Joint Unions Pay Claim 2022/23

In previous years the Joint Trades Unions have focussed our pay claims on maintaining, at a minimum, the value of pay at Imperial since we left national bargaining in 2005. This year is no different. We are doing so, however, in a very different context: that of rapidly rising inflation and the imposition of a number of other burdens such as an increase in National Insurance and pension contributions. There is also an additional burden for those who work at Imperial: London inflation which has been shown to be consistently higher than for the UK as a whole.

Because the size of the financial burdens mentioned below, the Joint Trades Unions wish to ensure that their claim is not based on retrospective assessments of the cost of living: as higher costs feed into inflation and hit the lower-paid far more acutely, we cannot afford to wait for these increases to feed in to ONS statistics and then into NIESR's report on London CPIH so the claim is based on rising costs in 2022.

As of April 2022, those who live or work in London face a perfect storm of rising prices including:

- A headline national inflation rate well above 6% and predicted to rise to 8% by April and possibly higher later in the year.[1]
- A 10.4% rise in National Insurance contributions (1.25% income)
- Council tax rises estimated at around 5-6%
- A significant rise in the energy price cap predicted to be in the region of 46 - 56% (between £693 and £708) with further rises of a similar magnitude predicted for October 2022[2]
- Rental increases that are the fastest on record: over 9% nationally in 2021 and at least another 5% predicted for 2022 while house prices rose over 6% last year in London.[3]
- Rail fare increases of 4% in March and increases in public transport costs of 4.8% after a rise of 2.6% in March 2021[4]

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[1] https://www.bankofengland.co.uk/-/media/boe/files/letter/2022/march/governor-cpi-letter-march-2022.pdf?la=en&hash=DC96250B29DA6F13E5D934548BB77A4B632F86FC.

[2] https://www.bloomberg.com/news/articles/2022-01-22/u-k-energy-price-cap-rise-will-hit-22-million-homes-the-times; https://www.ofgem.gov.uk/publications/price-cap-increase-ps693-april; https://www.bbc.co.uk/news/business-60959357

[3] https://www.gov.uk/government/news/uk-house-price-index-for-october-2021; https://www.theguardian.com/money/2022/jan/27/private-rents-in-britain-rise-at-fastest-rate-on-record; https://www.rightmove.co.uk/news/rental-price-tracker/

[4] https://www.gov.uk/government/news/rail-fares-capped-to-prevent-high-increases-for-passengers;

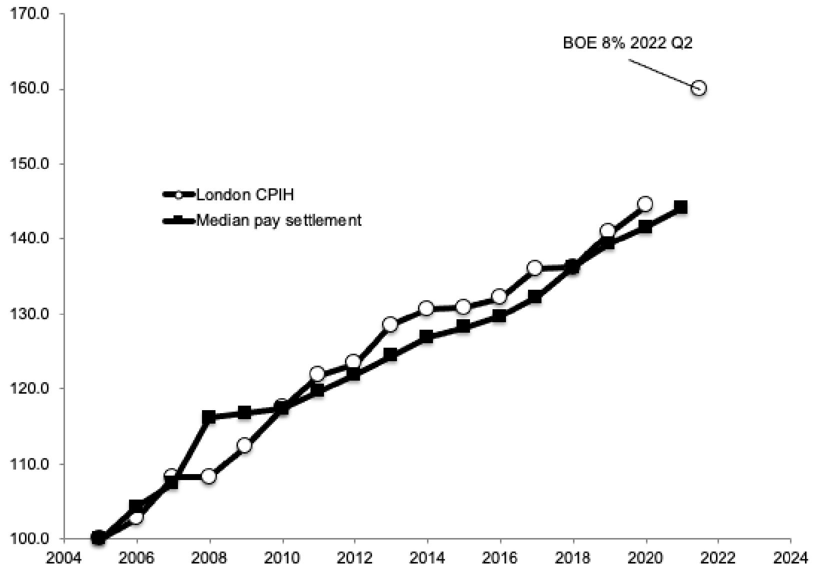
- Rising childcare costs: Imperial's own nursery has increased prices by 3%, almost double the pay increase in 2021
- Food prices rising very rapidly as a result of Brexit.[5]

As the last reference[5] makes clear, many of the lowest paid will feel an even higher percentage increase in the cost of living than the headline rate as a larger proportion of their income is allocated to some of the fastest rising costs such as food, energy and rents.

In addition, staff in the USS have seen a loss in the value of their pensions of approximately 20%. Considering this as deferred salary, and on an average of employed to retired years of 2:1, this equates to an effective salary cut of over 6%.

2022 Cost of living claim
As a result, to protect the value of pay at Imperial, the Joint Trades Unions are asking for

1. A 10.9% increase that will do no more than maintain the value of median pay at Imperial since 2005. This is based on the BOE projection of an 8% inflation rate at the end of 2022 Q2 from the CPIH value at June 2021, baselined to CPIH in 2005, and taking account of the established relationship between London CPIH and national CPIH between 2005 and 2020 (see appendix 1). The projected increase in CPIH London compared to median pay at Imperial is shown below.



https://www.london.gov.uk/questions/2021/3311#:~:text=Since%20publication%20of%20the%20July,CPI%20was%202.0%20per%20cent);
[5] https://www.thegrocer.co.uk/economy/food-inflation-spikes-in-december-with-price-rises-set-to-pick-up-speed-in-2022/663172.article#:~:text=Food%20inflation%20hit%20its%20highest,up%20from%200.3%25%20in%20November; https://tradingeconomics.com/united-kingdom/food-inflation; https://www.theguardian.com/business/2022/jan/26/cost-of-living-crisis-ons-inflation-jack-monroe.

It should be noted that the failure to match CPIH last year with our modest claim that was agreed to be affordable is implicitly included in our claim. Given the subsequent rise in prices, it is difficult to see how a failure even to meet this difference was worth the price paid by College for the loss of goodwill from staff.

2. An additional 2% as a first step to reflect the loss of deferred salary from the cuts in USS and the differential inflation felt by the lower paid. Staff not in USS are generally on lower incomes, so this increase also helps for them to offset the larger erosion in the value of their pay through inflation.

Affordability

Imperial College is in a much better position to address the needs of staff than some HE institutions. Imperial's annual report makes clear the extent of the financial good news:

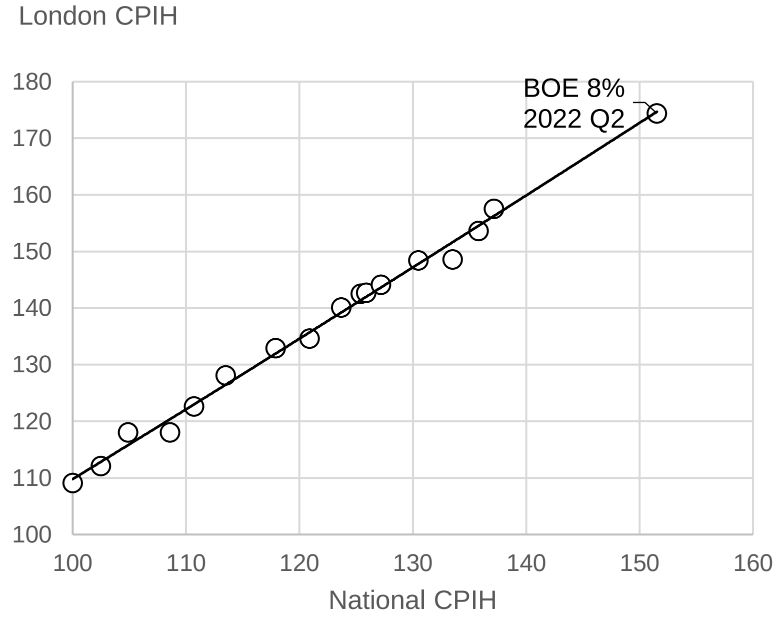
- An increase in cash from operations
- Total income recovered to higher than pre-pandemic levels with an increase of 5.2% over last academic year. In contrast, the staff cost of living increase was only 1.6% over the same period and only 1.8% in 2021
- Apart from pension provision, expenditure rose only 1.8% in contrast to the 5.2% increase in income
- Research income has recovered to pre-pandemic levels
- A very rapid rise in student numbers (overall 12.5%; EU and international students up 17.2%)
- An overall surplus of £161.7m

Thus a pay increase that will cover the dramatic cost of living increases this year is entirely affordable. Since student numbers continue to increase, such a pay increase is also sustainable.

Summary

The Joint Trades Unions are asking for an early agreement on pay this year to reassure members of staff who face a cost-of-living crisis that will become even more acute by Q2 2022 and is predicted to continue throughout the year. In addition, we are asking for an additional 2% as a first step to reflect the loss of deferred salary from the cuts in USS and the differential inflation felt by the lower paid. This amounts to 12.9% across the board.

Appendix



Source: NIESR, ONS with projection by log-log regression, IC JTU