the published data include around 10 per cent of staff who do not work in the HE sector (e.g. they work in FE Colleges or in private colleges). This small minority of non-HE staff can be excluded by cross-tabulating the SIC and SOC data. The HE Teaching Professionals SOC code also does not fully equate to HE academic staff, as it excludes researchers (who are covered by a separate SOC code) and includes staff not covered by New JNCHES (e.g. clinical academics and staff above the remit of New JNCHES such as professors and heads of department). This latter problem is not easily remedied.

The data presented in the original 2008 JNCHES Review covered the period from 2001 to 2008. The starting date of 2001 was agreed by the original Sub-Group because 1) longer data time series were problematic because of discontinuities in the data sets and 2) 2001 marked the start of JNCHES which had the express purpose of addressing the issues identified in the Bett Review of HE pay and conditions in 1999, namely that, while pay in HE overall had fallen behind comparators, the problem was most acute at the bottom and top of the pay structure.

The new data for this report were collected where possible on the same basis as that used for the 2008 JNCHES Review, allowing long-term data sets to be continued. In the case of HESA, data for the year 2007/08 and 2008/09 were added to the time series. In 2008/09, unfortunately, HESA ceased to collect salary data for academic staff on the same basis as 2007/08. Prior to 2008/09, HESA collected data using grade nomenclature from the previous collective agreements for such academic staff. This had enabled us to compile data sets based on three levels of lecturer plus professors/heads plus two levels of researcher. From 2008/09, unfortunately, following the implementation of local grading structures as part of the Framework Agreement, HESA now only collects data on the basis of all academic staff including and excluding professors. We were therefore unable to update the more detailed analysis for academic staff in the HESA data beyond 2007/08.

In the case of ASHE data, we were able to add a further year to the time series for April 2009. New specially commissioned ASHE data for April 2010 will not be available until January 2011 at the earliest.

This means that, while the most recent data have been incorporated into our analysis, the HESA data are now almost 18 months old and the ASHE data 20 months old. The data therefore reflect the position as at 31 July 2009 for HESA data and 1 April 2009 for ASHE data. Clearly pay growth in HE has slowed since 2009 and inflation has risen faster.

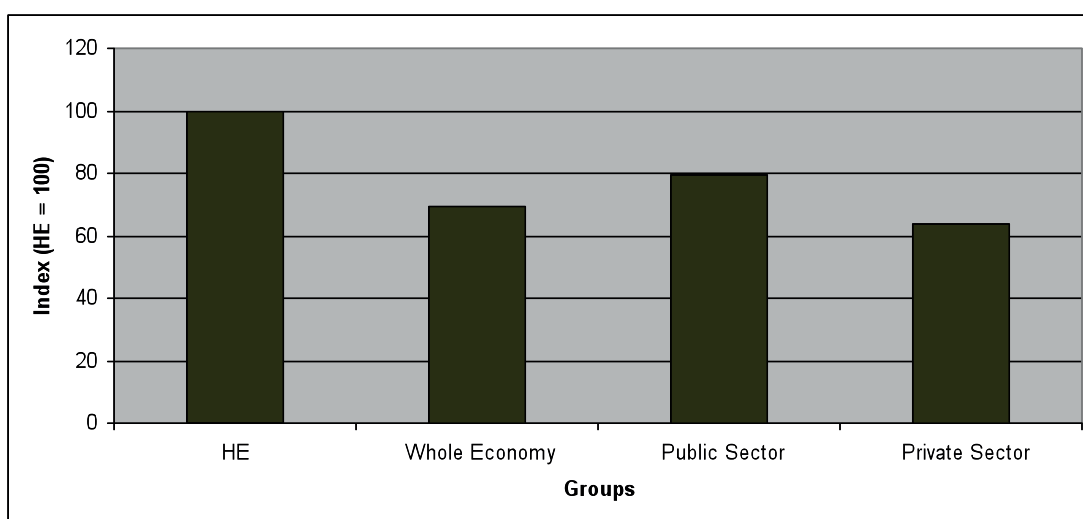
Given these caveats, the main findings from the pay data analysis are as follows:

### 4.1 Latest pay data

The HESA data show that the mean annual salary for academic staff in 2008/09 was £45,589, with a slightly lower figure of £43,622 recorded at the median. These figures exclude clinical academics, since they are not covered by the New JNCHES agreement. For support staff, the mean annual salary for 2008/09 was £29,225, with the median again being lower at £26,297.

According to the ASHE data, average earnings in the HE sector as a whole were higher than across the economy as a whole. Full-time employees in the Higher Education sector earned £33,656 per annum at the median in 2009, 32% higher than the whole economy median of £25,481. This difference largely reflects the occupational composition of the HE sector, where over half the staff are professionals and hence tend to be higher-paid.

**Figure 1. Comparison of hourly earnings, HE sector and comparators**

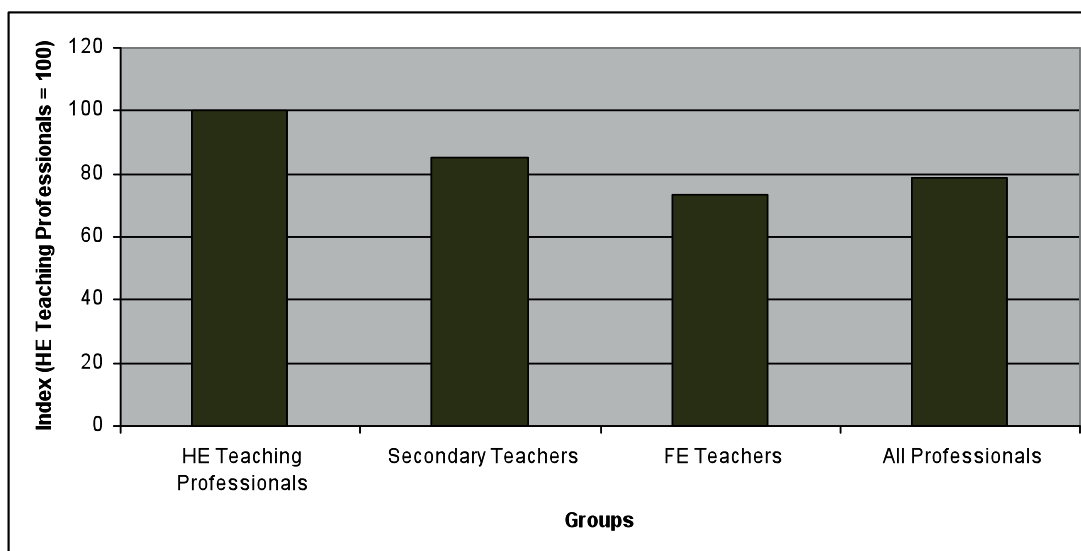


Source: ASHE Data commissioned from ONS

#### *HE Teaching Professionals*

Median hourly earnings for full-time HE teaching professionals were £24.82 per hour, while the median for part-time staff was £22.71 per hour. It should be noted that the only HE-specific occupation for which data are collected in the ASHE is HE Teaching Professionals. This category excludes non-teaching academic staff (i.e. researchers) but includes clinical academics and staff paid above the New JNCHES agreement (e.g. professors and heads). Median annual further education teacher earnings were 72% of median HE teacher earnings. Secondary school teachers averaged 77% of the HE teacher median, while the median for all professional occupations stood at 78% of the HE teacher median.

**Figure 2. Comparison of hourly earnings, HE teaching professionals and comparators 2009**



Source: ASHE Data commissioned from ONS

HE teaching professionals recorded the fourth highest median earnings in 2009 out of 46 occupations identified in ASHE within the professional occupations group. On the mean measure HE teaching professionals ranked fifth. Those with higher average earnings included medical practitioners and the lawyer group (including solicitors, judges and coroners). Those with lower average earnings included accountants, pharmacists, mechanical and electrical engineers, vets, architects and surveyors. It should be stressed, however, that ASHE relates to employees only. In some professional occupations significant proportions are partners or self-employed, especially at more senior levels, and so would not appear in the ASHE sample.

#### *Other HE Staff*

Full-time researchers in the HE sector earned, at the median, £32,431 in 2009, or £16.94 per hour. Full-time scientific and engineering technicians in the HE sector recorded mean annual earnings of £27,165 in 2009 or £14.70 per hour. IT service delivery technicians averaged £28,917 with mean hourly earnings at £15.34.

Full-time employees in clerical occupations within the HE sector averaged £22,107 at the median in 2009, with accounts clerks averaging more (£23,463). Those in secretarial occupations averaged £21,560 per year, with personal assistants averaging £22,749. Of all the clerical occupations, personal assistant was the only occupation where earnings outside HE were greater than for those within HE.

Part-time cleaners recorded mean hourly earnings of £7.15 and catering assistants £7.05. Part-time cleaners outside the HE sector earned about 88% of the salary of those inside the sector. For catering assistants the proportion was approximately 85%.

Mean hourly and annual earnings were higher in HE than outside for managers, skilled trades and personal services occupations although the difference was relatively small in the latter two cases.

## **4.2 Pay movements 2001-2009**

Comparing HESA salary movements by academic grade group (2001/02 – 2007/08) the lowest paid academic employees (junior researchers) received the highest rate of salary increase according to the median and the second highest according to the mean. The mean shows this increase at 42.6% (19.5% real terms) while the median shows 39.6% (16.5% real terms). The highest paid group (professor / head of department) also showed a comparatively large increase at 34.4% (11.3% real terms) according to the mean and 32.5% (9.4% real terms) at the median. Those in the middle appear to have done less well comparatively.



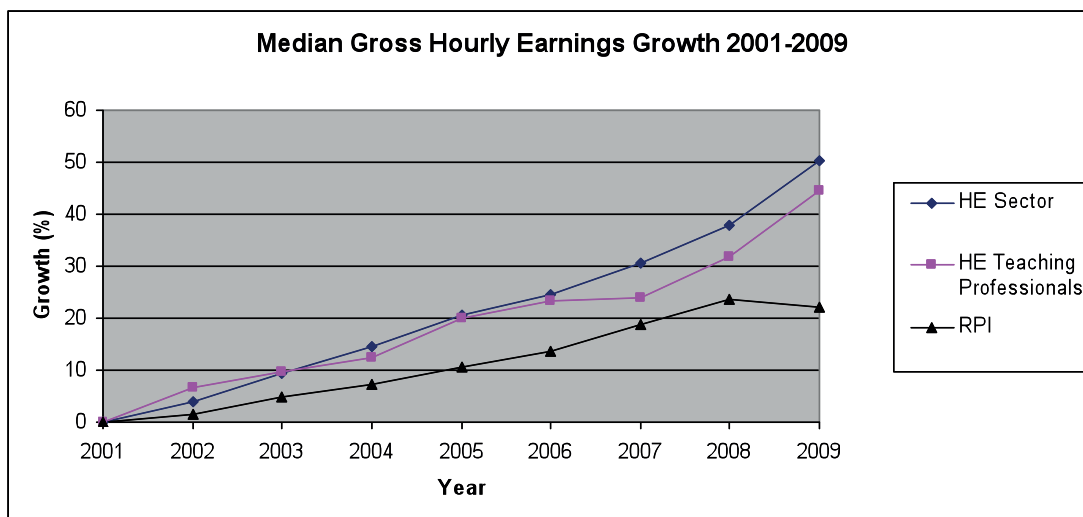
Mean academic salaries increased in real terms (i.e. the level of increase after inflation has been subtracted) by 24.0% over the period 2001/02 to 2007/08. If the median measure is used then this drops to a real terms increase of 16.9%.

Analysis of the HESA mean shows that support staff salaries as a whole have increased by 33.6% over the five year period 2003/04 – 2008/09, with the median showing a slightly higher figure of 38.1%. Data is only available from 2003/04. Mean support staff salaries therefore increased in real terms by 19.4% over this period. Using the median measure this rises to 23.9%.

The HESA data show that salaries for the lower paid support staff seem to have risen at a higher rate than for those at the higher end of the salary scale. Taking the median, the two categories with highest average earnings (managers and non-academic professionals) have seen the slowest rate of increase over the period at 25.2% (11.0% real terms) and 20.8% (6.6% real terms) respectively. By contrast the group on the lowest average salary (group 9 - Cleaners, catering assistants, security officers, porters and maintenance workers) has seen a rise of 42.9% (28.7% real terms).

Since 2001, ASHE data show that earnings of almost all HE sector occupational groups have increased by more than inflation, often substantially so. The biggest earnings increases have been recorded by part-timers, and by those with the lowest earnings. The largest group (HE teaching professionals) recorded an average earnings increase more than 22 percentage points ahead of inflation. The RPI rose by 22.2% between April 2001 and April 2009 and by 20.0% between April 2002 and April 2009.

**Figure 3. Growth in hourly earnings from 2001 to 2009**



Source: ASHE Data commissioned from ONS

Between 2001 and 2009 median full-time annual earnings in the HE sector rose by 50.3% (28.1% real terms). There was an almost identical increase in hourly earnings. Amongst part-time staff the hourly earnings increase was considerably higher, at 78.1% (55.9% real terms).

#### *HE Teaching Professionals*

HE full-time teaching professionals recorded annual earnings growth of 45% (22.8% real terms) between 2001 and 2009, and almost identical hourly earnings growth of 44.6% (22.4% real terms). Median hourly earnings growth for part-time HE teaching professionals was similar at 45.8% (23.6% real terms). Over the shorter period beginning in 2002 part-time staff still recorded earnings growth above 40%, but hourly earnings growth of full-timers was lower at 35.9% (15.9% real terms). On an annual basis full-time staff recorded median earnings growth of 37.7% (17.7% real terms) between 2002 and 2009.

### *Other HE staff*

Between 2002 and 2009 full-time HE researchers recorded median annual earnings growth of 20.1% (0.1% real terms). Median hourly earnings rose by 36.1% (16.1% real terms) over the period. Between 2001 and 2009 full-time scientific and engineering technicians in the HE sector recorded a 45.2% (23% real terms) increase in median annual earnings. Growth in median hourly earnings was substantially greater, at 57.4% (35.2% real terms). Over the shorter period from 2002 growth was 38.1% (18.1% real terms) on the annual basis and 49.7% (29.7% real terms) on the hourly basis.

Between 2002 and 2009, IT service delivery technicians recorded a 36.9% (16.9% real terms) increase in annual earnings and a 31.2% (11.2% real terms) increase in hourly earnings. This was clearly higher than growth over the longer period from 2001.

The clerical and secretarial occupations group was affected by changes in definition between 2001 and 2002. Figures for change between 2002 and 2009 are therefore more robust. They show median annual earnings growth of 39.6% (19.6% real terms) and 35.8% (15.8% real terms) for full-time staff in clerical and secretarial occupations respectively.

Part-time cleaners recorded a median hourly earnings increase of 56.7% (34.5% real terms) from 2001, while part-time catering assistants' average earnings rose by 49.7% (27.5% real terms). Since 2002 cleaners' hourly earnings have risen by 47.7% (27.7% real terms) while catering assistants' earnings have risen by 46.3% (26.3% real terms).

## **4.3 Gender pay gap**

According to HESA statistics there has been a consistent gap in the salaries of male and female staff during the period under review. For full time academic staff the gap between male and female mean salaries has closed slightly between 2001/02 and 2008/09 from 15.5% to 13.5%. For full time support staff the gap between mean male and female salaries has also narrowed slightly over the time period from 12.7% to 9.9%.

## **4.4 Matched sample analysis**

Another way that ASHE enables estimation of earnings growth over time is through matched samples. These include only those employees who appear in the sample in consecutive years (and are with the same employer and in the same occupation). The matched samples therefore give an indication of typical career earnings over time. The inclusion of leavers in year 1 and joiners in year 2 therefore tends to depress whole sample increases in earnings across the two years. They are excluded from matched samples, which instead capture the effects of increments and promotions within the same occupation, as well as cost-of-living pay rises for those that stay with the same employer. Earnings growth is much greater on the matched sample basis than for the full sample. This is true both of the HE sector and the wider economy. As an example, those in the HE sector in managerial jobs recorded median earnings growth of 60.7% on the matched sample basis and 33.4% for the full sample.

## **4.5 HE pay growth compared**

From 2001 to 2009 HE staff generally recorded higher earnings growth than comparator groups outside the sector, whether one considers individual occupations, occupational groups or the sector as a whole. Both HE and wider economy employees have recorded earnings growth ahead of inflation.

Median HE sector full-time earnings rose faster than for six comparator groups between 2001 and 2009 (and also for 2002-9). This was the case for both annual and hourly measures. The six comparator groups were all employees, all public sector, all private sector, public administration, education and human health activities, the last three being the three major public service industries as classified by the Standard Industrial Classification.

Median hourly HE sector part-time earnings grew by 78.1% over the period from 2001 to 2009; over three and a half times as fast as price inflation (22.2%), and ahead of the growth recorded for any of the comparators. While growth was lower, at 65%, for the period beginning in 2002 it was nevertheless ahead of that for any comparator.

## HE Teaching Professionals

HE teaching professionals recorded higher earnings growth than six comparator groups for the period 2001-09, using a range of measures of earnings (gross annual, basic annual, gross hourly) and observing part-timers as well as full-timers. The comparator groups were: all employees, all public sector, all private sector, all professionals, all teaching professionals and secondary school teachers. Over the shorter period from 2002 to 2008 and using nine comparator groups (those above plus FE teachers, researchers, and all teachers and researchers), HE teaching professionals averaged the highest earnings growth out of the nine groups across a range of measures.

## Other HE staff

At the median, full-time researchers in the HE sector recorded significantly larger earnings growth than researchers outside the sector between 2002 and 2008 (gross hourly earnings were 36.1% (16.1% real terms) and 21.8% (1.8% real terms) respectively. Taking professional occupations as a whole, those within the HE sector recorded faster earnings growth than those outside the sector.

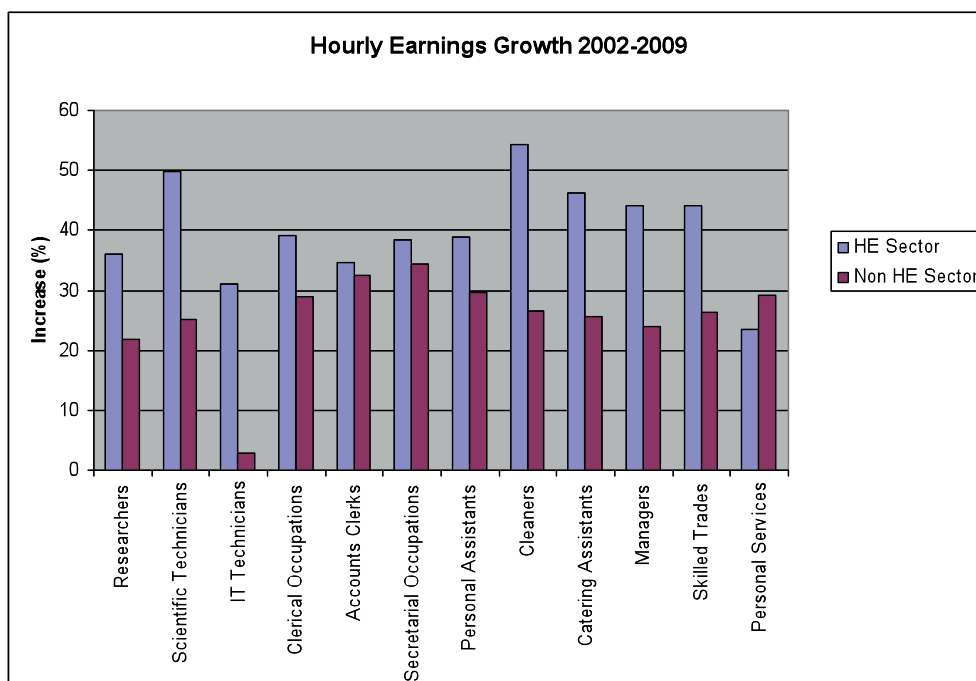
Scientific and engineering technicians recorded substantially greater earnings growth in the HE sector than outside between 2002 and 2009. The difference was particularly marked on hourly earnings 49.7% (29.7% real terms) compared with 25.2% (5.2% real terms). IT service delivery technicians outside the HE sector recorded barely any annual earnings growth at 4.3% (-15.7% real terms) between 2002 and 2009. Those within the HE sector recorded growth of 36.9% (16.9% real terms).

Full-time employees in clerical jobs, together with accounts clerks and those in secretarial jobs (a category which changed composition between 2001 and 2002), recorded higher earnings growth between 2001 and 2009 within the HE sector than outside it. Personal assistants also recorded a higher increase within the HE sector than outside on both the hourly and annual measures.

At the median, part-time HE sector cleaners and catering assistants recorded greater hourly earnings growth than counterparts outside the sector by a substantial margin.

Between 2002 and 2009 those in managerial and skilled trades occupations recorded markedly higher mean earnings growth, on both an annual and an hourly basis, inside the HE sector than outside. Only for those in personal services was growth higher outside the HE sector.

**Figure 4. Comparison of hourly earnings growth 2002-09 by occupations**



Source: ASHE Data commissioned from ONS

## 4.6 Minimum pay rates

Low pay has been a subject of considerable policy and research attention in recent years with the minimum wage remaining central to these discussions. The UK National Minimum Wage (NMW), set by the Low Pay Commission, has ensured a legal floor for hourly pay since 1998 and is currently estimated to cover 3.2% of the workforce. The London Living Wage (LLW), which is a higher rate of minimum pay set by the Greater London Authority since 2004 to reflect the cost of living in the capital, is not legally mandated but has been adopted voluntarily by a significant number of organisations, including nine HEIs to date. As of October 2010, the LLW is £7.85 per hour compared to the NMW of £5.93 per hour (for adults aged 22 and over).

According to research by the Joseph Rowntree Foundation, the NMW does not adequately reflect the cost of living in cities and rural areas in the UK. Its annually updated work on minimum income standards (MIS) concludes that a single person living in a city requires £14,437 per year before tax (£7.38 per hour at a 37.5 hour week) in 2010 to afford a minimum standard of living.

Because of nationally negotiated agreements, the minimum rate of pay in HE and other sectors such as local government, further education and the NHS is higher than the NMW and, due to the addition of London allowances, the LLW. The minimum rate of hourly pay in the HE sector based on the (most recently agreed) 2009/10 pay spine is either £7.20 per hour (based on a 35 hour working week) or £6.72 per hour (based on a 37.5 hour working week). At 35 hours this is £0.22p higher than the lowest rate of pay in the NHS and up to £0.91p higher than the equivalent hourly rate of pay in local government. The LLW is £0.65p higher than the minimum basic rate in HE based on a 35 hour working week, although the addition of London allowances brings the minimum rate across these institutions above the LLW.

It should be noted that some HEIs have contracted-out their cleaning, catering or security services and these staff are not necessarily covered by the Framework Agreement. The 2009 ASHE data indicated that these staff are likely to be lower paid than those employed in HE. In those HEIs where the LLW is adopted, the LLW may be applied to those contract staff through contract compliance procedures.

## 5. Concluding comments and recommendations

The work reported will be helpful in providing institutions, unions and other stakeholders with a more current picture in relation to pay and reward arrangements operating in HEIs. HEIs are reminded of the benefit from work on implementing the Framework Agreement being taken forward in partnership with the campus trade unions and of the supporting JNCHES guidance documents. The Group has drawn out the following concluding recommendations:

### Framework Agreement

- Clear and transparent grading and pay decisions for all staff are important both under the provisions of Equality Act and for staff covered by the Framework Agreement. It is notable that the implementation of the Framework Agreement is generally perceived by both HR staff and union representatives to have been a positive initiative in relation to the issues of equal pay, pay transparency and removing barriers between staff groups.
- It is recommended that the underpinning principles of the Framework Agreement of equality, transparency and partnership working continue to be applied in HEIs; the report has noted some differences in approach in evaluating posts and HEIs are encouraged to ensure transparency in whatever approach is adopted.
- The majority of HEIs now include some form of contribution pay in their pay and grading structures. Market supplements are reported to be less widely in use. Recognising the need for robustness and transparency, HE employers and staff unions are encouraged to work on transparent policies and procedures on the use of contribution pay and market supplements.
- The New JNCHES Equality Working Group reports separately on Equal Pay Reviews; it is noted that the Framework Agreement incorporated the encouragement to HEIs to carry out periodic equal pay audits and that New JNCHES has recommended reviews following implementation and periodically thereafter.

### Data

- There continue to be shortcomings, originally identified in the JNCHES report in 2008 and with further issues now reported, in relation to the usefulness of the pay statistics available for the HE sector. It is recommended that the parties to New JNCHES maintain the dialogue now established with HESA, seek to influence the current review and encourage improvements in data quality in relation to staff remuneration.

### Pay in HE

- It is noted that the analysis of remuneration is based on the data available and does not take into account any of the negotiated outcomes since May and October 2008. It is recommended that the data are periodically updated so that the periods covering the settlements for 2009/10 and 2010/11 (and future settlements) can be taken into account, as there would be benefit derived for future dialogue.
- There has been some further progress in closing the gender pay gap in the period; it is hoped that HE employers and trade unions will find the report by the New JNCHES Equality Working Group helpful to further work in this area.

[www.eis.org.uk](http://www.eis.org.uk)

[www.gmb.org.uk](http://www.gmb.org.uk)

[www.ucea.ac.uk](http://www.ucea.ac.uk)

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