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national campaign against fees & cuts

University high pay Report :one alternative to cuts



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With deregulation of universities executive pay has exploded



Under New Labour British universities underwent a period of deregulation between 1997& 2007 a process of piecemeal withdrawal of regulation from government boards like the higher education funding council for England (HEFCE). It has been since this period, that executive pay has skyrocketed without regulation. *Cartoon reproduced with kind permission of © Martin Rowson*

At most universities we've seen year on year increases in student fees and hall fees, combined with real terms pay cuts and attacks on pensions for lecturers and cleaners alike. At the same time universities have massively expanded the pay and number of senior managers that they employ.

This report analyses the changing pay structure of the 19 Russell group universities.

This report is not just about bashing high pay but the conditions that lead to it. It is about the consequences of the structures that govern our universities, such as the increasingly unaccountable power of universities executives; and the erosion of investment in student ser-

vices.

Most universities provide a complete data set for the period. However some, including Cambridge, Glasgow, Imperial, Leeds, Liverpool, Manchester and Warwick, can only provide this information for part of the period. Additionally, at the time of writing, three universities are yet to publish finances for the latest financial year (Cardiff, Cambridge and Manchester); we will add this data as it become available.

From this report, it is clear that the financial burden of high-paid executives cannot be ignored. We have found that:

- A total of **£382 million** is being spent on the highest

paid members of staff in just 19 universities, roughly double what it was a decade ago.

- These universities are spending **2%** more of their total income on high paid jobs than they were a decade ago, while cutting back on student support.
- At present nearly **£4 in every £100** is going on paying those earning over £100,000.

With the total cuts to UK universities being at **3.4 %** these figures are extremely worrying. Looking at patterns across the HE sector, it is entirely possible that significant proportions of the cuts could be mitigated by restraint at the top.

The deregulation & the attack on welfare

This is a sector wide pattern, and is a result of a system of university governance in which managers that can act without any accountability, openness or democratic regulation.

To most staff and students busy at their work and studies, university finances are a cloistered byzantine mess. Veiled by glossy PR, serious changes are taking place behind the scenes at British universities, and this will get worse as the deregulation of the sector continues. The past few years have seen exponential rises in accommodation fees, alongside cuts to student welfare services, all without any public knowledge or consultation.

The seeds of deregulation were laid by the ironically named “*better regulation task force*” established in 1997¹, which concluded that “*universities have tended to increase the volume of prescriptive information in response to the “accountability burden” on the institution as a whole (from HEFCE, QAA, research councils etc).*” This view was then echoed by the government’s Higher Education Regulation Review Group (HERRG) which published its one of its many oxymoron-based reports: “*less regulated, more accountable*” in 2005. We should be under no illusions that this was New Labour’s crime, as well as the Coalition’s.

In 2006 the Higher Education Funding Council for England (HEFCE) signed up to the “Higher

education concordat”². In this agreement it committed to a “*less burdensome, more proportionate approach to quality assurance and data collection*”. To implement this, a new chief executive of HEFCE was “head hunted”; they chose the ambitious Vice Chancellor of the University of East Anglia, David Eastwood. He is now the Vice Chancellor of the University of Birmingham, and has famously lobbied to remove the cap on fees entirely. According to David Eastwood himself, he has never had to apply to any role or job since going to HEFCE, and has become a go-to man for whatever deregulation, and now privatisation, the government has wanted to carry out.

The theory was that, despite the lack of any real regulation by any government agency, the information going out into the public domain would provide “*accountability*”. However under this deregulation several things have happened. Firstly, university structures have changed from the previously compulsory open bodies to private boards. Secondly rather than deregulation removing bureaucracy, it has led to an expansion of it, as deregulation went hand in hand with the implementation of a culture of managerialism. HERG, in “*less regulated, more accountable*” (2005), actually recommended that university executives “consolidate” centralised control.

So, what we have now is university executives who aren’t effec-

tively regulated by the government, with more power than ever to change whatever they like within the university. Under this system executive salaries have skyrocketed and personal expenses have become lavish, whilst normal university workers, academics and students have suffered continuing cuts to pay, pensions and their courses.

We need democratic control in UK universities. We need to reinstate the elements of regulation that prevented such a disastrous concentration of power; and, much more importantly, to re-imagine what university governance could look like. The National Campaign Against Fees and Cuts stands for democratic universities, run by students, academics, workers and the community. We think that this is the best solution for academic freedom, student welfare and the social good of education.

1. http://en.wikipedia.org/wiki/Better_Regulation_Commission

2. http://www.bis.gov.uk/assets/biscore/corporate/migratedd/publications/h/herrg_annual_report_2005.pdf

3. <http://www.bis.gov.uk/assets/biscore/corporate/migratedd/publications/h/he%20concordat.pdf>

4. <http://www.timeshighereducation.co.uk/story.asp?storyCode=164003§ioncode=26>

5. <http://www.redbrickpaper.co.uk/2011/05/exclusive-vice-chancellor-house-refurbishment-cost-at-least-282000/>

The growth in Vice Chancellors pay

University	2011/12
University of Oxford	426,000
University of Birmingham	419,000
University College London	365,000
Imperial College London	354,000
University of Liverpool	351,000
King's College London	321,000
University of Nottingham	316,057
University of Bristol	314,000
University of Sheffield	294,000
University of Glasgow	290,000
University of Edinburgh	286,000
University of Warwick	274,000
University of Leeds	260,000
Newcastle University	253,000
Queen's University Belfast	253,000
University of Southampton	244,000
London School of Economics	218,000
University of Cambridge	Not yet reported
Cardiff University	Not yet reported
University of Manchester	Not yet reported
University	2010/2011
University of Oxford	406,000
University of Birmingham	392,000
Imperial College London	367,000
University of Liverpool	358,000
University College London	337,655
King's College London	320,000
University of Bristol	313,000
University of Sheffield	311,000
University of Nottingham	307,000
University of Manchester	293,000
University of Glasgow	288,000
University of Edinburgh	285,000
London School of Economics	285,000
Cardiff University	283,000
University of Warwick	271,000
University of Leeds	260,000
Queen's University Belfast	252,000
University of Southampton	251,000
University of Cambridge	249,000
Newcastle University	247,000

The huge increase in executive pay, mirroring the private sector, is only possible because of a new managerialism in the UK higher education sector. Hand-in-hand with fees deregulation, corporate attitudes are creating a drive to make institutions "competitive". This has led to attacks on the pay and conditions of students and education workers, and it has made universities less accessible than ever.

Across the sector, an overstretched and under-motivated workforce, combined with real cuts to support provision and welfare services, has created a real threat to students and access.

Howard Hotson has already shown in great academic detail that this drive for competitiveness has a flawed premise. He clearly demonstrates that UK universities were already the most efficient and successful in the world. Drives to improve the profitability, such as the university of Birmingham charging parents an extra £305 for childcare services, a move which generates £122,000 annually, are not only unnecessary: they are also an attack on welfare and access, and, more broadly, the value of the university.

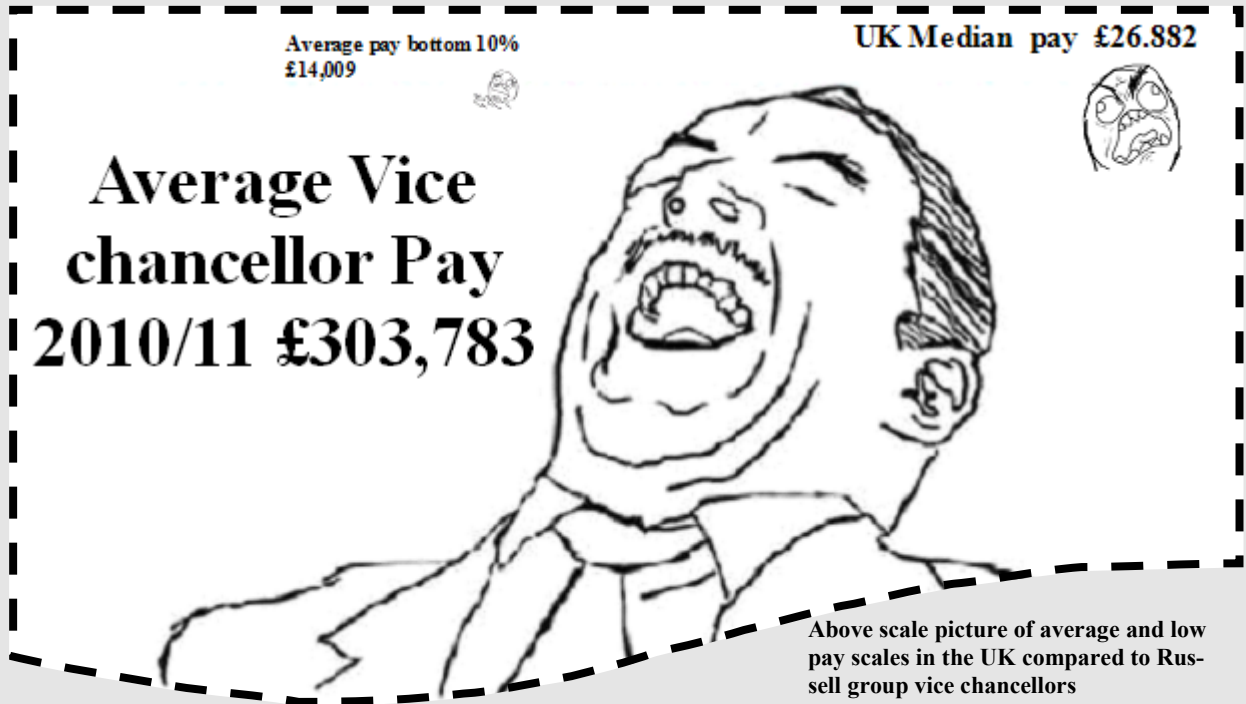
Universities are centres for public debate; the next generation of ideas and culture. As such, they need to be accountable to wider society. How can we hope to have a dynamic, democratic society when the bastions of debate, culture and education are inaccessible to large part of the population? The benefit of tackling corporate-style pay is that we also tackle the wider problems of corporate attitudes in education.

<http://www.guardian.co.uk/higher-education-network/2011/mar/22/university-lecturers-pension-dispute>

<http://www.redbrickpaper.co.uk/2011/01/birmingham-vice-chancellors-pay-rises-by-11-per-cent/>

<http://www.newscientist.com/blogs/bigwideworld/2011/10/university-reform-a-flawed-experiment.html>

The Burden of High pay



Year	03/04	04/05	05/06	06/07	08/09	09/10	10/11	11/12
Percentage of total income (%)	1.832	2.750	2.700	2.993	3.330	3.661	3.799	3.849

2003/04
1.832%



Percentage of university income taken up with by high paid jobs over 100K has seen growth by a factor of 2.101 since 2003



2011/12
3.849%

Year by year the percentage of total Russell group income spent on plus 100k Jobs

The traditional problem of high paid managers 'being out of touch' with those who use the university is being exacerbated by the fact that increasing pay has become a financial burden on the entire university infrastructure.

The expansion of Vice Chancellor pay across the sector is spreading down the ranks. The graph right, which shows the total costs of high paid university employees (over

£100,000), demonstrates that several universities are indulging in a real boom in pay for a section of senior university employees far wider than simply the executive. With the total percentage cut to UK universities at 3.4% , it is worrying that UK universities are now spending 2% more on increasing the wages of their very richest employees.

The student movement's current narratives of high pay are

not adequate. In the coming months and years, it will not be enough to say simply that managerial pay is "insensitive in the current economic climate", or that "while we don't like this this a small part of university funding and should be ignored". We need to tackle this now as a real financial and cultural problem in our universities.

1. <http://www.guardian.co.uk/news/datablog/2011/mar/17/university-funding-cuts-institution-hefce-universities>

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