

University of Bath

**High earners
report**

June 2012

This report is endorsed by the local branches of the three recognised trade unions representing people who work at the University of Bath.

If you support the call to include elected staff representatives on the University Remuneration Committee you can complete and post the card on the inside of the back cover.

Trade unions negotiate pay and conditions for their members, represent their members when they need individual advice and support and provide a range of other services.

Membership is open to anyone working at the university. For further details contact ucu-sec@bath.ac.uk. Your inquiry will be forwarded to the appropriate trade union.



Summary

- Top people's pay is now a real source of anger as most people in both public and private sectors are faced with year on year pay cuts.
- Vince Cable, the Business Secretary, said last year that university leaders' pay bore "no relation to the underlying economics of the country".
- Since 2002, the Bath VC has received an extra two pounds pay for every extra pound received by everybody else working at the university.
- The Bath VC basic salary is 15th in the list of 161 universities in the UK. When employers' pension contributions are included the Bath VC rises to 11th position.
- The Bath VC receives more in employers' pension contribution (£65000) than any other VC in the UK.
- Bath is a relatively small university. Compared to the 38 other universities that are members of either the Russell Group or the 1994 Group, Bath is 29th in terms of staff numbers and 31st in terms of total expenditure.
- Despite the size of the university, the Bath VC comes 7th in a list of VC remuneration packages for the Russell and 1994 Groups. If very large universities (Oxford and Cambridge) and very small London colleges (Goldsmiths, SOAS, Birkbeck, Institute of Education, Royal Holloway) are taken out of the equation, the Bath VC is paid more – pound for pound and employee for employee – than any other VC. The Bath VC is paid more than the chief executives of Wessex Water, Bath & NE Somerset council, the Royal United Hospital and even the Prime Minister – all of whom manage larger budgets than the University of Bath.
- Since 2002 the number of people in the university earning over £100,000 has increased from 4 to 34. Their share of all staff costs has gone up from less than 1% to more than 4%.
- The University Remuneration Committee is a sub committee of Council, the university's governing body. It fixes the remuneration of some of the university's top earners.
- Bath UCU wrote to the Chair of the University Remuneration Committee in June 2011 suggesting there should be staff representation on the committee. There was no reply.
- At its meeting in June 2011 the Remuneration Committee awarded an aggregate 5.76% increase to those whose income it determines. The increases of the other 22 high earners not covered by the Remuneration Committee are unknown. All other staff at the university received an average increase about ten times lower than this.
- Staff costs as a share of total expenditure at the university have fallen by more than 3% in the last two years – the national average has fallen by 0.6%.
- Full time academic staff at Bath are paid 0.6% less than the national average
- The 2011 staff survey showed that staff in Bath feel less fairly paid, less valued, and have a lower opinion of their senior management team than people working in comparable universities.
- People working in the University of Bath have no idea how the pay of the top earners in the university is decided, and have no influence over how the decision is made.

In the beginning ...

In June 2011 Bath UCU wrote to the Chair of the Remuneration Committee, a sub committee of Council, the University's governing body. The Remuneration Committee fixes the salaries of some of the university's top earners. We wrote to make the point that staff should be represented on the Remuneration Committee. People who work at the University have a right to know on what basis salaries are being fixed, particularly at a time when most were being told to accept a pay increase of £150. This increase was in fact a pay cut because inflation cut the value of most people's pay by more than £150.

No reply

The Chair of the Remuneration Committee did not reply to the letter from UCU. Our request for copies of the papers received by the Remuneration Committee was turned down, as was our request for a copy of its minutes. We only learnt four months after the Committee Meeting what had been decided, when the minutes of the Remuneration Committee were placed, as is required by law, on the agenda of the October meeting of Council. The salaries of the 11 posts covered by the Remuneration Committee had been awarded an aggregate increase of 5.76%, over 10 times the increase awarded to most people working in the University. It is little wonder that the matter was kept so secret. In addition to this there are those whose pay is not fixed by the Remuneration Committee, some of whom probably earn more than those whose pay is fixed by the Committee. We know very little about these other than that the number of high earners (over £100,000) increased from 4 in 2002 to 34 in 2011, increasing their share of all staff costs from less than 1% to over 4%.

Growing anger over top people's pay

Top people's pay is now a real source of anger as most people in both public and private sectors are faced with year on year pay cuts. The 'shareholder spring' has seen attempts to curb pay rises for executives, and even the Prime Minister has expressed concern. He might well look at University Vice Chancellors in the same light. David Cameron's salary of £142,000 is a good deal less than the average Vice Chancellor's pay packet of £254,000.

You'll have to say it louder Vince

Vince Cable, the Business Secretary, told The Daily Telegraph last year that university leaders needed to show "realism and self-sacrifice" and that their pay bore "no relation to the underlying economics of the country". Although a few VCs took a pay cut, most, including Bath's VC, ignored him.

As Bath's Remuneration Committee gears itself up for its annual meeting on June 28th, we decided to look at how Bath's Vice Chancellor compares to other VCs. What we found is staggering. We already knew from the annual Times Higher Education survey in May 2012 that Bath's Vice Chancellor is one of the highest paid in the country, but what we did not realize was that pound for pound Bath's Vice Chancellor is in a league of her own.

We want a voice

At a time when students are being forced to take on enormous debts to finance their degrees, and most people working in universities are being told to take yet another pay cut, we are calling on University Council to include elected staff representatives on the Remuneration Committee. UCU supports the view that university vice chancellors should be paid no more than 10 times the full-time equivalent pay of the lowest paid members of staff in a university. We hope that after reading our report you will add your support to this call.

Make your voice heard

If after reading this report you agree that the University Remuneration Committee, which decides the salaries of some (though not most) of the University's top earners, should include elected staff representatives, simply tear off the post card on the back cover of the report and return it in the internal post.

The Bath Vice Chancellor's remuneration

One for you, two for me ...

Since 2002 the Vice Chancellor's basic salary has increased from £139,000 to £284,000.

This index shows that while the VC's basic salary doubled, the average pay of most people working for the University increased by less than 50%.

For every additional pound added to average university pay, the Vice Chancellor took more than two.

	VC basic salary	Average salary
2002	100	100
2003	120	103
2004	137	106
2005	145	112
2006	169	119
2007	172	126
2008	184	134
2009	193	142
2010	200	145
2011	204	146
2012	?*	?**

*The University Remuneration Committee meets on 28th June

**The current pay offer from employers is 1%

How am I doing ?

The Times Higher Education shows Bath's Vice Chancellor at 15th (of 161). When pension contributions are included, Bath's VC rises to 11th. At £65,000, Bath's VC receives more in pension contributions than any other Vice Chancellor. Bath's VC is also a member of the board of the Universities Superannuation Scheme, which recently increased pension contributions and cut benefits for all members. Bath's VC receives £9,000 for her services to USS.

How am I REALLY doing ?

Vice Chancellors like to compare their universities to other universities. They also like to advertise those comparisons that show them in a good light. We have compared the Bath Vice Chancellor's remuneration to that of other Vice Chancellors in the UK. Bath is a member of the 1994

Group of Universities, a group of 19 universities whose self-styled mission is 'to promote excellence in research and teaching to enhance student and staff experience within our universities and to set the agenda for higher education.' Bath was recently considered for membership of the Russell Group of 20 universities, who say they 'are committed to maintaining the very best research, an outstanding teaching and learning experience and unrivalled links with business and the public sector,' but Bath was not accepted into Russell Group membership.

RUSSELL GROUP

Birmingham
Bristol
Cambridge
Cardiff
Edinburgh
Glasgow
Imperial London
Kings College London
Leeds
Liverpool
LSE
Manchester
Newcastle
Nottingham
Oxford
Queens Belfast
Sheffield
Southampton
University College London
Warwick

1994 GROUP

Bath
Birkbeck London
Durham
East Anglia
Essex
Exeter
Goldsmiths, London
Institute of Education London
Royal Holloway London
Lancaster
Leicester
Loughborough
Queen Mary London
Reading
St Andrews
School of Oriental and African
Studies
Surrey
Sussex
York

Vice Chancellors of universities that belong to the Russell Group or the 1994 Group often like to think that they are better than Vice Chancellors of other universities, which explains why their remuneration is typically (but not always) 40% higher than the remuneration of Vice Chancellors outside these groups. In order to find out how they are really doing, Vice Chancellors of universities in these two groups will often compare their universities and their remuneration packages.

Figures 1 and 2 show Bath as a relatively small university. Its annual expenditure of £173 million and its staff numbers (2301) put it close to the bottom of the league of 39 Russell Group and 1994 Group universities.

Figure 1

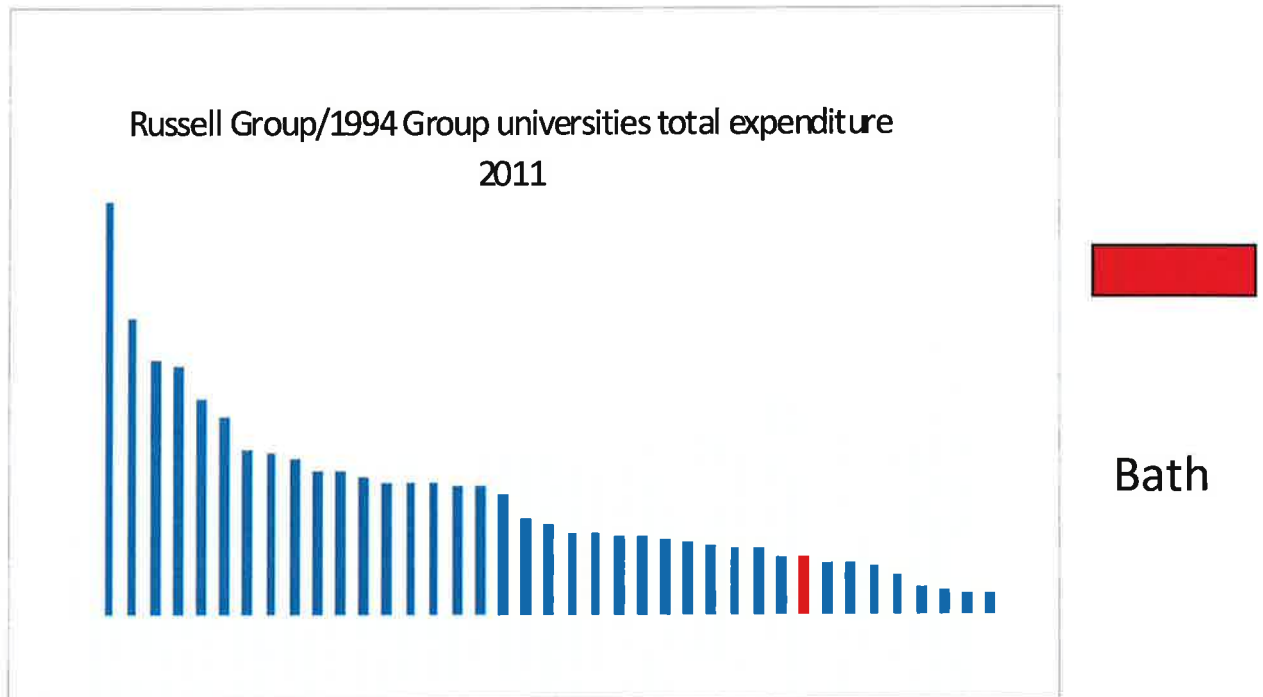
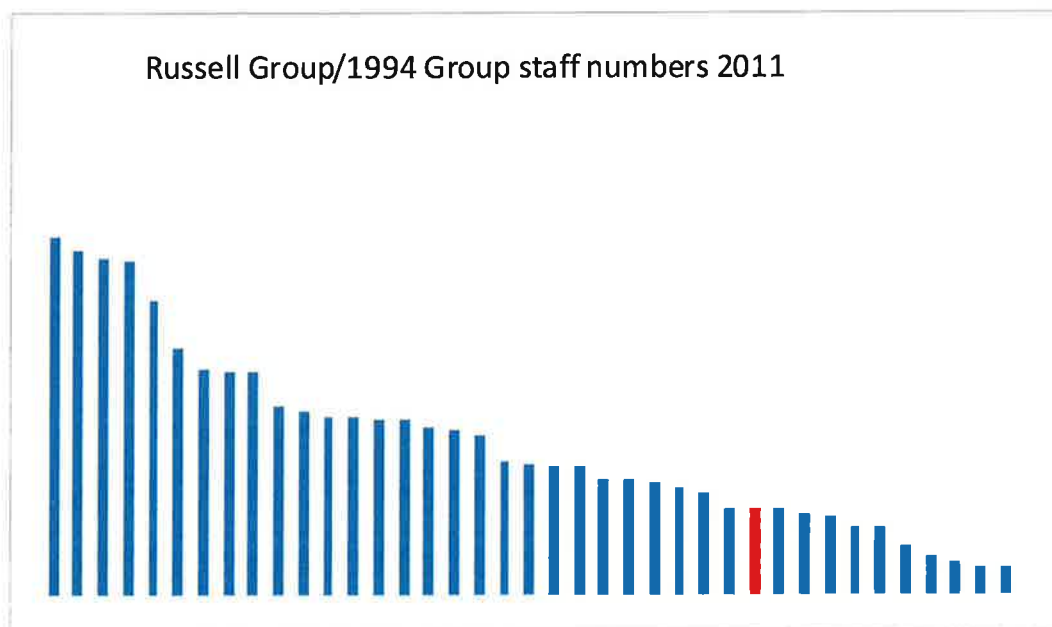
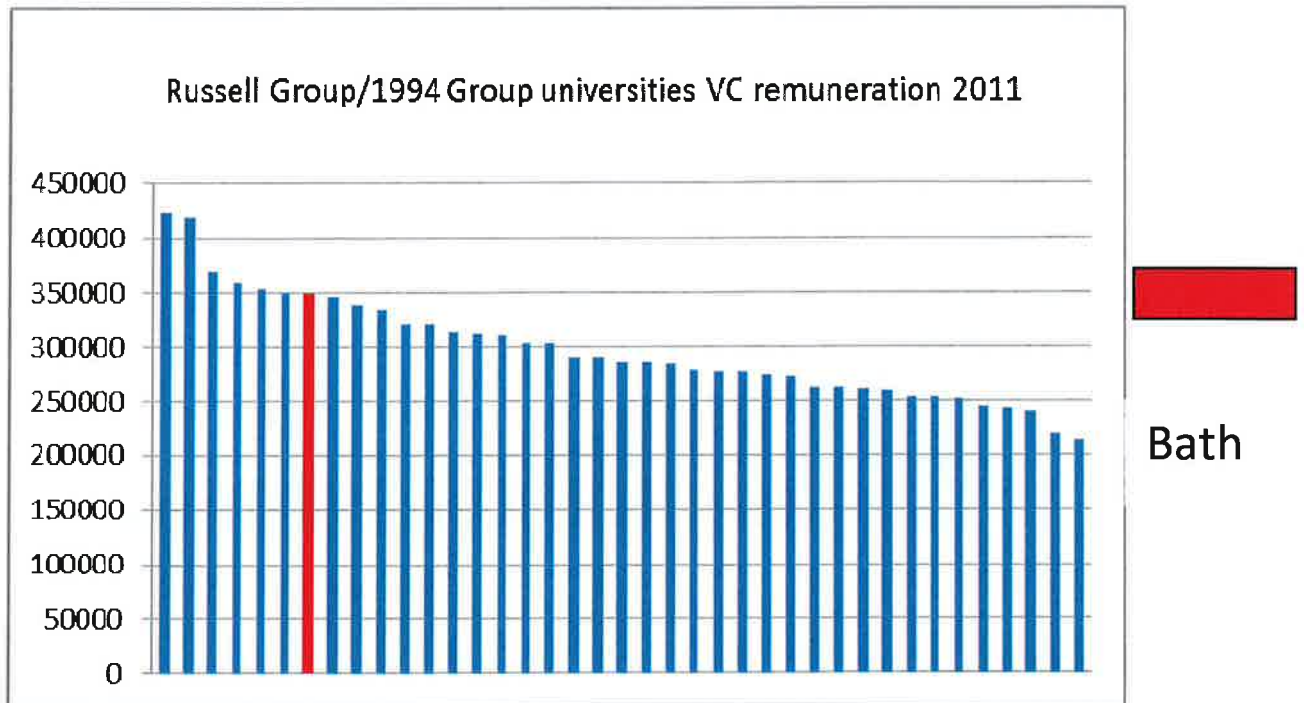


Figure 2



Figures 1 and 2 show that the 39 universities vary enormously in size, and you might expect to find a relationship between size of university and size of VC remuneration. This is not the case. Figure 3 shows that despite its relatively small size, Bath pays its Vice Chancellor significantly more than most VCs who run bigger universities. The total remuneration of the Bath VC comes 7^h in a list of the 39 universities.

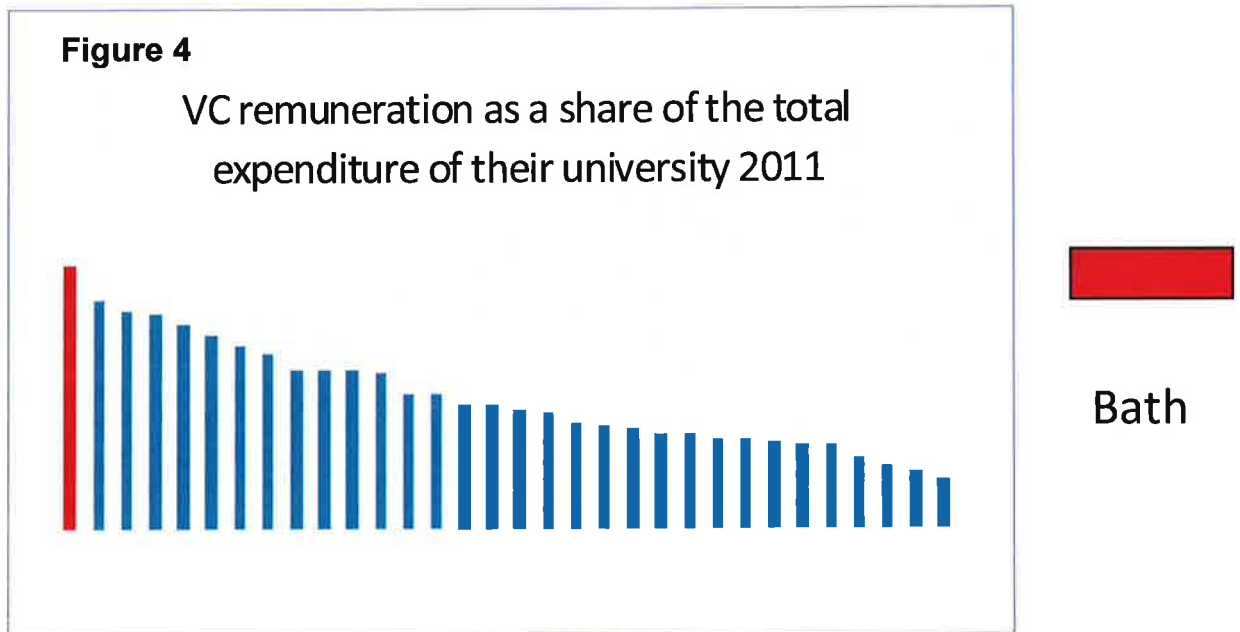
Figure 3



A closer look at the 'Big 7' – the 7 highest paid Vice Chancellors in this group – shows just how much variation there is among universities run by the highest paid Vice Chancellors. Most of the Vice Chancellors who come below Bath in the VC pay league also run bigger universities than Bath.

	Expenditure (000)	Staff numbers	Total VC remuneration
oxford	908200	9140	424000
birmingham	443700	6086	419000
exeter	236500	3091	369000
nottingham	474600	6114	359840
imperial	660400	6736	354000
liverpool	400200	4481	351000
bath	173000	2301	349000

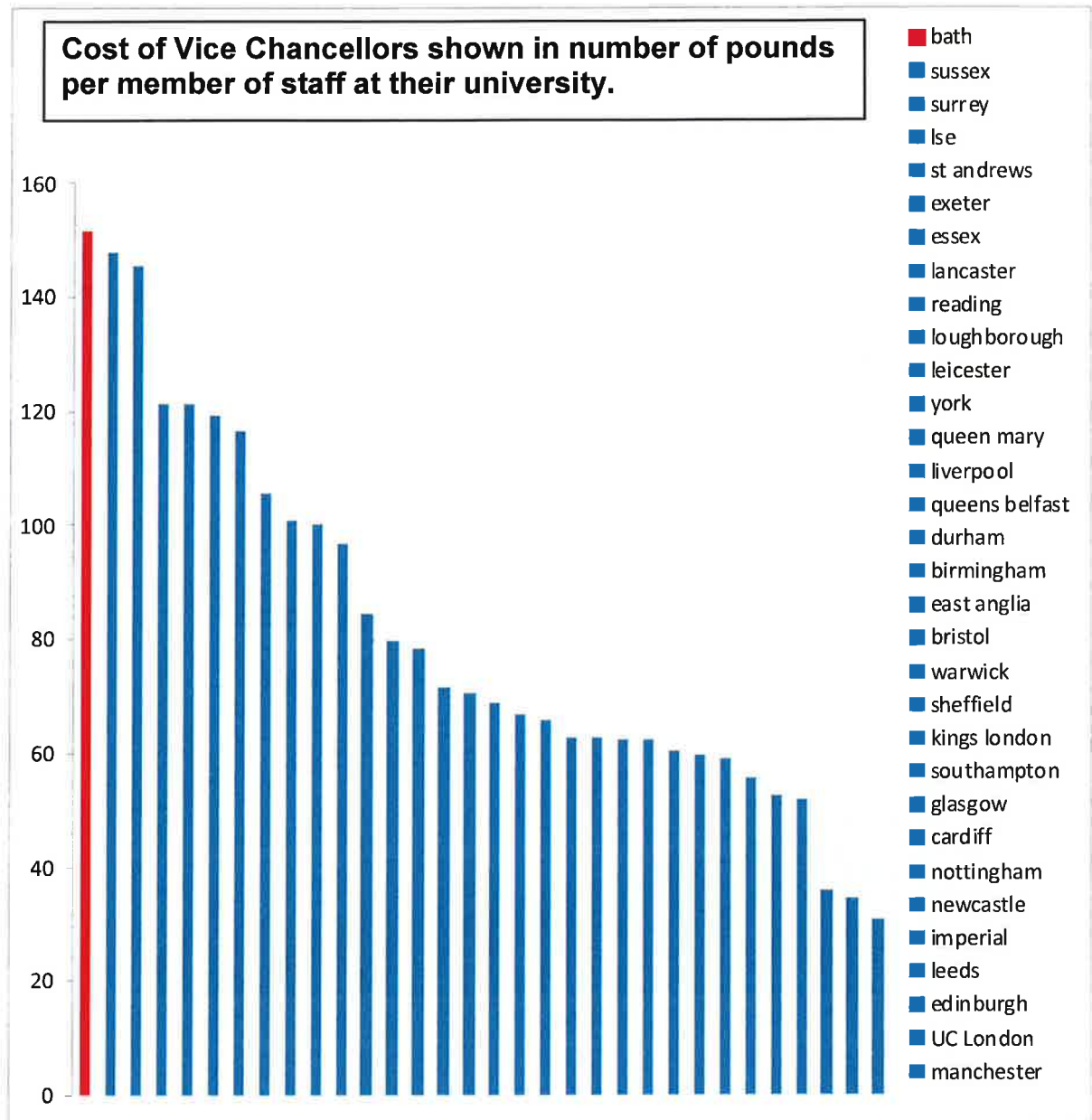
There is, of course, a 'minimum wage' for Vice Chancellors – a going rate for the job, whatever the size of the university. The size of Oxford and Cambridge at the top and five small London colleges at the bottom can distort the overall picture¹ If these universities are removed from the picture we are left with 32 universities that provide a better yardstick against which to measure the relationship between the size of a Vice Chancellor's job and the size of a Vice Chancellor's pay packet. Figures 4 and 5 show this relationship.



¹ Oxford and Cambridge are both significantly bigger than most other universities, Both would appear towards the right hand side of Figures 4 and 5. Goldsmiths, Royal Holloway, Birkbeck, SOAS and the Institute of Education are significantly smaller than all the other universities in the Russell Group and the 1994 Group. They would appear as 'more expensive' than the Bath VC in Figures 4 and 5, though the remuneration of the Bath VC is higher than that of the VCs of all these universities except Oxford.

Figure 4 shows Vice Chancellors' total remuneration as a percentage of their university's total expenditure. Figure 5 also shows that in the case of Vice Chancellors' pay, size does not matter and that in Bath this is taken to the extreme.

Figure 5



Last year the Bath Vice Chancellor received a remuneration package that was worth just over £150 for every other person working at the university – the equivalent of the pay increase for all but the university's high earners. This figure is higher than for any other Vice Chancellor shown in the list of the country's self-styled top universities. It is higher than the equivalent figure for the Vice Chancellors of Oxford (£46) and Cambridge (£34) universities, higher than the President of Harvard (£35).

We do not know

- why the Bath Vice Chancellor is paid so much more than other Vice Chancellors who run much bigger universities
- how the pay of those whose salaries are covered by the University Remuneration Committee is determined
- how big the pay increases are for the 22 high earners whose income is not set by the Remuneration Committee or how these are determined..

Why does it matter ?

Pay and reward are relative. When deciding how much a Vice Chancellor is worth, he or she can be compared to other Vice Chancellors, to others doing comparable jobs outside universities, or to people working in the university that they are paid to run. Of course they can be compared to others doing similar jobs in other countries, and a quick glance across the Atlantic reveals that in 2002 no college presidents earned more than \$1 million, but in 2009 thirty of them had joined the million dollar club. But who wants to go down the road of US higher education ?

Our analysis so far shows that, compared to VCs who run much bigger universities, the Bath VC is arguably the most expensive VC in the UK. The Bath VC is paid more than the chief executives of Bath and North East Somerset Council, Bath Royal United Hospital, and Wessex Water, all of which have a turnover bigger than the university, and all of which provide a more important range of services to a wider range of people.

This leaves the question of the relationship between the VC (and other high earners in the University) and the rest of the people working in the University. Firstly, it is probably the case that there are more high earners who do not have their pay fixed by the Remuneration Committee than high earners who do. This is something about which nothing is

published other than the number of people earning over £100,000. As shown earlier, the number of these and their share of total staff costs have grown significantly. The widening gap between the high earners' pay and the average pay of all university staff is a powerful symbol of the values of the university. Why is it that some VCs have taken a pay cut (not related to performance, but to some idea of what is right) ? Some have even handed back a portion of their pay. As far as we know this is not the case in Bath. For every pound added to average pay here, two have been added to the VC's.

What's happening in the rest of the university ?

One measure of the value placed on staff is the share of total university expenditure allocated to staff. In Bath this has typically been higher than average, which may account for the relatively high rankings Bath has enjoyed in University league tables. The picture is changing rapidly, however, with over 3% shaved off the share of staff costs in the last two years. If the reductions continue at this rate Bath will be below the national average in 2013.

	Staff costs as % total expenditure 2010-11	Staff costs as % total expenditure 2009-10	Staff costs as % total expenditure 2008-9
Bath	58.5%	60.9%	61.6%
Total UK	56.2%	56.6%	56.8%

Academic salaries at Bath are already below the national average according to the Times Higher Education. Academic staff at Bath do not enjoy the same higher rewards as the Vice Chancellor compared to other UK universities. The Times survey showed that the average salary of full time academic staff is already 0.6% lower than the UK average. This gap is growing rapidly as Bath increases its use of 10-month instead of 12-month contracts, encourages 'grade drift', which means that people in lower grade jobs are given responsibilities that belong to higher grade posts, and finds other ways of giving a haircut to the pay of people at the bottom end of the scale.

How do we feel about it ?

Last year's staff survey showed Bath well below average on questions about fair pay

Question	Minimum	Median	Maximum	Bath 2011
Q8.1 I feel fairly paid in relation to people doing similar jobs for other employers	70	76	83	60
Q8.2 I feel fairly paid in relation to other staff at the University doing a similar job	63	71	76	64
Q8.3 I feel fairly paid for the work I do	62	69	79	58

Lower than average scores were also recorded in answer to questions about feeling valued:

Question	Minimum	Median	Maximum	Bath 2011
Q2.9 I feel part of the University	65	77	83	74
Q2.10 I feel valued by my colleagues	81	86	89	83
Q2.11 I feel valued by students / customers	78	87	90	82
Q2.12 I feel valued by the University	41	58	71	51
Q2.13 I feel my job security at the University is good	47	70	86	66
Q2.14 I'm not interested in the University; to me it's just a job	4	6	9	9

And this feeling of not being valued grows the further down the pay scales you go, with teaching staff feeling less valued than research staff and professional, technical and support staff even less valued than teaching staff.

Question	Minimum	Median	Maximum	Bath 20
Q3.8 I feel teaching staff are valued as part of the University community	61	78	90	74
Q3.9 I feel research staff are valued as part of the University community	79	84	87	84
Q3.10 I feel professional, technical and support staff are valued as part of the University community	60	64	69	57

While pay plays a big part if the way people feel about working in the university, it may not be the only reason why so many people working at Bath University say they do not feel as valued as people working in comparable universities. The growing gap between the pay of those at the top and the rest of the university is mirrored in below average scores on a number of questions about the Vice Chancellor's Group (VCG).

Question	Minimum	Median	Maximum	Bath 2011
Q4.1 The University Senior Leadership Team, i.e. the Vice-Chancellor's Group: ...manages and leads the University well	21	72	92	70
Q4.2 The University Senior Leadership Team, i.e. the Vice-Chancellor's Group: ...sets out a clear vision of where the University is heading	35	76	94	62
Q4.3 The University Senior Leadership Team, i.e. the Vice-Chancellor's Group: ...supports new ideas for improving services for service users	30	73	89	66
Q4.4 The University Senior Leadership Team, i.e. the Vice-Chancellor's Group: ...listens to and responds to the views of staff	11	44	67	37
Q4.5 The University Senior Leadership Team, i.e. the Vice-Chancellor's Group: ...is focused on meeting the needs of the University community	24	75	92	61
Q4.6 The University Senior Leadership Team, i.e. the Vice-Chancellor's Group: ...builds strong, positive relationships with the community	27	79	95	60

The VCG has no formal status in the governance of the university – that is the responsibility of formal bodies, particularly Senate and University Council. Council is the body that controls the Remuneration Committee that fixes the pay of the VCG. There is no evidence that the Remuneration Committee takes evidence such as the staff survey into account when it makes its decisions. In fact there is no evidence about anything the Remuneration Committee takes into account when it makes its decisions. It is time the business of the Remuneration Committee was made more transparent. One way of doing this would be to include elected staff representatives as a step towards this, and to make sure the voice of the staff is heard where it needs to be heard.

University Remuneration Committee

A sub committee of University Council, the governing body of the university.

Its terms of reference are

1. Under delegated authority from Council, to determine the remuneration of the Vice-Chancellor, the Deputy Vice-Chancellor, the Pro-Vice-Chancellors, the Deans, the University Secretary, the Director of Finance, and the Director of Estates. The Committee will ensure that the performance of the named Officers is assessed.

2. To determine the severance payments to senior staff earning in excess of £100K per year in accordance with HEFCE Guidance.

Its members are:

Mr P Troughton Chair, Chair of Council	<i>ex-officio</i>
Mr P Wyman Treasurer	<i>ex-officio</i>
Professor Dame Glynis Breakwell * Vice-Chancellor	<i>ex-officio</i>
Mr T Sheppard Lay member of Council, elected by Council	
Mr M Hawkesworth Lay member of Council, elected by Council	

The minutes and summaries of meetings of the Remuneration Committee are not published because they contain information which the university has declared will not be routinely published under the Freedom of Information Act 2000. The minutes of meetings of the Remuneration Committee are submitted to Council.

Next meeting: Thursday 28th June 2.15 pm 4West Boardroom

Letter from UCU to Chair of University Council and University Remuneration Committee

27th June 2011

Dear Mr Troughton,

We note that you will be chairing a meeting of the Remuneration Committee this Thursday (30th June). When you are deliberating on and determining the remuneration of the senior officers of the University it may be pertinent to draw your attention to the following.

The 'ordinary' members of staff, both academic and other, received a pay rise of 0.4% this year. This equates to a real terms pay cut, irrespective of whatever measure of inflation you use. Of course we are all being urged to show restraint in terms of pay increases and I trust you will ensure that the same constraint is applied to the increases for the senior management team here.

There is also the question of the wholesale robbery that has taken place in terms of the proposed changes to OUR pension scheme (USS). Whilst most of the senior officers of the University will also suffer as a result of this, it must surely not have escaped your attention that the Vice-Chancellor is on the board of USS which has imposed the new, detrimental two-tier 'benefits' onto USS members. These changes go far further than Lord Hutton advocated in his report on Public Sector pensions and indeed contradict some of his principles. However, it may also be worth reminding you that USS isn't even a Public Sector scheme, it is a members' scheme. It is paid for by us and our employers and it is our deferred pay that they have stolen from us. This theft resulted in strike action earlier in the year and is likely to lead to more in the autumn.

It is also customary for Remuneration Committees to take into account metrics associated with organisational performance. Perhaps you can ask to see the results of the Staff Survey before considering how well the University appears to have done in the area of management of staff. Perhaps you can also ask for the metric associated with sickness absence, particularly due to work related stress. It may also be illuminating to ask for details of how many Employment Tribunal cases in which the University has been involved in the last two years. You may want to ask about the increase in grievances both formal and informal. Another telling measure is the numbers of redundancies, which because they often happen in ones and twos are often unreported. Furthermore you may perhaps like to ask how many people have left the University as a result of increased workload, stress, bullying and harassment and the ongoing restructuring of Faculty administration. We believe this reorganisation is being promulgated as a success story. From where we are sitting, looking at people whose lives have been quite literally shattered by this exercise, it seems anything but a success.

We are sure that the University has been well managed in other areas. For example, by all accounts our finances are strong. Whilst this is undoubtedly important we think you would be derelict in your duty not to take other factors into account. The academic and other staff of this University are vital. They ARE the University. Unfortunately many believe they are not seen as such by the senior officers of the university, despite their rhetoric to the contrary. The reality, as it is felt by our members and we understand others too, is quite different. This should be reflected in the awards of public money that you make this year.

Yours sincerely,



Marie Morley, President, University of Bath Local Association, University and College Union.

**To: Mr P Troughton
Chair of University Council and University
Remuneration Committee**

**I believe that the University Remuneration Committee
should include representatives elected by all members
of university staff.**

Signed

Department

**If you do not want to publicise your name simply enter your
Department**

**Mr P Troughton
Chair of University Council and University Remuneration
Committee
c/o Mark Humphriss
University Secretary
4 West 3.9**