

Staff meetings

2014

THE UNIVERSITY OF
WARWICK

- University facts and figures 2013
- Areas for investment
- Sources of funding
- Strategic drivers for investment
- Pay and reward
- Glossary



University Facts and Figures

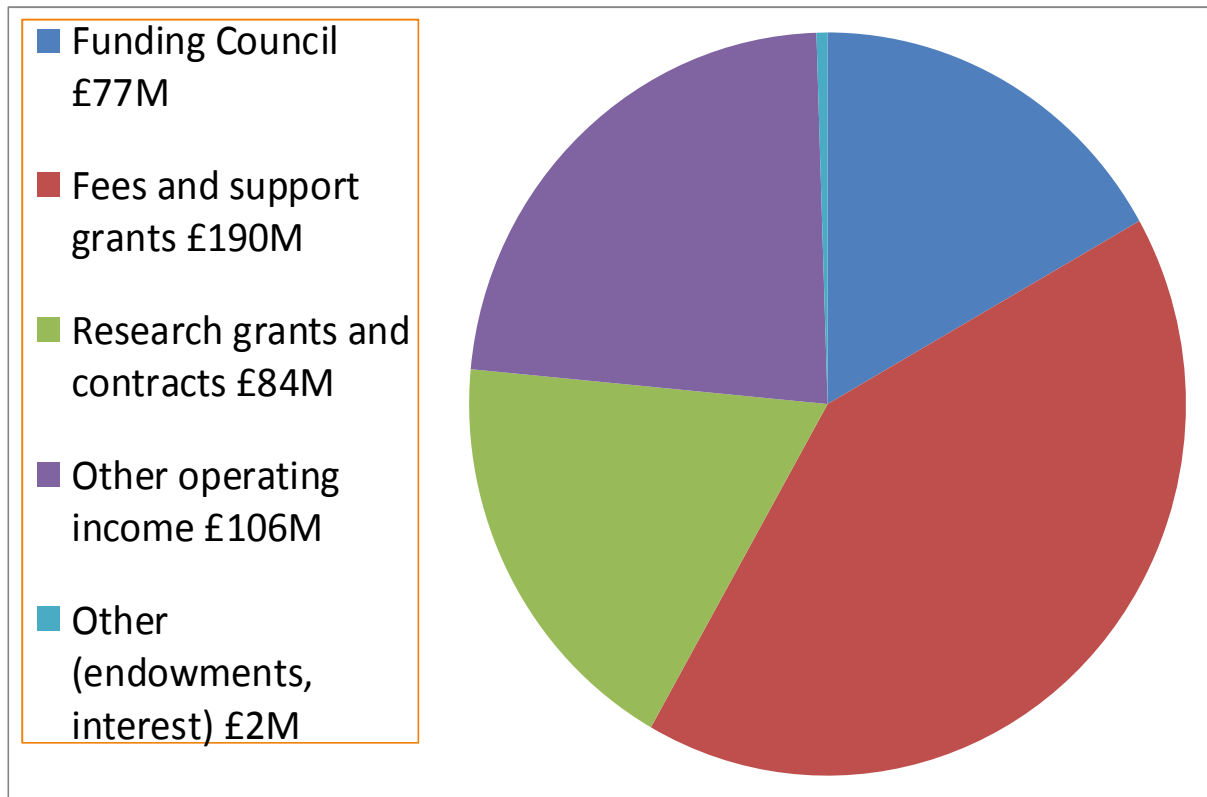


2013

- **23,631 students from over 140 countries in 12/13**
- **Approximately 5,500 staff**
- **30 academic departments in four Faculties: Arts, Social Sciences, Science and Medicine**
- **£459m turnover 12/13**
- **533 hectare campus (plus external and international sites)**

Diversity of income streams

University of Warwick total income 2012/13:
£459M





University Investment

University investment required

- The University must invest continuously and regularly to maintain and enhance its position: to grow, to compete, to adapt.
- Recent key investment areas include:
 - ↳ REF preparation - academic department staff costs up 22% (to £169m) in two years to 2013/14; academic equipment budget - £30m over next five years
 - ↳ Student experience - improved staff student ratio; Learning Grids (Leamington; Rootes); Ramphal refurbishment; new residences (Bluebell and Sherbourne); Postgraduate Hub.

Addressing future community demands for capital

£250m of planned investment over five years commencing 2014/15 including*:

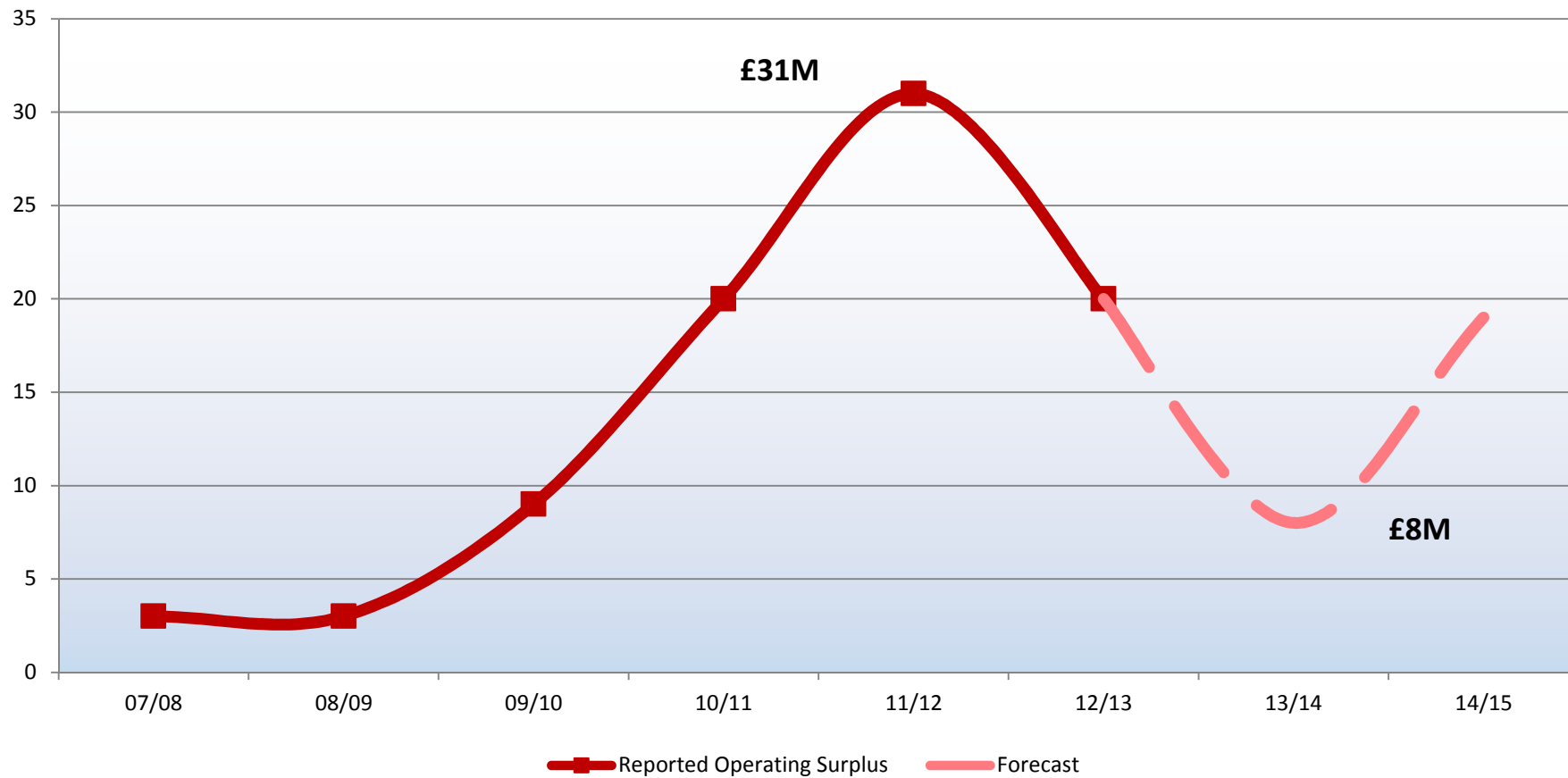
- Teaching building
- Mathematical Sciences
- Humanities
- Engineering extension
- MCB Building extension (Warwick Medical School)
- Additional interdisciplinary research laboratory capacity
- Student residences
- Sports facilities

*subject to financial performance

How do we fund this?

- Some (but unlikely to be much) government / external grant income
- Donations
- Some additional borrowing for surplus generating activities, but borrowing is subject to banking and government restrictions, has to be repaid and bears an interest cost
- Increasing annual surplus levels. We need to routinely achieve surpluses of around £30m to provide enough cash to sustain essential investment
- A surplus of £30m is around 6% of expected income – a higher target than in the past because of reduced government capital funding (used to receive around £13m p.a. of capital funding from HEFCE)

Surplus levels 2007 -2015 (£m)



Current and potential impacts on surplus

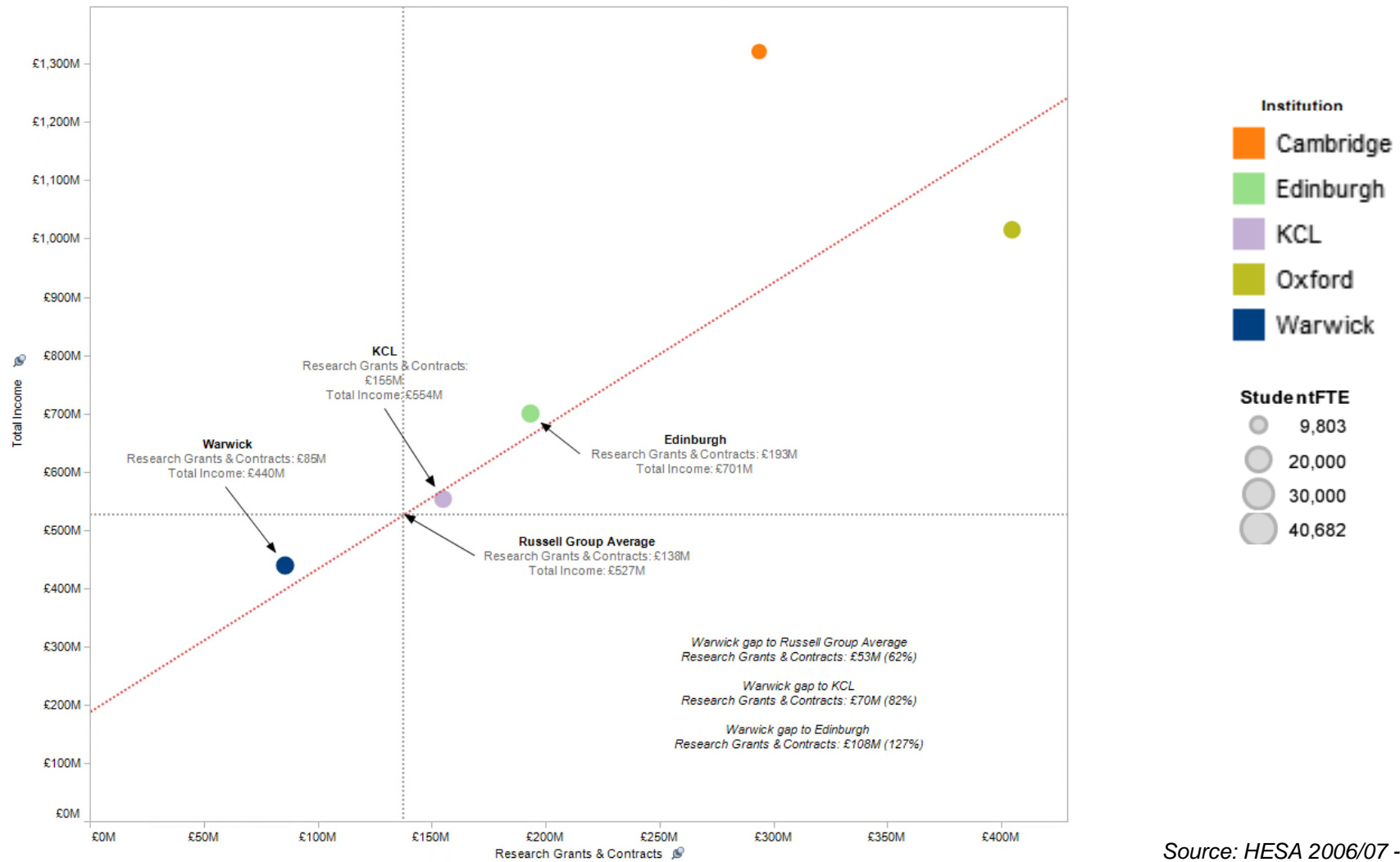
Future planned surplus levels, and therefore available cash for investment, may be impacted by a range of factors:

- Lower than forecast student recruitment
- Lower than forecast research income generation
- Further changes to government funding and policy
- Difficult to forecast returns from commercial activities
- Rising costs – e.g. employment costs (including increases to employer's NI and pension contributions); energy costs

A number of these factors have already affected current and projected surpluses

Why Do We Need To Invest?

Relationship between research income and total income



Source: HESA 2006/07 - 2011/12

Relationship between research income and number of STEMM staff

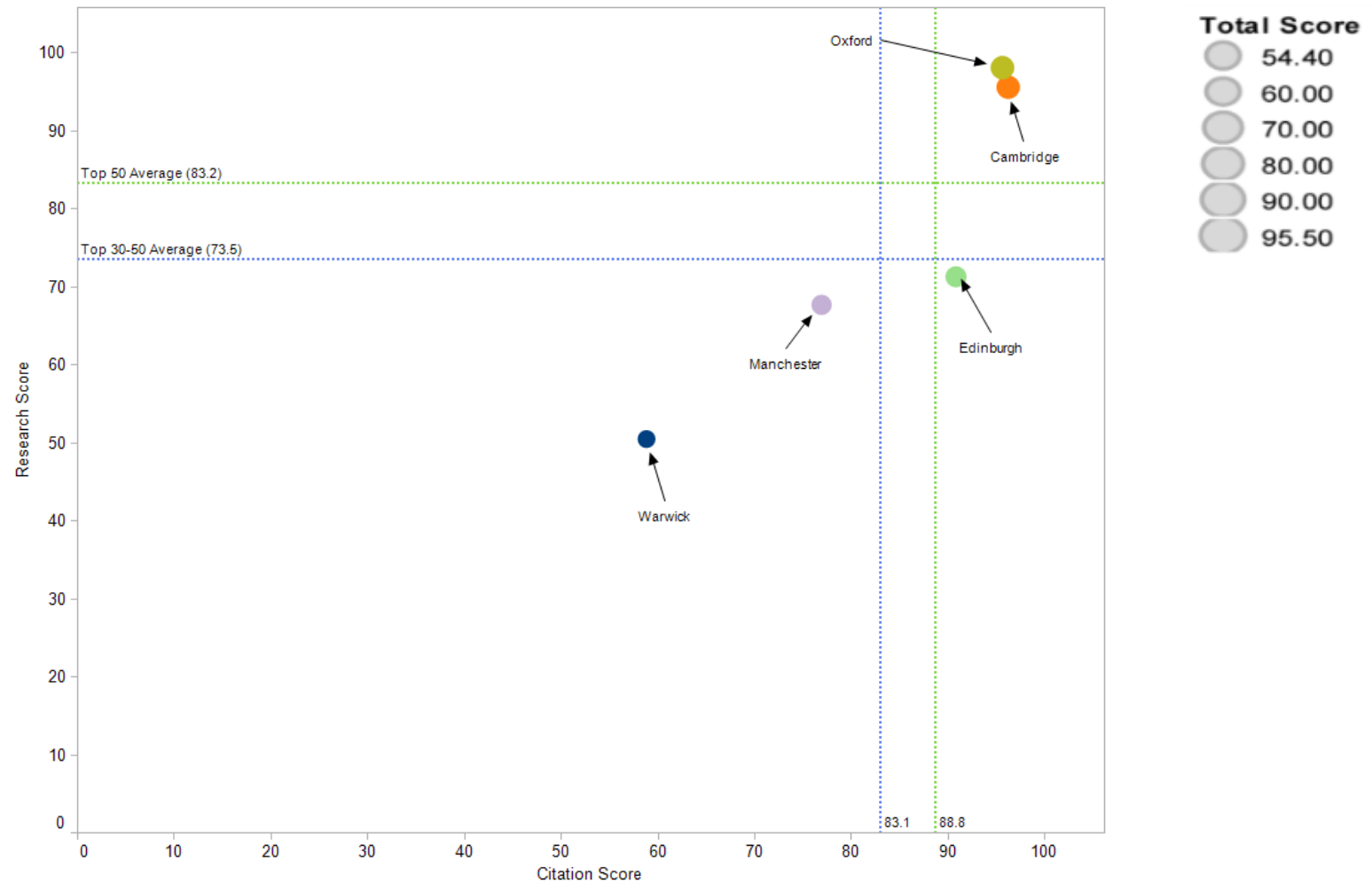


Total research income compared to Russell Group Universities in top 50 (not normalised)

Total research income per STEMM staff FTE only compared to Russell Group Universities in top 50 (normalised)

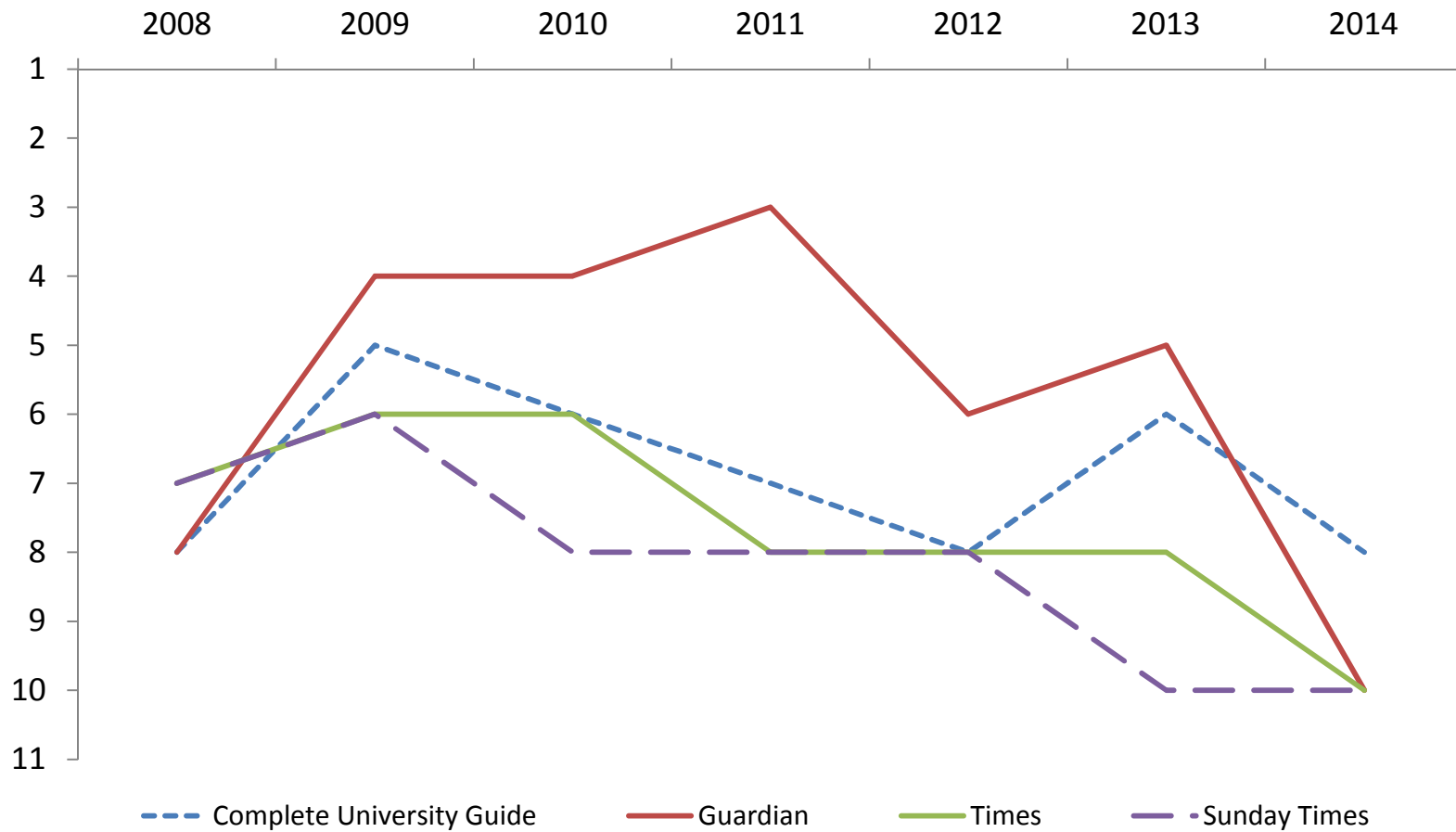
Source: HESA 2006/07 - 2011/12

Comparison to the THE top 50 (Research and Citations)

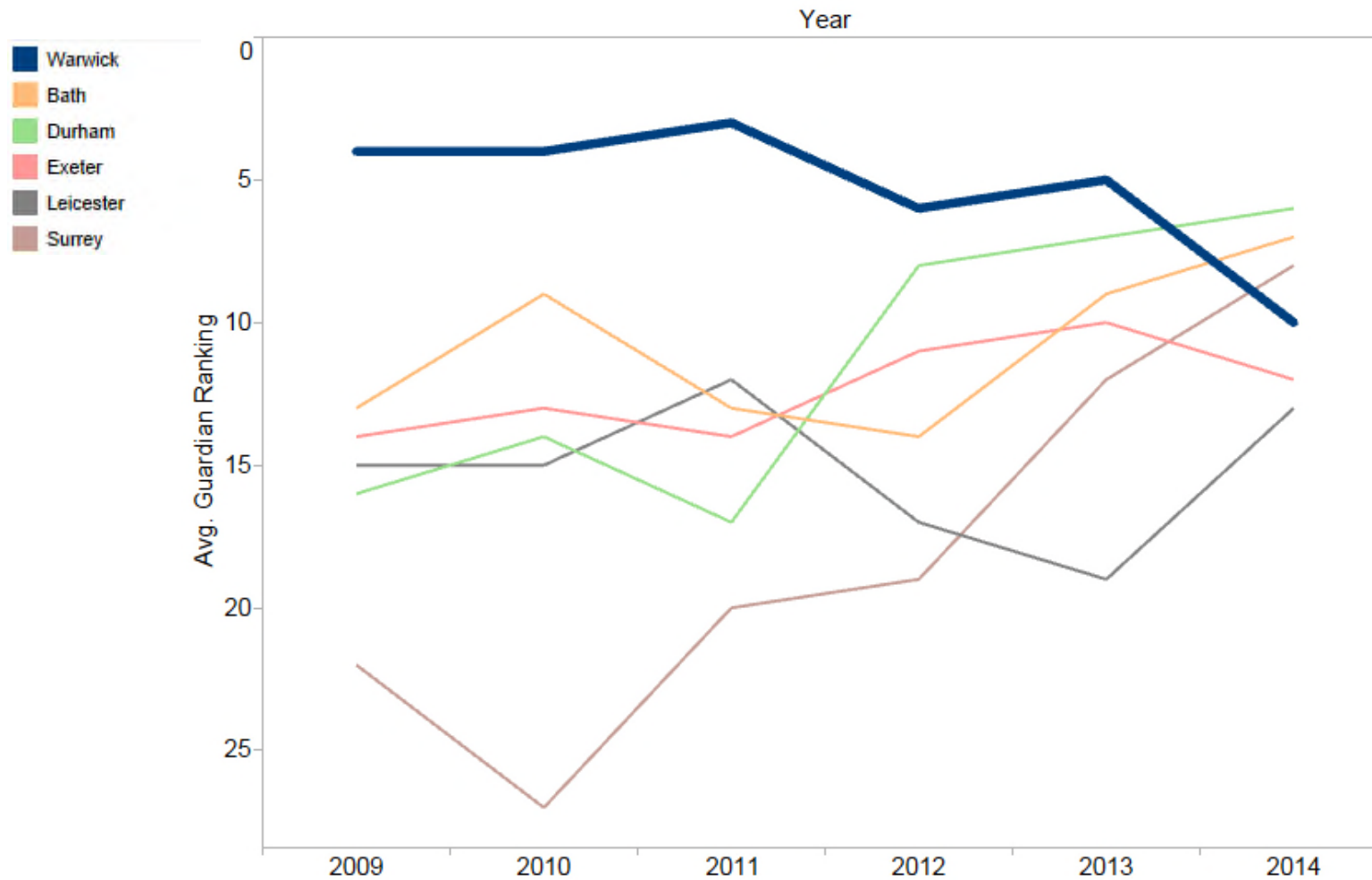


Source: THE World University Rankings 2012/13

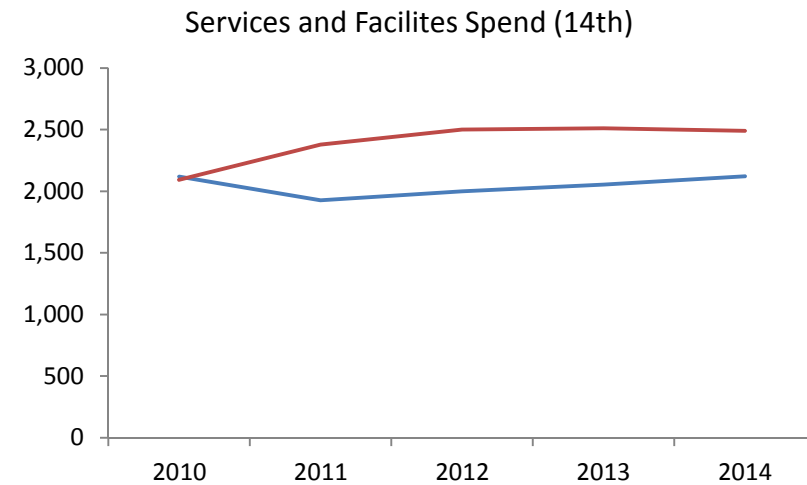
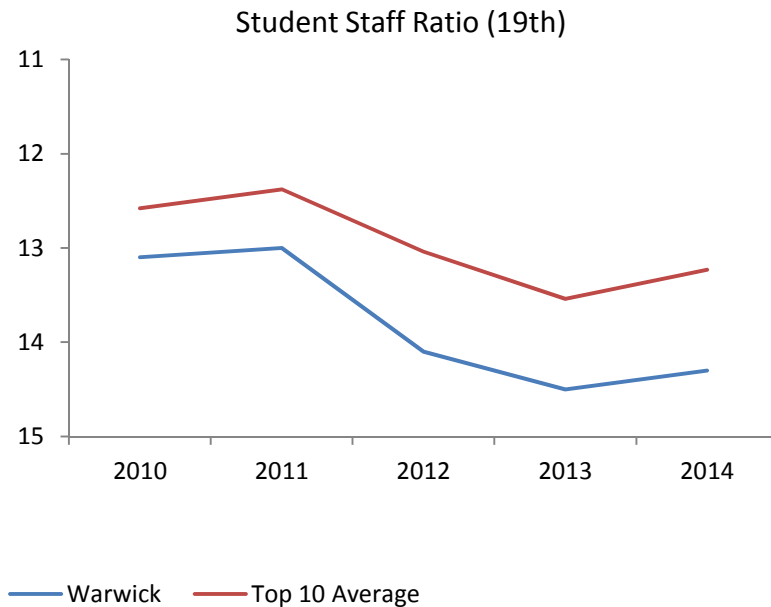
Warwick's national league table performance: 2010-2014



The Guardian University Guide high performers and movers



What our competitors are investing in: Times-Sunday Times Good University Guide 2014



THE  **TIMES**
THE SUNDAY TIMES

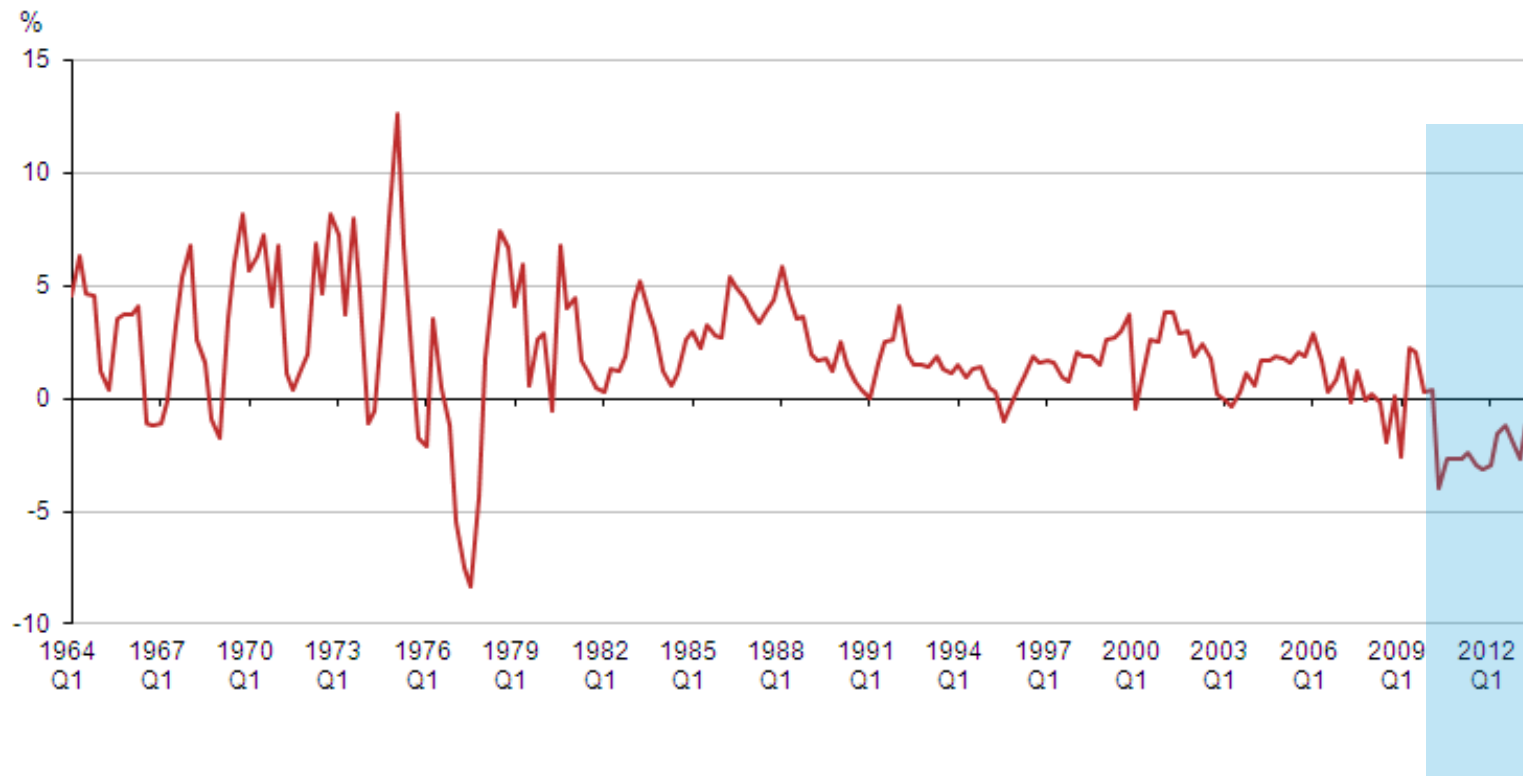


Impact of 50 year-old campus

- Core buildings need major renovation or replacement just to stand still – Humanities, Westwood, Gibbet Hill
- Modernisation of infrastructure to manage costs and enhance sustainability – heat, light and power, water
- Information infrastructure – telecommunications
- Road infrastructure

Pay and Reward

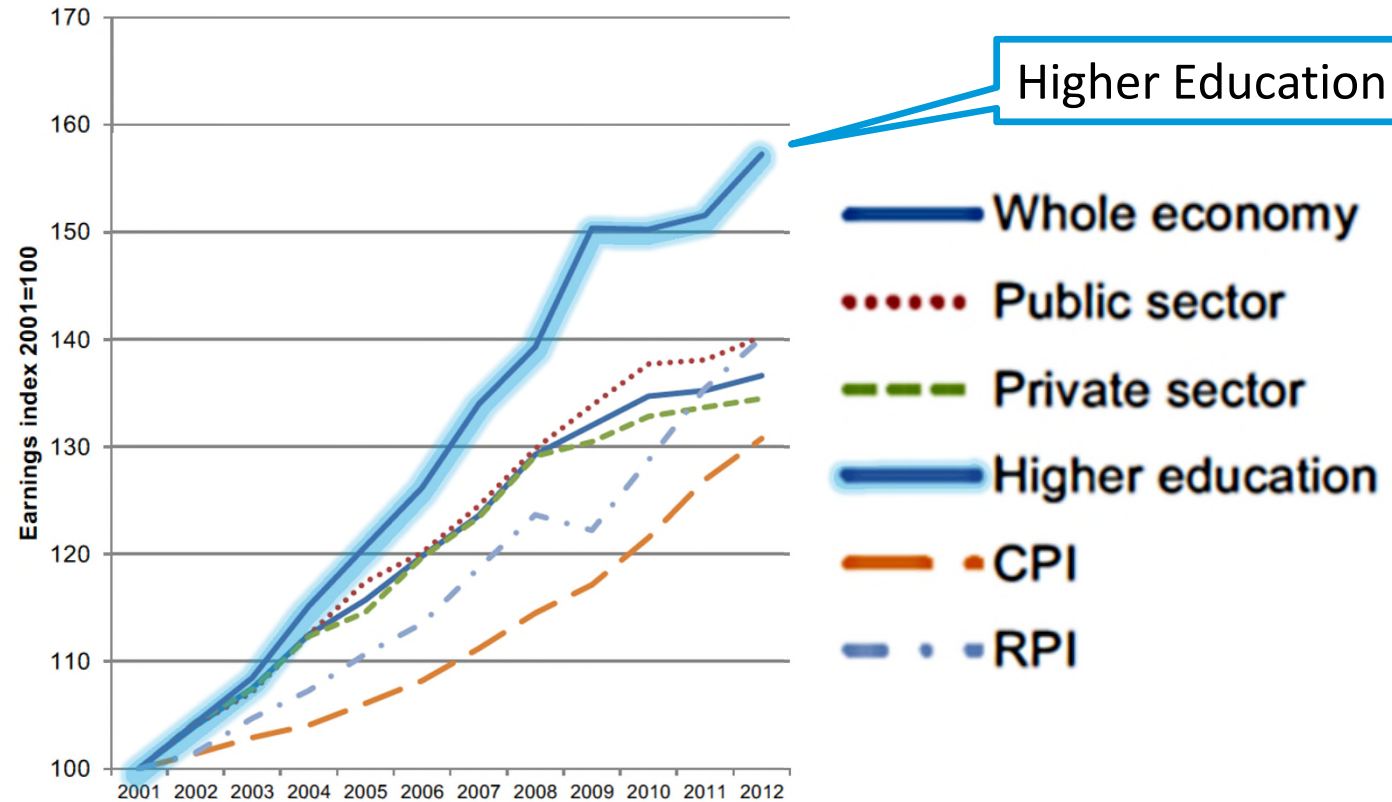
External context: percentage changes in real wages in whole UK economy 1964 - 2012



Source: Office for National Statistics

Sector earning growth comparisons

Fig 3: Full-time earnings growth in HE: 2001 to 2012 (2001 = 100)




Source: Annual Survey of Hours and Earnings

Sector earning comparisons: what the statistics say

- **Full time hourly earnings for all staff occupations in higher education greater than in other sectors** – includes academics, cleaners, catering assistants, clerical, managerial, skilled trade and technical occupations.
- **Average earnings in HE are 30% higher** than the economy median of £26,378.
- **HE academic staff*** recorded the **third highest median earnings** in April 2011 out of 46 occupations identified in the Annual Survey of Hours and Earnings within the professional occupations group.

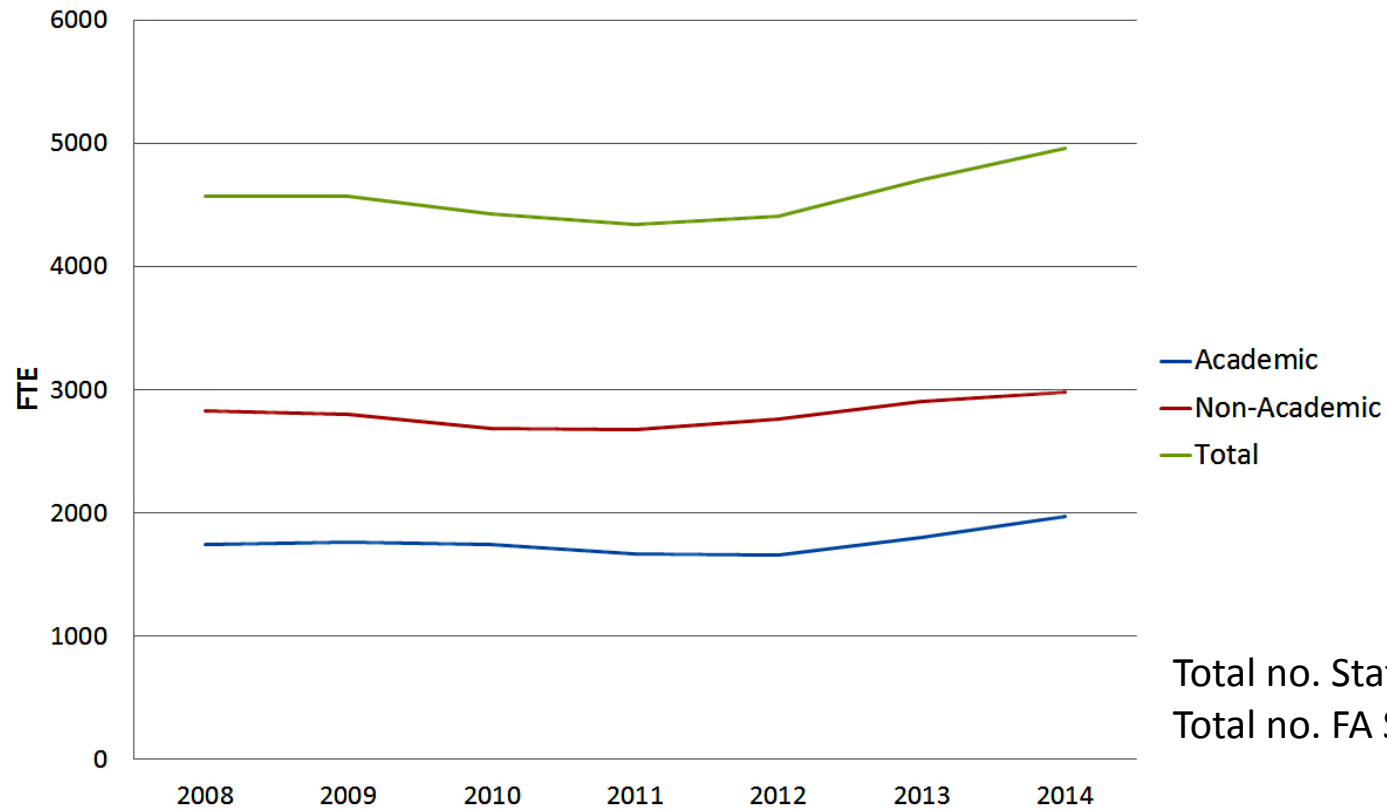
Source: UCEA Briefing October 2013

* ONS definition covers tutors, lecturers, professors and fellows



Warwick Workforce and Pay: Key Facts

Staff numbers: workforce growth 2008 - 2014



Total no. Staff: 5574 (FTE=4976.9)
Total no. FA Staff: 5477 (FTE=4900.1)

Source: University of Warwick Payroll

Staff turnover as percentage of total staff numbers

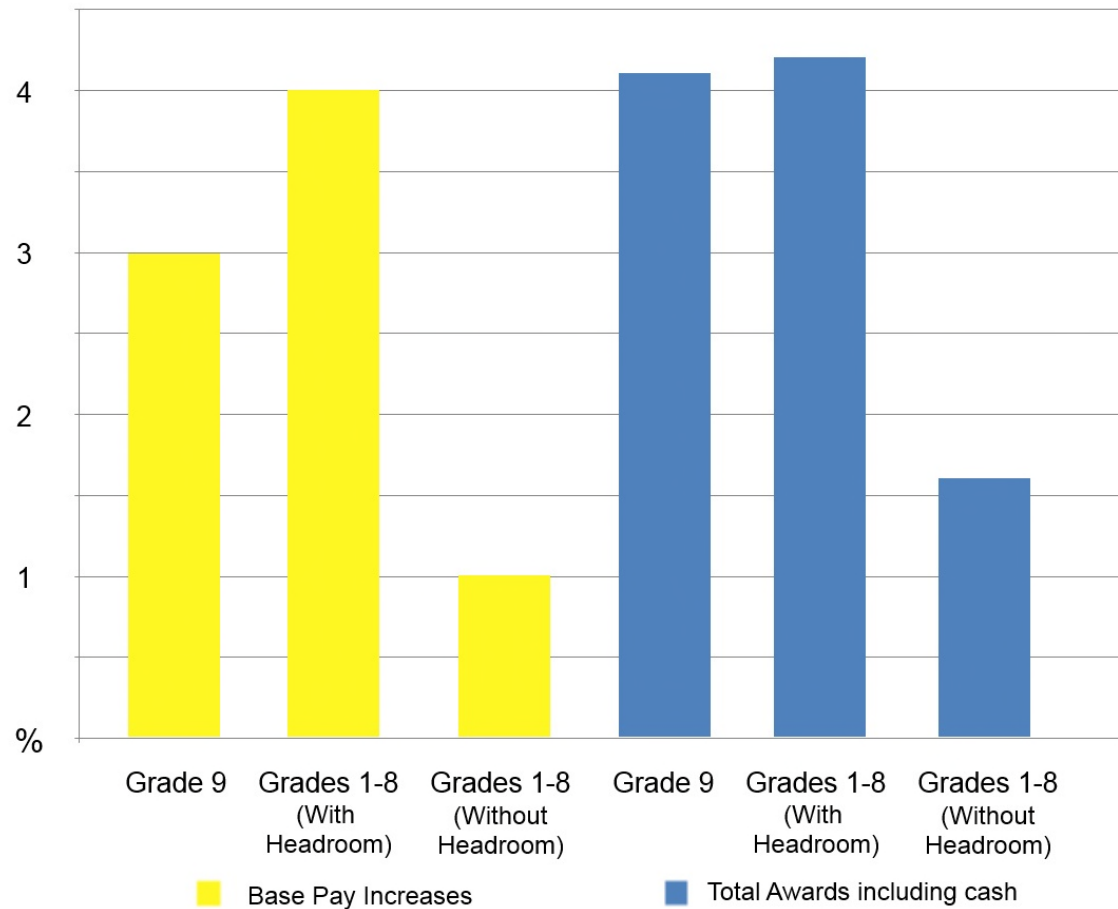
Staff turnover	Warwick	HE Sector	National
All employees:	5.6 %	6.7 %	7.9 %
Academic:	6.7 %	5.7 %	
Managerial/Professional: Non Academic	5.1 %	5.8 %	
Operational & Support Staff:	4.9 %	7.3 %	

Source: DLA Piper – Workforce Performance Indicators Scorecard 2012

What does pay at Warwick mean?

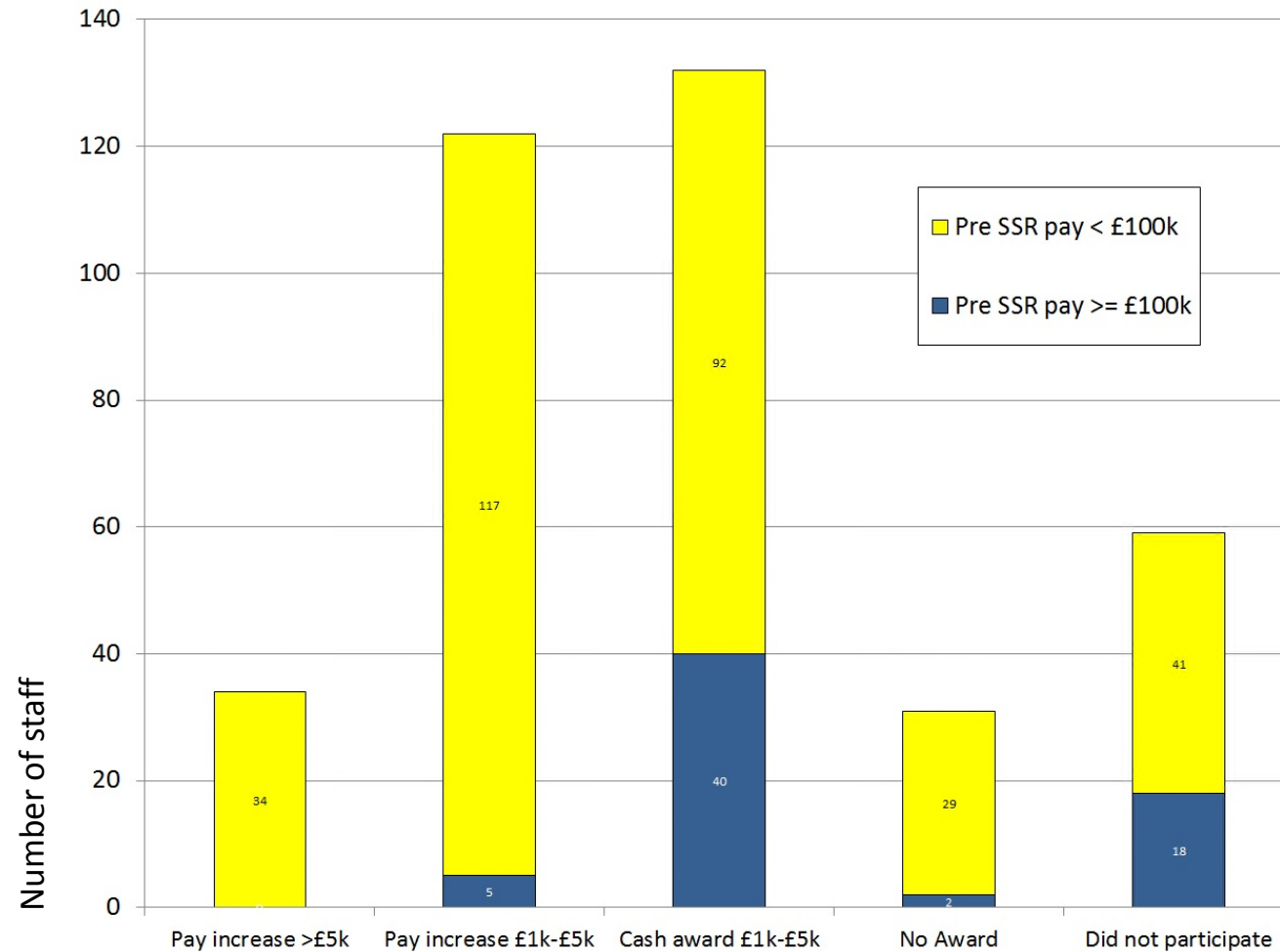
- Incremental base pay
- Discretionary cash award schemes:
 - Merit Pay (Grade 1a to 8); Senior Staff Review (Grade 9)
- Employer pension scheme contributions
 - scheme examples:
 - *Base salary of £18,708 + 23.5% pension contribution (DB)*
 - *Base salary of £18,708 + 4.5% minimum pension contribution (DC)*
 - *Base salary of £18,708 + 12.5% maximum pension contribution (DC)*
 - *Base salary of £41,242 + 16% pension contribution (DB)*

Total financial reward: percentage salary change by grade in base pay and cash awards in the last 12 months



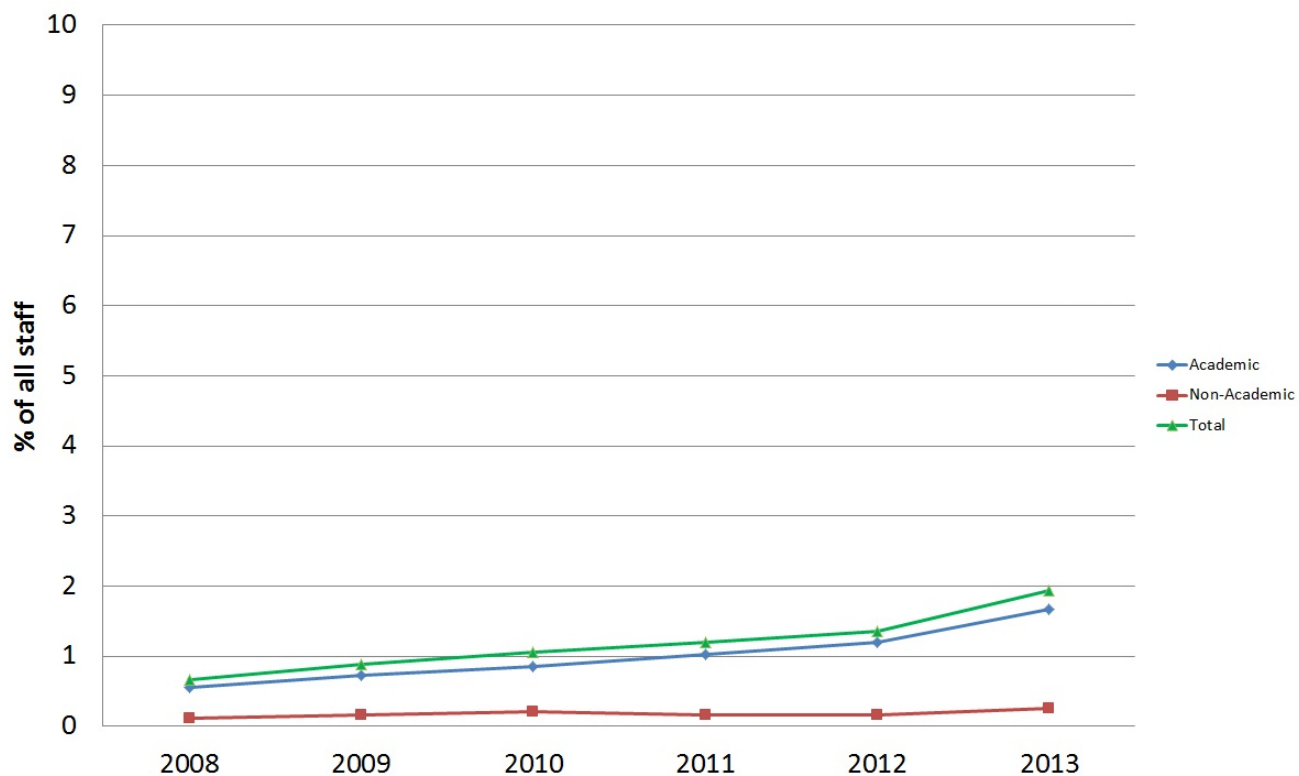
Source: University of Warwick Payroll

Cash awards made through Senior Salary Review (FA9)



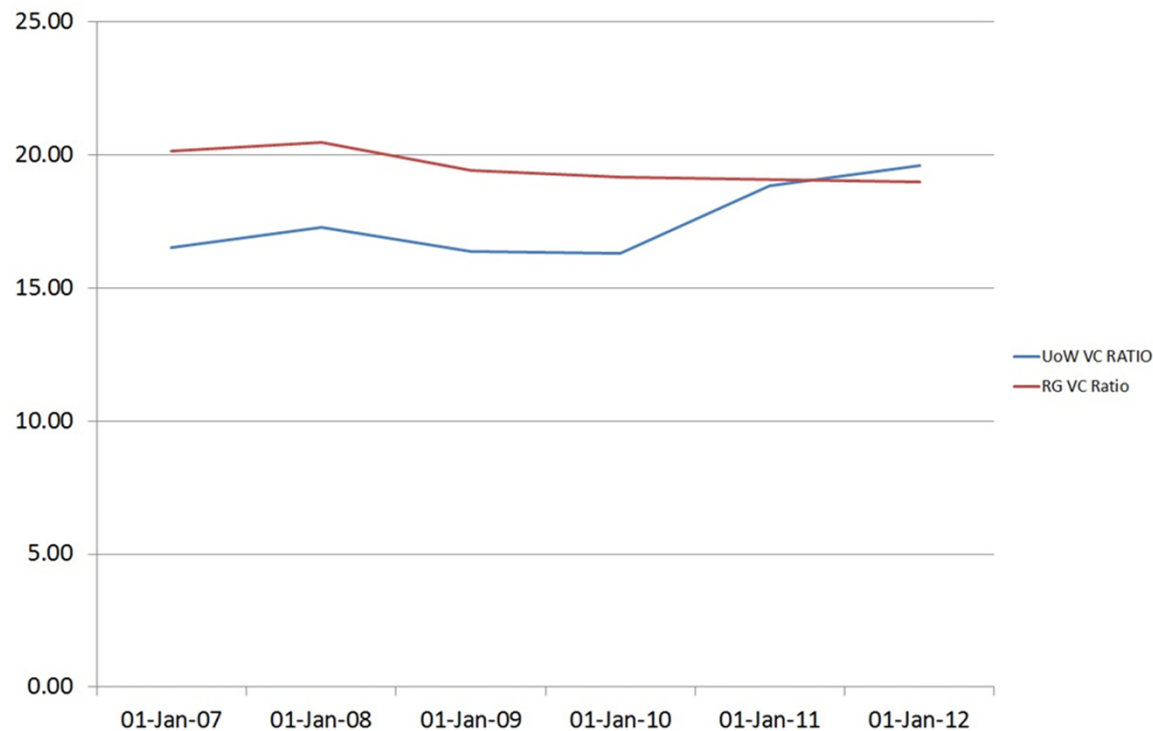
Source:
University of
Warwick Payroll

Staff paid over £100k between 2008 and 2013 as a percentage of all staff



Source: University of Warwick Payroll

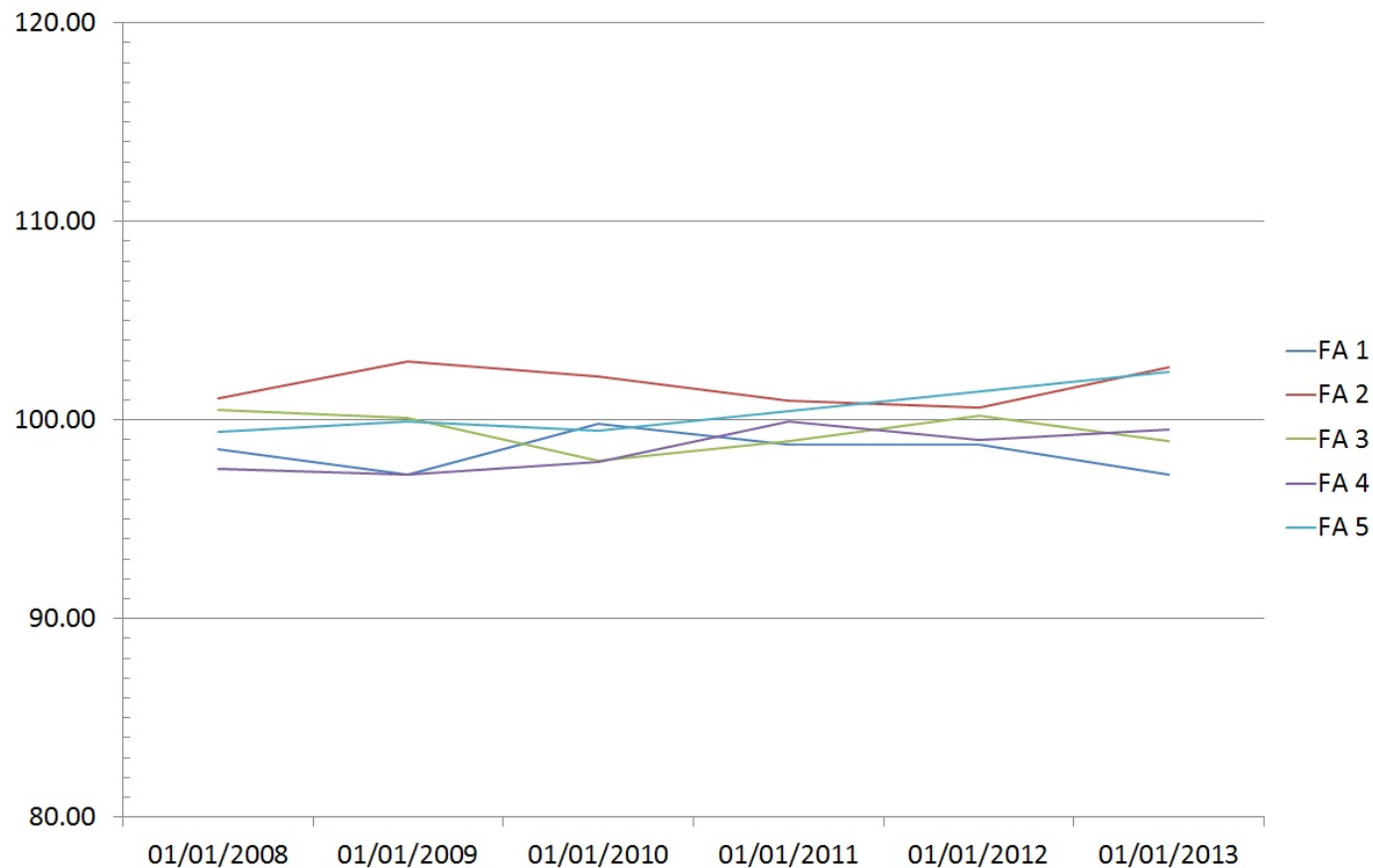
VC pay as multiple of lowest paid: Warwick vs. Russell Group 2007-2012



- Hutton Report on fair pay recommends ratio between head of institution and lowest earner should be below 20:1
- Private sector equivalent greater than 262:1

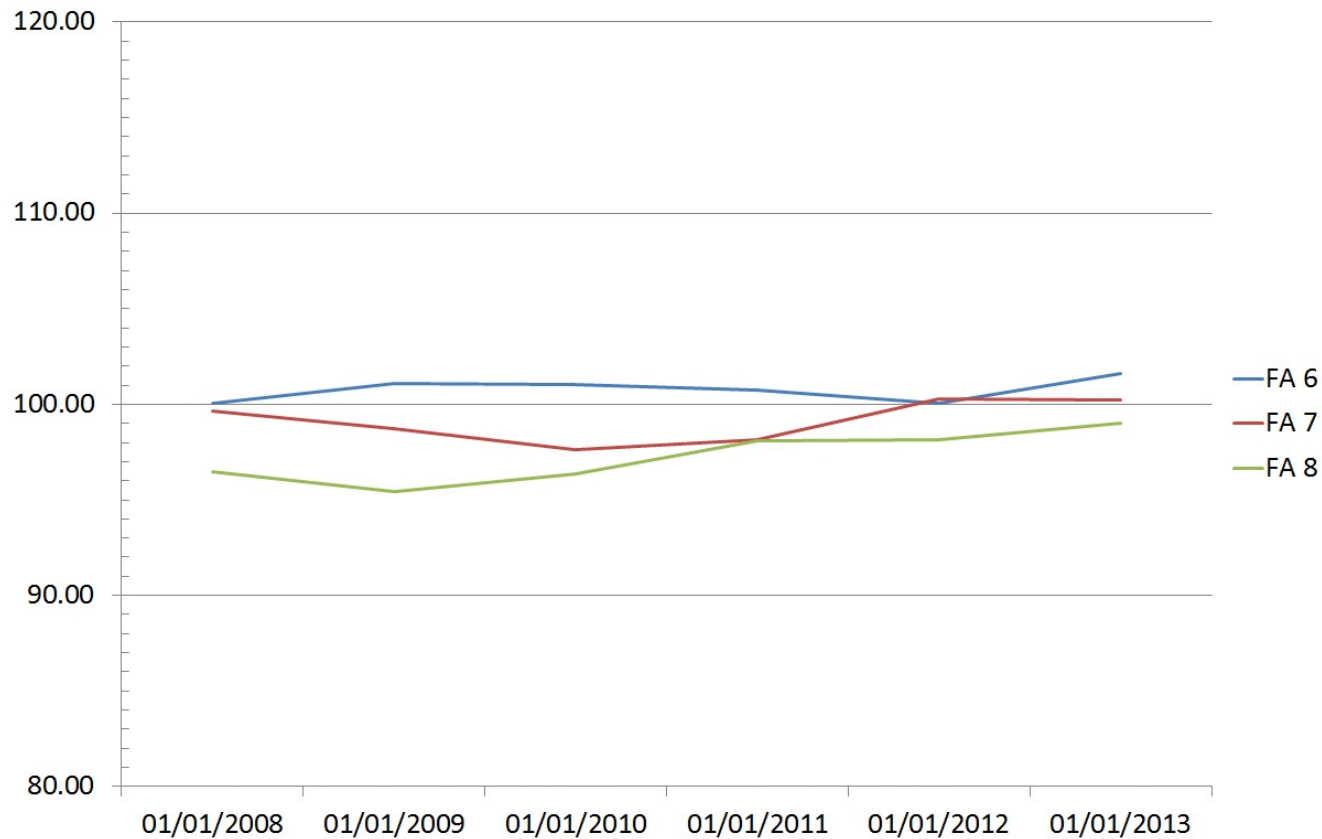
Source: University of Warwick Payroll , CUC Head of Institutions Survey

Female pay as a percentage of male pay by grade: grades 1-5



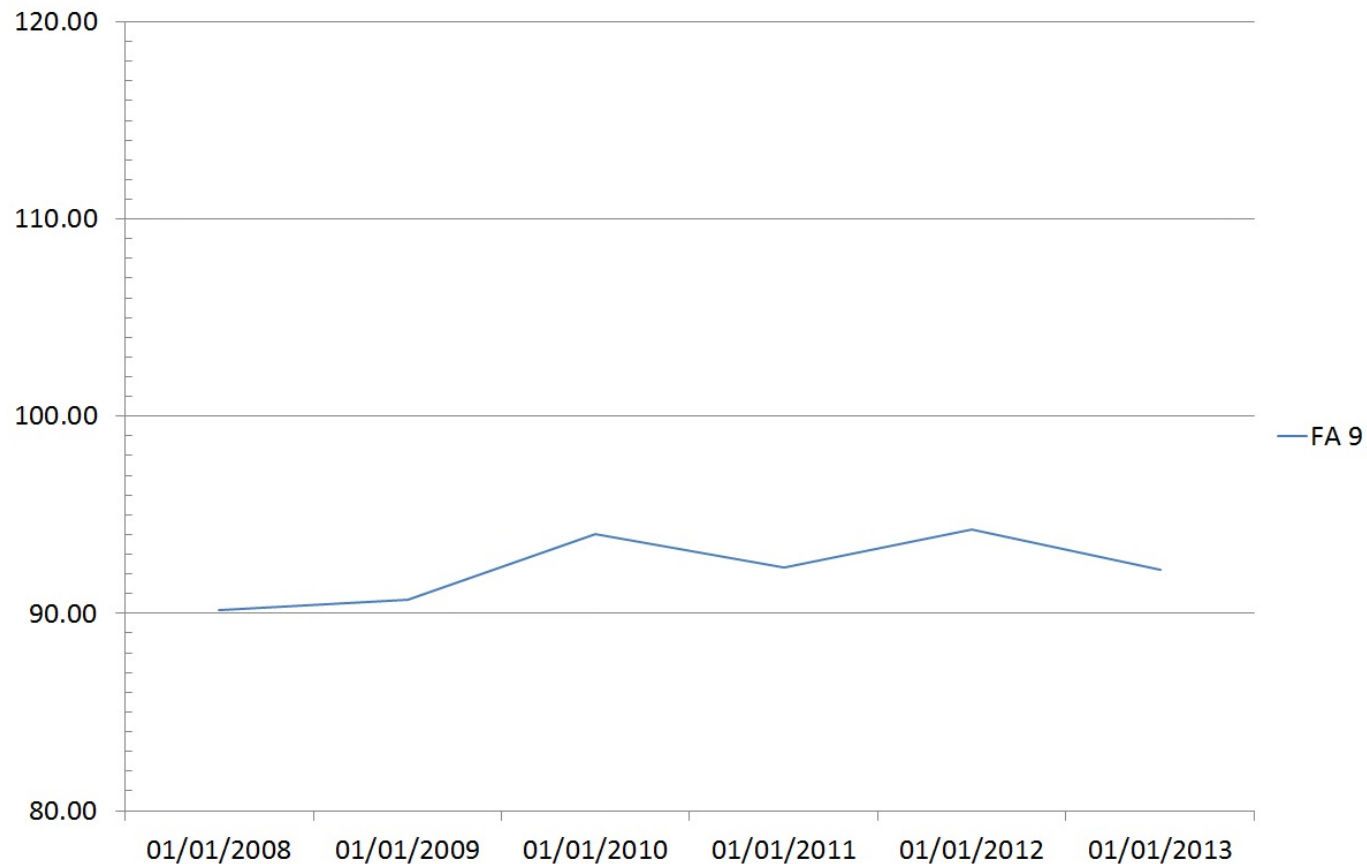
Source: University of Warwick Payroll

Female pay as a percentage of male pay by grade: grades 6-8



Source: University of Warwick Payroll

Female pay as a percentage of male pay by grade: grade 9



Source: University of Warwick Payroll

Warwick pay policy and the living wage

- Warwick does not use the first two spinal points in the national agreement
- Meaning the University has exceeded all fair pay benchmarks, including that assessed by Living Wage campaign
- In November 2013, the living wage rose above the spinal point 3 hourly rate for the first time, affecting 62 of 5574 salaried staff
- So, for this year the University will make a full time equivalent cash payment of £200 to University employees on Warwick's lowest pay point who work during the period 1 August 2013- 31 July 2014
- Will explore how to extend this to those not paid through the salaries payroll

Conclusions

- University academic performance and reputation is significantly affected by income and surplus levels
- Decisions are made in the external context of future funding cuts, market uncertainty, intensifying competition and investment needs
- The University sector has, overall, outperformed the UK economy in median salary levels since 2001
- The University seeks to reduce any gender pay differences through cash award mechanisms and regular review by the Equality and Diversity Committee
- University will:
 - explore reward package for increased flexibility and choice
 - continue to implement standardised framework for the recruitment and selection, training and pay of part-time teachers
 - explore future meetings for all staff groups

Glossary

- HEFCE: Higher Education Funding Council for England
- STEM: Science, Technology, Engineering, Mathematics and Medicine
- UCEA: Universities and Colleges Employers Association which represents and negotiates for interests of UK HEIs as employers (164 member institutions)
- FTE: Full-time equivalent workload, 1.0FTE indicates full-time workload, which may be covered by more than one member of staff
- FA: Framework agreement role grade definition
- SP: Spinal point (of FA salary spine); Warwick uses spinal points 3- 51
- Headroom: at a point on the salary spine where there are still incremental points to progress
- Pension contributions – DB: defined benefit or final salary scheme; DC: defined contribution or money purchase pension scheme
- CUC: Committee of University Chairs
- CPI: Consumer Prices Index
- RPI: Retail Prices Index
- Living Wage: an hourly rate of pay calculated by the Centre for Research in Social Policy at Loughborough University according to the cost of living. It is updated annually. The Living Wage has no statutory force and payment is voluntary.