THE TRUTH ABOUT THE UOL LONDON WEIGHTING OFFER

What were staff asking for?

After 22 years in which LW had remained fixed at £2134, staff have been campaigning for it to be raised to £4000 – which would bring it roughly back to 1992 levels taking into account inflation.

What is the University proposing?

Instead, the University is proposing a gradual increase to £3500 by 2018, with immediate consolidation of LW (meaning it will be absorbed into general salary).

What does the University claim?

1. The settlement equates to an average annual increase in LW of 10.4% per annum over the period;
2. Four colleges of the federation continue to pay LW at the rate of £2,134;
3. The 2018 rate will put us in the upper quartile of rates paid in the federation; and as according to a recent survey of HEIs in London, the new rate will also be in the upper quartile of allowances in the 22 London institutions that retain an identifiable London allowance;
4. The increase represents a significant extra financial commitment on payroll of around £1.25m p.a for the University from 2018.

How do these figures stand up to scrutiny?

1. 10.4% sounds like a lot. However, this ignores the fact that there was no increase at all between 1992 and 2014. If we look at the average annual increase between 1992 and 2018, that's an average annual increase of just over £50 a year, well below 2% year on year, and well below inflation.

   If we assume an RPI rate of 3% for the next 4 years, for LW to retain its 1992 value it would need to be £4500 by 2018

2. Looked at another way, this is an admission that only 4 other colleges across the whole federation have paid LW at the same low level as the central University. Hardly something to be proud of.

   Even more disingenuous is the assumption that it is only the central University which intends to increase LW.

In fact, next door at SOAS (whose financial position is nothing like as strong as at the central University (1)) the same offer (3500 by 2018) has just been made by management. The difference – the unions immediately rejected it.

They think they can get a better deal from SOAS. Not only does that mean the University is wrong to compare itself to the current level of SOAS LW, but also begs the question of why we should settle for such a poor deal from a much richer employer.

3. As before, this assumes that NO OTHER college will increase London Weighting by 2018, something that we have seen is demonstrably untrue.

   It also ignores that the income that we have lost over the last 22 years – around £17k compared to if LW had risen with inflation.

   Furthermore, there are a whole range of other employers that the central University could have compared itself to which would make less flattering reading.

   In 2013, LW for the Police was £6639. For NHS staff, 20% of basic salary, subject to a minimum payment of £4,076 and a maximum payment of £6,279. For school staff, £3405 in Jan 2015.For Islington Council employees £3456 in Jan 2015.

   LMU London Weighting is £4437. At the University of Westminster it's £4220. British Gas's London Weighting is £5,461, and the Royal Mail's London Weighting is £4,654.(2)

   And so on…

4. Again, £1.25m sounds like a lot. But let's put that into context.

   Total staff costs at July 2014 were £53.2m. So the increase (and remember, the £1.25m figure only applies from 2018) in staff costs would be just 2.3%. And that should be seen in the context that staffing costs at the central University actually fell last year by 0.8% - in other words, more than a third of that £1.25m was saved simply through staff attrition last year. And none of this takes into account inflation, which would further reduce the relative burden of the increased LW payment.

   If the University paid the £4k now that staff are asking for, the total increase in the salary bill would be around 3.2%. It would cost around £1.7m.

   Let's look at a few quotes from the University's own Annual Report (3):

   While its aim was to 'achieve a University operating surplus of at least 3.5% of total income', in fact 'the financial results for the year demonstrate that the University has exceeded its operating surplus target'.

‘The financial performance for the 2013–14 year has continued to improve in line with the trend seen over the last few years, with an operating surplus of £7.5m, which represents 5.0 per cent of turnover’.

‘Unlike most universities, staff costs at the University are not the largest component of expenditure, and comprise 37 percent of the total costs. Staff costs have decreased over the year by 0.8% to £53.2 million. Staff numbers have reduced by 45 to 1,025, including a reduction of 34 in the University’.

‘At the year-end net assets totalled £254 million, rising from £240 million at July 2013.’

‘The University's total cash position (comprising cash, current asset investments and endowment asset cash) grew by £9.5 million across the year to £59.6 million at 31 July 2014.’

‘The University also repaid its Barclays unsecured bank loan of £10 million in July 2014.’

‘The University’s investment properties have been subject to a professional valuation as at 31 July 2014 undertaken by Knight Frank LLP, Chartered Surveyors. The valuation has resulted in their carrying value being increased by £7.0 million to £54.6 million, an increase of 14.6%.’

And so on…

So in other words, the University already spends less on staff than other HE institutions.

It aimed for a surplus of 3.5% BUT ACTUALLY ACHIEVED a surplus of 5%, or £7.5m. The gap between what it hoped for and what its accounts actually showed is thus £2.25m.

This £2.25m (which the University didn’t bank on having, and which it didn’t need) would MORE THAN COVER paying staff £4k LW immediately.

Let’s not even get into the £254m of assets it holds, or the fact that this year it could pay off a £10m loan from Barclays…

And yet the University still had the nerve to assert that its current offer was the very maximum that it could afford – and those it negotiated with passed this claim on unchallenged to their members and recommended they accept the offer.

Put simply – the campaign for fair London Weighting at the University of London has barely begun.

The University is trying to shut it down (by means which have included cancelling staff meetings, and blocking intranet comments) because it knows it can and should pay more.

THE BATTLE FOR A FAIR LONDON WEIGHTING SETTLEMENT CONTINUES IN THE NEW YEAR - SEE YOU AT THE ALL-STAFF MEETING 15 JANUARY 2015

(1) Average operating surplus across the HE sector 2013-14: 3%
(Source: HEFCE, *Financial health of the higher education sector 2013-14 to 2016-17 forecasts*, http://www.hefce.ac.uk/media/hefce/content/pubs/2014/201426/HEFCE%202014_26.pdf);

SOAS surplus 2012-13 (most recent figures): 1.1%.
SOAS projected deficit 2013-14: -0.9%.
(Source: SOAS, *Financial Statements 2012-13*, https://www.soas.ac.uk/annualreview/file89935.pdf ; *SOAS Financial Strategy 2012-17*, https://www.soas.ac.uk/directorate/visionandstrategy/file55962.pdf);

University of London surplus 2013-14: £7.5m, which represents 5.0 per cent of turnover.
(Source: *Annual Report and Financial Statements 2013-14: University of London Central Institutes and Activities*, http://www.london.ac.uk/fileadmin/documents/about/governance/annual_report/Consolidated_Accounts_YE_31_July_2014.pdf)

(2) See Labour Research Department, *Workplace Report June 2013* http://www.lrdpublications.org.uk/publications.php?pub=WR&iss=1667&id=id136938 ; ATL payscales http://www.atl.org.uk/pay/pay-scales/payscales-support-staff.asp ; NHS Careers, *Agenda for Change Payscales* http://www.nhscareers.nhs.uk/working-in-the-nhs/pay-and-benefits/agenda-for-change-pay-rates/ ; UoL London Weighting Campaign, http://www.uollondonweighting.uk/facts-figures

(3) (Source: *Annual Report and Financial Statements 2013-14: University of London Central Institutes and Activities*, http://www.london.ac.uk/fileadmin/documents/about/governance/annual_report/Consolidated_Accounts_YE_31_July_2014.pdf)