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Pay Proposal 2022 - 23

Context

The University is appreciative of the work and contribution employees are making during a difficult and challenging period for the University. The University also recognises the current economic climate, its impact on employees and the University, and that in recent years the University has not been able to offer many pay rises.

The University has only been in surplus once in the last 11 years and the solvency of the organisation has only been possible due to external funds underwriting losses each year. Further the University has no reserves on which it can call or assets which it can sell, having already sold previous assets to fund losses. The withdrawal of support by the CTCF led recently to the University facing insolvency and, on advice from the Office for Students, cutting the Spring 2020 entry cohort and advising students of the likelihood of teach out and closure. The closure of the University was only averted by the new partnership with the Chinese Education Group (CEG), who are currently providing loans to the University to support its running costs and some strategic initiatives, including the campus move project. In due course, the University will need to repay these loans plus interest.

This is set against a backdrop of teach out and Covid-19 reducing both new and continuing student numbers, the impact of Brexit on enrolment, and increases in contributions by the University to both National Insurance and the University Superannuation Scheme.

Taken together, the financial impact of these has led to a 2021-22 forecast deficit of £7.98m and a further projected deficit of around £4.5m in 2022-23.

In this context, whilst the aspiration of the UCU pay claim is acknowledged the financial position of the University does not enable it to substantially meet this year's claim. However, the University's offer does include:

- 1) a general pay award which would be applied on a progressive basis, and
- 2) increases as a result of the new faculty progression scheme.

Combined, the offer is made at the limits of affordability for the University.

Looking to the future, the Strategic Plan 2021-26 sets out how the University has started to change its business model to enable it to move to operate at a break-even level and then at a surplus. The University gains over 95% of its revenue from student fees. Therefore, the impact of the previous teach-out, current low enrolments and low student numbers working through the system over the next 2 to 3 years significantly impact on income levels. The initial aim of the Strategic Plan was to be in surplus within 2 or 3 years, but with current student number projections this will take at least 3 to 4 years. This also means the borrowing plus interest from CEG will need to be higher.

<https://3d50fu3mup51tmdxz3zef8dq-wpengine.netdna-ssl.com/wp-content/uploads/2021/02/The-Strategic-Plan-2021-26-Public-Draft.pdf>

Pay Offer

The elements of this offer are to be read in conjunction with each other as no single element of this offer will be agreed until all elements are agreed and the pay discussions concluded.

Faculty Working Hours

The UCU claim refers to a 35-hour working week. The faculty contract and Workload Model are centred on a 35-hour working week, which is equivalent to 1519 hours per annum.

Based on 1519 hours the calculation is as follows:

- 260 working days per year less 43 days annual leave = 217 days
- 35 hours / 5 days a week = 7 hrs
- 217 days x 7hrs = 1519 hrs

Minimum Faculty Hourly Rate

Of the staff represented by UCU the minimum annual salary is currently £33,330 or £18.26 per hour

General Pay Award

The financial position of the University was set out in the initial meeting and summarised above. Therefore, in conjunction with the points below, the University's offer is for a progressive pay award, ranging from 2.4% for the lowest paid, to 0.6% for those on the highest salaries. Overall, this equates to an increase of 1.25% to the pay bill.

The table below sets out the proposed bandings for the increases. The points at which the percentage increases change reflect both the faculty and staff pay levels.

Current Indicative Banding		%	Current Faculty Pay Levels		
£0	£29,999	2.4		Minimum	Maximum
£30,000	£39,999	2.1	Assist Prof	£33,330	£39,040
£40,000	£41,999	1.8	Assoc Prof	£40,200	£46,570
£42,000	£43,999	1.5			
£44,000	£46,679	1.2			
£46,680	£49,999	0.9	Professor	£46,680	£60,650
>£50,000		0.6			

Faculty Pay Progression

The University has delivered on its commitment to put in place a pay progression scheme for faculty which is currently being trialled. Funding to meet the outcome of this has been accounted for separately in the budget. There is a similar commitment to develop a scheme for professional services staff during 2022-23.

The members of faculty who receive a pay progression payment could receive an increase between 7% and 15%. It is proposed that the general pay award is subsumed within this payment so no separate pay award payment is made.

Pay Scales

The current pay structure for both faculty and staff does not represent a logical and benchmarked structure. Therefore, the University proposes to set up a task and finish group to consider the pay structure for both faculty and staff to create reasonable, affordable and sustainable pay scales.

Pending the work on developing pay scales it is proposed that the current faculty minimums, midpoints, and maximums do not change. Where increases would take people above the maximum, they will receive a salary increase to the maximum and a one-off non-consolidated payment for the portion above the maximum.

Those employees on the maximum will receive a non-consolidated one-off payment equivalent to the percentage increase.

Summary

The elements of this offer are to be read in conjunction with each other as no single element of this offer will be agreed until all elements are agreed and the pay discussions concluded.

1. Current contracts remain based on 35 hour working week
2. Minimum faculty annual salary above £12 per hour (currently £18.26 per hour)
3. Progressive general pay award ranging from 2.4% to 0.6%, which equates to 1.25% on the University pay bill.
4. Faculty pay progression for those eligible, ranging from 7% - 15%. These increases would include the general pay award.
5. Minimum, mid-point and maximum of current faculty pay scales unchanged pending broader review of both faculty and staff pay scales in 2022-23
6. Pay awards above maximum levels paid as a one-off non-consolidated payment
7. Staff pay progression model to be developed during 2022-23

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11th May 2022