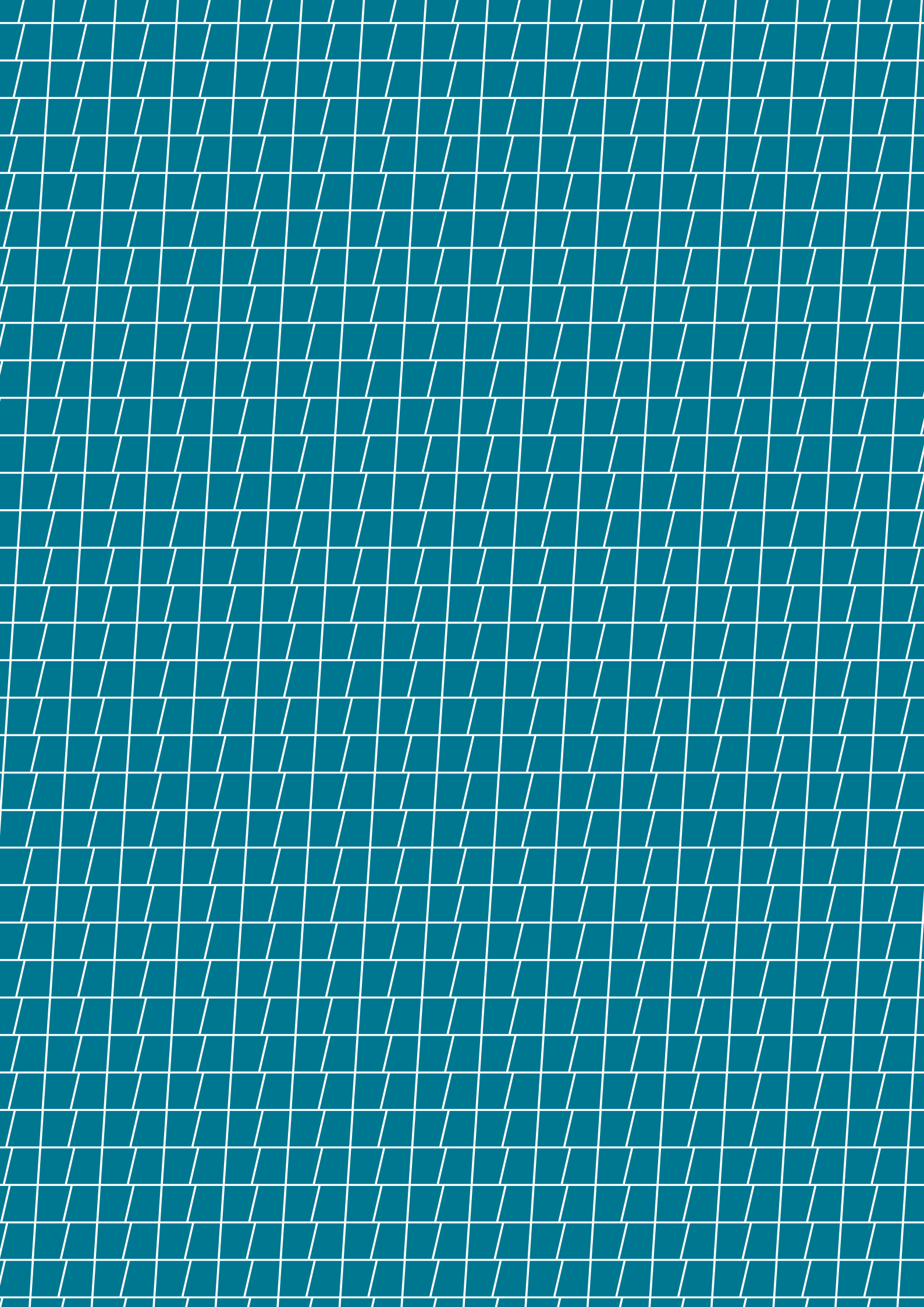


The Living Wage in the UK Higher Education Sector

Executive Summary





Foreword

At NUS we have been on the forefront of campaigning for social justice for as long as we have existed. From uniting under a banner of global peace in the interwar years to being a leading organisation in the fight against apartheid, the student movement has always been a voice for those who need it most.

I am proud that together with UNISON members across the country, NUS and students' unions have led the way on campaigning for a Living Wage. Students up and down the UK benefit from the hard work of people working for poverty pay in our universities - from cleaners in our lecture halls and in our accommodation, to catering staff who provide our brain food. Many of them serve us with a smile while worrying about how they will provide for their families.

Our institutions should not only benefit those that study in them, but those who work in them and make our study possible in the first place. I encourage students and students' unions to read this report and take stock of the prevalence of poverty pay on too many of our campuses. And then get campaigning. Living Wage is a 2013 social justice battle and one that I believe we can win.

Dom Anderson,
NUS Vice President (Society and Citizenship)

Poverty pay has no place in the 21st century. Modern employers understand that; we need to bring the rest with us.

Introducing a Living Wage is the right thing to do, and will help to boost our economy. It will stimulate the economy as low paid workers spend their earnings; help to close the gender pay gap, which remains stubbornly high and it will save taxpayers' money by cutting benefits. Why should taxpayers subsidise Scrooge like employers who pay poverty wages and rely on the state to make up the difference?

British workers are suffering a growing gap between rising prices and depressed wages. Our members and their families are facing real challenges:

- parents who do not get to spend time with their children because they are doing two jobs;
- workers who worry every day about how they are going to put food on the table and keep warm in winter;
- people falling into the hands of unscrupulous payday lenders and struggling to pay off loans that have exorbitant interest rates.

We believe that the education sector should be exemplar employers. So we will continue our campaigning in colleges, and universities where there are handsome salaries paid to vice-chancellors and principles, and Living Wage campaigns that deserve victory.

The minimum wage has been a great success, lifting more than a million out of poverty without job losses. The Living Wage campaign builds on that success in an attempt to stamp out in-work poverty. We won the battle for a national minimum wage and we will keep up the pressure for a new Living Wage.

Dave Prentis,
UNISON General Secretary

Executive Summary

Introduction

Put simply, a fair day's work deserves a fair day's pay. So back in March 2012 NUS and UNISON launched a joint campaign calling for the post-compulsory education sector to become the first Living Wage sector. The vision of the campaign is one in which all workers on university and college campuses across the UK are not just working to survive, but can lead meaningful and fulfilling lives.

We believe universities and colleges should be amongst the most progressive employers in the country. We also believe that students expect their institutions to act with fairness and equality towards not only their students, but their employees too. The inherent irony of some institutions providing their students with a means to improve their chances in life, while failing to lift some of their employees out of poverty cannot be lost. This is why NUS and UNISON are calling on every university in England, Scotland, Wales and Northern Ireland to become accredited as a Living Wage employer.

Fair pay is one measure of the way a society treats its vulnerable, and a commitment to paying the Living Wage is one tangible but impactful step that universities can do to fulfil their civic and social duties. The Living Wage is not an excessive financial burden amidst tough economic times for our institutions. It is a sensible, moral choice that delivers for the individual worker, the institution and our society as a whole.

Yet as this report will show, while many institutions pay senior staff salaries of several hundred thousand pounds a year there are thousands of low paid service workers employed on the same campuses, working in the same offices, that are living in poverty despite being in work. This is a disparity that must be tackled.

Further, the report looks into the extent of privatisation and marketisation of our university campuses through the outsourcing of key services; a creeping trend that is increasing across the sector. In particular, this raises concerns around the creation of a two-tier workforce between those employed in-house and those employed by contracting companies, with the latter generally experiencing poorer pay and terms and

conditions. This research looks at low pay amongst in-house employees only, so we must keep these contracted workers at the front of our minds in recognition that the scale of low pay in the HE sector is without doubt significantly bigger than this research can prove.

This research shines a light on the worrying extent of low pay in our education sector. Through it we hope to encourage and enable students' unions to continue fighting side by side with low paid workers on their campuses to press their institutions to pay fairly. We applaud those who have campaigned so far and won, and offer our support to those striving for justice for low paid workers over the coming months and years. Pivotal to the success and sustainability of our campaign is the unionisation of these workers to meet the other challenges facing them in workplace, such as lack of training opportunities, poor sick leave and annual leave and pension entitlements. Equally important is the fact that Living Wage implementation should not lead to cuts to the workers hours or entitlements.

Since the launch of the campaign, we are exceptionally proud to see how students' unions, UNISON colleagues and other partners around the UK have campaigned successfully for workers on university and college campuses to earn enough to live without fear of poverty or destitution. To date, seventeen universities¹, five colleges² and five students' unions³ are accredited Living Wage employers, alongside four students' unions.

17 universities are leading the way as existing accredited Living Wage employers;

- Birkbeck College
- Goldsmiths College
- Huddersfield University
- Institute of Education
- Kings College London
- Leeds Trinity University
- London Business School
- London Metropolitan University

The Living Wage in the UK Higher Education Sector

- London School of Economics
- London School of Hygiene and Tropical Medicine
- Queen Mary University
- SOAS
- St Mary University
- University College London
- University of East London
- University of Salford
- Wolverhampton University

There are also a fantastic number of institutions paying Living Wage to in-house staff but who have not yet won the battle for contracted staff to be afforded the same benefits.

Outline of the research

In 2013 NUS and UNISON commissioned research using freedom of information requests (FOIs) that aimed to give student campaigners an institution by institution context of low pay and outsourcing in order to support their campus campaigns. An FOI was sent to all 146 universities in England, Scotland, Wales and Northern Ireland, with a response received from 141⁴ equating to 96.6 per cent coverage of the sector.

The research looks into the following key themes;

- The number and proportion of workers directly employed by each university who are paid below Living Wage, including casual workers and excluding apprentices.
- The gap in high and low pay in each institution.
- Trends in outsourcing of the key services in which workers are most likely to receive low pay (cleaning, catering and security).

It looks at the period between 2012–2013, during which the Living Wage rate was £7.45 outside of London and £8.55 inside London. It relates to all staff directly employed by universities, including casual and part-time staff. The research was jointly commissioned by UNISON and NUS and was conducted by the Labour Research Department (LRD)⁵.

Since the research was conducted we are very pleased that several institutions have committed to paying the Living Wage to their in-house staff. They have been retained within the analysis to ensure integrity of the original data set.

We commend the following institutions who have committed to paying the Living Wage to in-house staff since the research was conducted;

- University of East London (now Living Wage accredited)
- Leeds Trinity University (now Living Wage accredited)
- St Mary's University, Twickenham (now Living Wage accredited)
- Wolverhampton (now Living Wage accredited)
- Huddersfield (now Living Wage accredited)
- Kent University (not including casual staff)
- University of Exeter
- Loughborough University
- Norwich University of the Arts
- University of Oxford

The extent of low pay in universities

Number of staff under Living Wage

- 12,592 employees are paid less than the Living Wage by UK universities.
- More universities have staff paid at below Living Wage than don't. 80 institutions pay below the Living Wage to some of their employees⁶, equating to 57 per cent of universities.
- The median lowest wage of staff in UK universities is under Living Wage at £7.39⁷.
- At the highest end there are five universities with more than 500 staff paid less than the Living Wage and 39 universities with more than 100 employees paid less than the Living Wage.
- It is encouraging that a large number of institutions have much more moderate numbers of staff paid at less than Living Wage. 33 universities had fewer than 50 staff paid at below Living Wage and 21 universities had fewer than 20 staff paid at below Living Wage.

Five universities had more than 20 per cent of staff paid less than Living Wage.

- Ten universities had 10 per cent or more staff paid less than Living Wage.
- 61 universities already pay their in-house staff above Living Wage to their staff, equating to 43 per cent of institutions studied.
- 17 universities are leading the way as existing accredited Living Wage employers;
 - Wolverhampton University
 - Huddersfield University
 - Queen Mary University
 - LSE
 - Birkbeck College
 - SOAS

- St Mary University
- University of Salford
- Leeds Trinity University
- London School of Hygiene and Tropical Medicine
- Institute of Education
- Goldsmiths College
- London Business School
- London Metropolitan University
- University College London
- Kings College London

Regional variations

- Wales, Northern Ireland and the East Midlands have the highest proportion of staff paid below Living Wage per institution. 90 per cent of institutions in Northern Ireland and 80 per cent of institutions in Wales have some staff paid at below Living Wage.
- The North West, Scotland and Yorkshire and Humberside have the lowest proportions.
- As a regional average, universities in the East Midlands and the South West have the highest number of staff working below Living Wage, while those in the North West and Scotland have very low numbers.
- Universities in Wales pay on average the lowest rates to the lowest paid staff at a regional average of 78 pence below Living Wage.
- London leads the way as the region with the lowest proportion of institutions paying less than Living Wage at 29 per cent. As a regional average, institutions in London pay their lowest paid staff £1.23 above Living Wage. It also has thirteen Living Wage accredited institutions.

Mind the pay gap

The financial cost of implementing the Living Wage is the most commonly cited reason for non-implementation. For this reason, this research also looked into the state of high pay and the ratio between highest and lowest pay within the respondent institutions in order to gauge the viability of covering additional costs to the wage bill. Unsurprisingly, it revealed a glaring pay gap between the highest and the lowest-paid workers across the vast majority of UK universities.

- The mean average highest annual salary across the salary, usually a Vice-Chancellor, is just over 15 times that of the average lowest salary, at £218,746 compared to £14,247.
- This equates to an hourly salary comparison of over £113.72 to £7.62.
- Of the 20 universities with the highest paid member of staff, eleven have members of staff paid below the Living Wage. All of these institutions have Vice Chancellors paid in excess of £270,000 per year.

A further lens through which levels of pay inequality can be identified is through the pay ratios between highest and lowest paid staff. It is here that that the gap between high and low pay is even starker.

- Of the 20 universities with the highest pay ratios between the highest and lowest paid members of staff, 17 have staff paid under Living Wage. All of these institutions have a pay ratio between the highest and lowest paid of more than 19:1.

We can see then a clear pattern between certain institutions with high numbers and proportions of staff paid less than Living Wage also being amongst those with the highest levels of Vice-Chancellor pay and biggest pay ratios.

The extent of high pay is likely to extend even beyond the analysis presented here, as according to pay negotiations between trade unions and the sector 25 per cent of pay is unaccounted for above the pay scale on average. This is in addition to the remuneration of Vice-Chancellors which is publically available via FOI requests.

The tendering trap

Beyond the scope of our FOI research, we cannot escape the fact that millions of workers who keep our institutions open, the cleaners, canteen staff and security guards, are employed through private contractors. The extensive use of contractors poses a problem as low wages are often used as a means to reduce the overall cost of a contract. Living Wage accreditation ensures that all workers, whether employed by contractors or those sub-contracted by them, are paid above Living Wage.

- 32 universities (23 per cent) of all UK outsource all three services (cleaning, catering & security)⁸.
- 97 universities responding 70 per cent of universities outsourced one or more of their cleaning, catering or security services.
- More than half universities outsource cleaning and security services⁹, and almost one in four outsourced catering services.
- There is strong market share amongst certain contracting companies, with five companies having a 68 per cent market share of all catering services in the sector.

Why contracting is an issue

Contracting is a relatively new concept in the higher education sector. In England, its growth has directly coincided with a number of government policies designed to introduce market forces into higher education and increasing competition between institutions to increase student numbers due to changes in funding. As such the markets within higher education have been superficially created by government policy, with increasing private sector interest in public sector bodies.

In Scotland, these market forces are significantly reduced due to the no tuition fees policy and continued government funding of universities. Despite this, the research found that some universities in Scotland are also contracting out the same services as their counterparts down south.

This means there is a low level of real competition and a high risk if a contractor owning a large number of

contracts is in danger of insolvency. This would not only affect employees of the contractors but potentially destabilises the finances and general running of the sector as a whole.

A further problem with the increasing use of private contracts within public institutions is the creation of a two-tier workforce. Workers directly employed by an institution are usually protected on a set pay scale that is negotiated in conjunction with a trade union. Those who are employed by external contractors are subject to the terms set by each individual contracting company, meaning there is a greater chance they will be paid a lower wage and on weaker conditions in order to boost the company's competitiveness in bidding for contracts. Commonly institutions will oppose the inclusion of these contracted employees at the point of negotiation and collective bargaining with trade unions.

Building Living Wage into private contracts

It is possible to mitigate some of the potential ill effects of outsourcing by stipulating payment of the Living Wage within the terms of any contracts agreed with external companies. Living Wage can be written into tendering agreements without loss of efficiency or loss of contract and thereby offset some of the dangers inherent in the privatisation process. This is the process by which an institution can gain Living Wage accreditation¹⁰.

- Less than a quarter of institutions specify a minimum rate of pay in their outsourcing contracts. A large number of those specifying a minimum rate set this at Adult National Minimum Wage.
- Of those specifying a minimum rate for contracted pay, just under half are accredited Living Wage employers who have specified Living Wage as the minimum rate.

The decision to outsource service should not be taken lightly. Campaigners are strongly recommended to take into consideration possible side effects of privatisation in their institution, whether the Living Wage is guaranteed into contracts or not.

Background and scope of the research

There are several key considerations on the data gathered;

Includes directly employed staff only

As Freedom of Information requests can only investigate public bodies, this research only includes staff directly employed by universities and excludes those employed by companies who universities outsource services to.

The report also looks into the prevalence of outsourcing of services that are most commonly low paid; that being cleaning, catering and security services. As is detailed in the full report, around half of these services are outsourced so it is worth bearing in mind that the extent of low pay in the UK university sector is undoubtedly far greater than the findings of this report alone can prove. Further, the extent and depth of low pay amongst such contracted workers is likely even more prevalent than amongst their directly employed colleagues due a tendency by contractors to push down wages in order to remain competitive.

Data provided by respondent institutions

All analysis is based on the exact responses given by each institution, leaving a small number of anomalies in the data set. It is recommended that campaigners seek the most up-to-date information with their institution in order to accurately inform their campaigning activities.

- A small number of institutions stated they have do not have any members of staff working for less than Living Wage but note a minimum salary of below Living Wage. Conversely a small number of institutions state they have a minimum salary of above Living Wage but state they have members of staff working for less than Living Wage.
- The FOI did not include direct questions related to hourly and casual staff. Further research to look into this would be of value, based on concerns about the growing number of casual workers in the sector and their pay and terms and conditions.
- The maximum salary of the highest paid staff member in each university was given in terms of an annual salary (excluding benefits), while for the lowest paid member of staff it was given as an hourly rate. This is because a high proportion of low paid staff do not have annual contracts and work part-time on a casual basis. To be able to establish pay ratios between the highest and lowest paid staff members we created proxy hourly and annual rates by calculating figures on the basis of a 37 hour week for 52 weeks a year.
- When asked about the minimum hourly rate paid to the lowest paid members of staff (inclusive of holiday pay), many universities responded with a minimum hourly rate excluding holiday pay meaning the rates between institutions are hard to compare in complete accuracy. In truth, negotiations should be based on paying Living Wage as a base rate with holiday pay added on top of this.

Recommendations

Recommendations

This research has identified a number of running themes that should inform joint student and workers campaigns;

- More than half of all UK universities are propped up by poverty pay.
- There is wide variance in the extent of low pay amongst universities.
- There is a link between high pay and low pay.
- Privatisation is creeping ever further on our campuses. This trend risks perpetuating a 'race to the bottom' in terms of pay and terms and conditions for thousands of workers on our campuses.
- The scale of pay under Living Wage is certainly significantly higher than this report can prove.

As campaigners your course of action now depends on which of the below brackets your university falls under. Details of each institution can be found in the full report.

1. Institutions who do not pay Living Wage to in-house staff and outsource services

- Initiate your campaign to get your institution to commit to the Living Wage for in-house and contracted workers. Once they have done so they can gain Living Wage accreditation from www.livingwage.org.uk.
- You can find more information and guidance on how to campaign by taking a look at UNISON and NUS' joint campaigning resources at www.alivingwage.co.uk.
- Get up to date information on what your institution pays in-house and contracted workers. You should be able to find this out from your Human Resources or Estates department.

2. Institutions who already pay Living Wage to in-house staff but contract out services

- Find out what your institution pays contracted workers. You should be able to find this out from your Human Resources or Estates department.

If contracted workers are paid below Living Wage, initiate a campaign for this to be rectified by your university.

- Lobby your institution to become a Living Wage accredited employer. This will ensure that contracted workers will also benefit from the Living Wage, as well as guarantee that the wages of in-house staff keep pace with annual increments to the Living Wage rate.

You can seek guidance on how to do so from the Living Wage Foundation at www.livingwage.org.uk.

3. Institutions who are already accredited as Living Wage employers

- Well done! Your role could now be to support fellow students' unions who have not yet won their campaign by sharing your expertise. You can also work with your institution to publicise the positive effect the Living Wage has had on your campus.

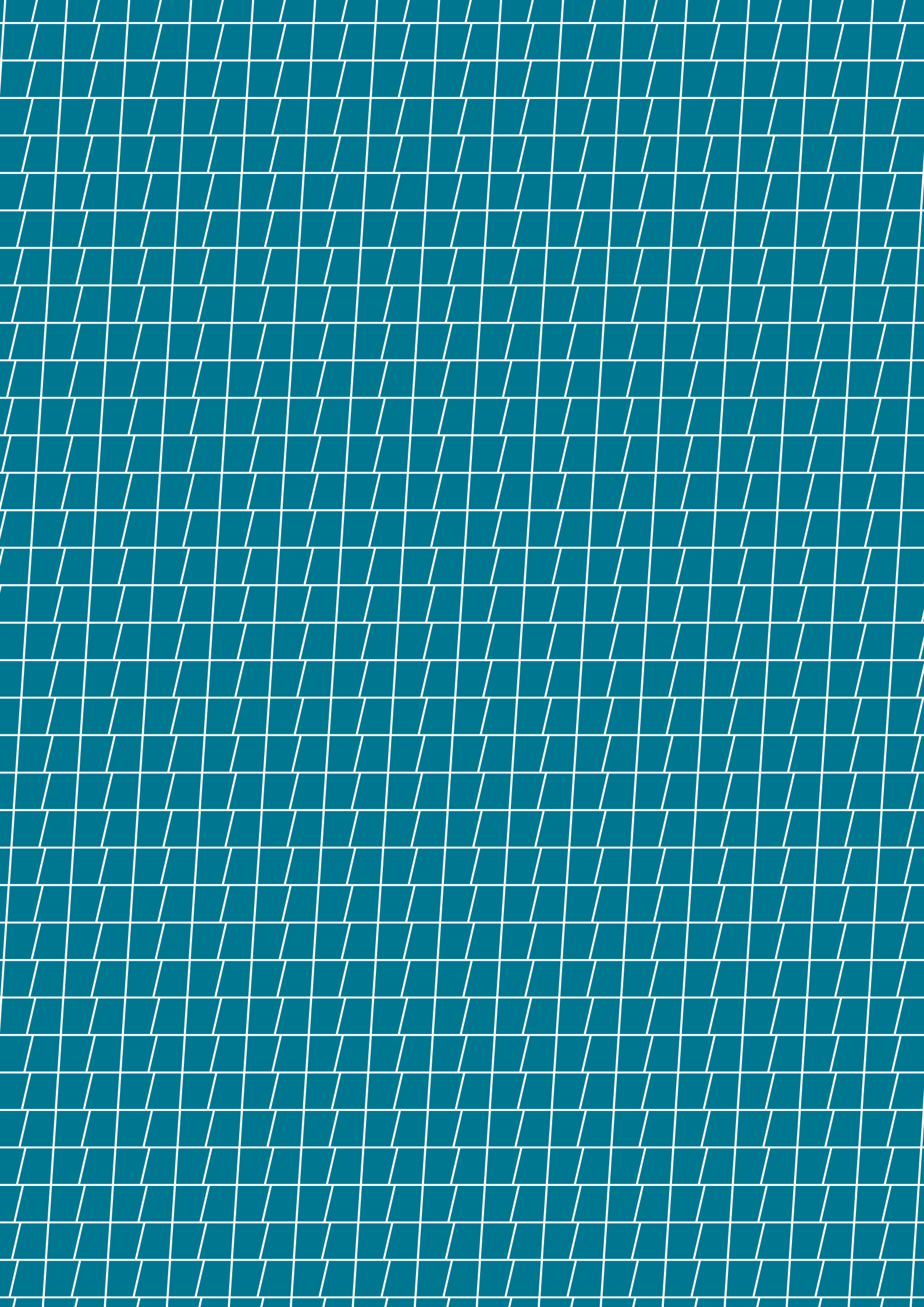
4. Institutions not included in this FOI request

- Work with your institution to find out the data captured in this report for workers on your campus.


If you are unable to get this data from your institution you can conduct your own Freedom of Information request. Information on how to do so can be found here www.gov.uk/make-a-freedom-of-information-request.

Endnotes

- ¹ Wolverhampton University, Huddersfield University, Queen Mary, University LSE, Birkbeck College, SOAS, St Mary University, University of East London, University of Salford, Leeds Trinity University, London School of Hygiene and Tropical Medicine, Institute of Education, Goldsmiths College, London Business School, London Metropolitan University, University College London, Kings College London
- ² City of Wolverhampton College, Manchester College, City and Islington College, City College Norwich, St Charles Sixth Form College
- ³ Strathclyde Students' Association, London School of Economics Students' Union, University College London Students' Union, Middlesex University Students' Union, University of London Union.
- ⁴ The following universities had not responded to the request at the time of writing:
- ⁵ Glasgow School of Art, Plymouth University, Royal College of Art, Southampton University, University College London (UCL) (sent partial response did respond to contractors inquiry)
- ⁶ www.lrd.org.uk
- ⁷ 80 universities
- ⁸ The actual figure is probably worse as the £7.39 data is based on a figure which includes holiday pay
- ⁹ In many cases security was only partially outsourced.
- ¹⁰ <http://www.livingwage.org.uk>



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