Dear President, Provost, and Management Team,

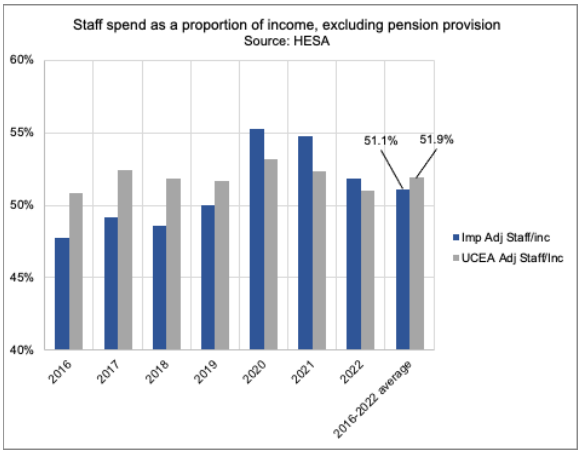
Thank you for sending the College's latest offer on pay which was placed on the College website on Friday 29 April 2023. We will now be consulting our members.

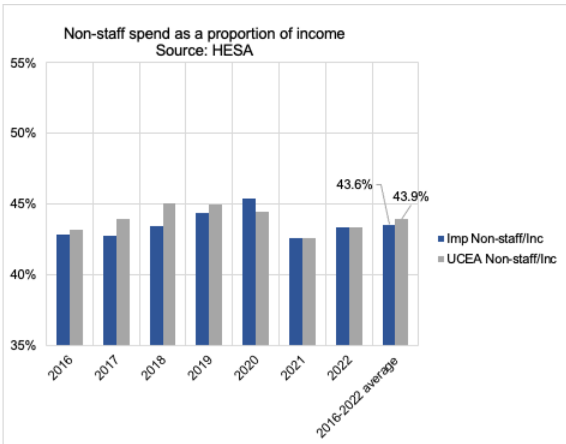
Overall, we find it disappointing that the 'final offer', apparently marginally higher than UCEA's national offer, is in fact nothing of the kind. UCEA's offer of 5%, with 2% paid from 01 February 2023, is worth 6.06% on average over the year 2023 – 24; at the moment, College's offer is 5.5%. If some of that were to be brought forward to be paid in monthly installments from 01 May, it might have turned out to be worth slightly more. Yet you have attached conditions for this element which are of no relevance to this year's pay negotiations and impossible for democratic unions to accept. As a result, we must conclude that your intention has always been to pay the minimum of 5.5% with a floor and ceiling, still less than UCEA's offer which has not been agreed by any of the New JNCHES trades unions.

This is particularly unacceptable in a year when by any measure inflation has remained in double figures and when Imperial is in a much better financial position than the majority of higher education institutions.

<u>Overall comparison with UCEA:</u>
In response to our analysis showing that Imperial had significantly greater scope to protect the value of staff salaries here compared to most universities, you stated that "many of the College's core disciplines in science, technology, engineering and medicine have higher associated costs that mean that the College operates very differently to the typical HEIs. We shared one example, which is that some of our costs to run our laboratories have doubled in the last year due to the current economic situation."

While we agree that Imperial is a unique institution, the cost profile of Imperial is not in fact significantly different from that of other universities. We now have data from HESA up to 2021/2022 so can compare Imperial to UCEA over the last seven years:





For both staff and non-staff spend, Imperial tracks close to but on average slightly lower than the UCEA average in both categories, and certainly at this level Imperial is more similar to other universities than it is different.

Utility Costs:

While utility costs are not reported separately, two other Russell Group universities have reported the increase in these costs between 2020/21 and 2021/22. Edinburgh saw a rise of 0.4% in their energy spending as a proportion of income and Leeds 2.2% , compared to Imperial's 0.5%. Again, these do not indicate that Imperial is a particular outlier in terms of these costs.

Affordability:

Looking at this year, 2022/2023, you have told us that energy costs have increased by £40 m in the first six months, and staff costs by £20m, but income has increased by £73m. Hence College already shows overall an improved balance compared to last year, despite the undoubted price pressures it has faced.

Unfortunately, such a boost in income has not been enjoyed by staff at Imperial who, in contrast, have seen their costs, both utilities and other living expenses, increase without a matching, let alone, larger increase in income. Imperial thus finds itself in a much more favourable position than most staff.

Imperial is also in a more favourable position than other members of UCEA, not just in terms of the average 1.1% lower costs (as a percentage of income) over the last seven years, but also with a surplus that has averaged 2.2% higher, taking the average from 2016 to 2022. This indeed gives Imperial significantly greater scope to protect the value of staff salaries, with the additional surplus alone equating to more than 4% of staff costs at Imperial and therefore, allowing a much higher pay offer.

Both in absolute terms, looking at the shifts and income and costs in the last six months, and in relative terms compared to UCEA over a multiyear timescale, it is clear that Imperial can afford a settlement considerably greater than 5.5%.

Increments and pay relativity:

You also suggested that College would be prepared to use the money usually allocated to automatic increments to improve the 2023- 24 pay offer if the unions agreed to staff forgoing their entitlement to annual increments. We pointed out that this was a contractual obligation for those members of staff on automatic increment scale points. For approximately 50% staff these increments form part of the Core Terms and Conditions of Service, see page 8:

https://www.imperial.ac.uk/media/imperial-college/administration-and-support-services/hr/public/termsconditions/Core-Terms-and-Conditions-1-November-2022.pdf

… and not part of the annual pay negotiations, despite management's claim that c. 50% of staff will receive more than the basic pay award. We have discussed this before but we would like to reiterate that the use of spine-point increments is a method of holding back the full pay for a job over a number of years, not a bonus. We have also pointed out in the past that taking into account movements of staff, these increments do not usually affect the overall pay bill significantly.

We also note that having suggested taking contractual increments from staff, management refused to consider allocating the sum dedicated to bonuses, notably the 2023 'Equity and Achievement Pay Review' exercise, to staff pay in general, claiming that it is "an important process to address equal pay and internal benchmarking disparities." While we support effective measures to improve in equity at Imperial, it remains to be shown that this achieves the stated aim.

Over the last few years the gender gap in the lowest quartile of pay at Imperial has increased from 1.8% to 7.2% from 2017 to 2022 and and overall has only marginally improved during this period, on current trend not reaching parity until beyond 2060. Ethnic pay gaps show a similar story. This reflects more systemic issues than can be addressed with any bonus scheme. In fact, larger bonuses, whether including or excluding CEA, are still given to men so whatever the intent, the overall effect of the Equity and Achievement Pay Review exercise will tend to be to increase, not decrease, the gender pay gap.

Given the immediate pressures felt by staff, redirecting the Colleges resources to all will almost certainly provide greater immediate equity.

Moreover, we have a good example of what happens to money held back for bonuses. In 2021-22, management admitted that College could 'afford' to meet the JTUs' claim in full but withheld 0.3% for bonuses despite the JTU's protests that such measures should not be necessary if the system were well-designed or equitable in the first place, and that the payment of bonuses to a few rather than additional sums to all was neither fair nor transparent.

The pay award that year was 1.8% yet the Annual Report shows that staff costs rose only 1.6% overall. In part, this may have been because staff numbers fell slightly but at best staff cost per member of staff rose only 2%, suggesting that not all the 0.3% had in fact been spent on bonuses. Moreover, the annual report for that year also demonstrates that nearly a third of the sum retained to spend on bonuses was dedicated to increasing the remuneration of 22 'key personnel' and went mainly to the 10 highest-paid employees. It is very clear that incremental progression does not necessarily increase the salary bill overall and that individual, subjectively-decided bonuses do nothing to improve equity in pay.

We invite management to reconsider their pay offer in the light of these points.

Best wishes,

Amanda Sackur

On behalf of the joint trades unions at Imperial College

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