



national union of students scotland

Principals Pay at Scottish Universities

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Introduction

Since university governance first became a major talking point in 2011, with the commissioning of the VonProndzynski review, NUS Scotland has maintained that action needs to be taken on senior level pay.

As the Hutton Review of Fair Pay in the public sector noted, the highest public sector pay ratio is among university principals, where median salaries are 15.35 times the bottom of the UCEA pay spine for university staff. This is higher than the public sector average (15.1 times); four star generals; NHS hospital chief executives; local authority chief executives; and, perhaps most tellingly, college principals (8 times).

Moreover, in recent years we have seen increasing concerns from staff unions as a result of below inflation pay rises, at a time when we have a collective 'value' of principals of millions of pounds.

NUS Scotland believes that the current work on the drafting of a code of good governance provides the perfect opportunity to tackle all of these issues, for institutions to show greater pay restraint with greater alignment between the bottom and top earners, and increase the transparency and accountability of senior level pay.

Overall salary levels

As highlighted by NUS Scotland evidence on the Post 16 Education Bill, and shown in table 1 below, university principals have a collective 'value' of over £4m, through pay, benefits and pension contributions.

Across the sector **average pay is: Before** pension contributions and benefits in kind: **£200,000**, and **after** pension contributions and benefits in kind: **£240,000**.

Similarly, looking at **median pay**, the same figures are **£218,000** and **£240,340**, respectively.

Table 1: Total remuneration of Principals at Scottish HEIs, 2011/2012

	Base Salary (£)	Pension contributions	Benefits in kind	Overall Total
Aberdeen	242,000 ¹	61,000		303,000
Abertay	245,000	28,000		273,000
Dundee	219,000	23,254		242,254
Edinburgh	227,000	57,000	1,000	285,000
Edinburgh Napier	202,000	30,000	2,000	234,000
Glasgow	250,000	50,000		300,000
Glasgow Caledonian	236,000 ²	24,000	3,000	263,000
GSA	127,000	25,000		152,000
Heriot-Watt	162,000	38,000	7,000	207,000
UHI	185,000	37,000	5,000	227,000
QMU	170,000 ³	24,000		194,000
RGU	220,000	32,780	1,607	254,387
RCS	122,000	18,000		140,000
SRUC	195,000			195,000
St Andrews	225,000	36,000	10,000	271,000
Stirling	192,000	31,000	1,000	224,000
Strathclyde	250,000	40,000		290,000
UWS	217,000	21,426		238,426

(Source: NUS Scotland analysis of university financial statements, 2011/12)

Numbers of high earners at Scottish HEIs

Equally, looking across all institutions, in terms of basic pay, there are only **two Principals who have a salary below that of the First Minister** of Scotland (circa £140,000).

We can also go further and examine how many people at each institution are on a higher salary than the FM, shown below in Table 2.

¹ Figure excludes £19,000 salary sacrifice

² Figure includes £10,000 in lieu of pension contributions and £15,000 performance related pay

³ Figure includes £10,000 performance related pay

Table 2: Number of earners in select salary brackets at Scottish HEIs, 2011/2012⁴⁵

£,000	>140	>150	>160	>170	>180	>190	>200	>210	>220	>230	>240	≥250	Total (>£140k)
Aberdeen	1	2		1			1					1	6
Abertay			1								1		2
Dundee								1					1
Edinburgh	8	6	9	5	6	6	3	4	1	1		3	52
Ed Napier							1						1
Glasgow	4			1								1	6
G. Caledonian				1		1		1					3
GSA													0
Heriot-Watt	2		1										3
UHI					1								1
QMU			1										1
RGU		1							1				2
RCS													0
SRUC	1					1							2
St Andrews		1							1				2
Stirling						1							1
Strathclyde		2	1									1	4
UWS								1					1
Total	16	12	13	8	7	9	5	7	3	1	1	6	88

(Source: NUS Scotland analysis of university financial statements, 2011/12)

⁴ Figures exclude clinical staff receiving NHS merit awards

⁵ Figures in each column show those earning between £0 and £10,000 more than that bracket

In total, across the sector there are **88 members of staff who earn more than the first minister**. For reference, there are further 41 members of staff who earn just below this threshold (in the £130k - £139k bracket).

More starkly, there are **6 individuals who earn equal to or more than a quarter of a million pounds**, but with half of these coming from one institution (Edinburgh, where the highest earner receives over £350,000).

The ratio of highest paid to lowest paid

Ultimately, the most obvious example of high pay for those at the top, which is increasingly out of step with that enjoyed by other staff, comes through in the ration between the highest paid and lowest paid member of staff. This is shown below, in Table 3.

Table 3: Pay ratio between lowest and highest paid at Scottish HEIs, 2011/2012

	Pay Ratio
Heriot Watt	11.00
UHI	12.00
QMU	12.50
Edinburgh Napier	13.00
Stirling	14.37
Dundee	16
RGU	16.06
UWS	16.50
Glasgow Caledonian	17.44
St Andrews	18.00
Strathclyde	18.50
Edinburgh	18.51
Glasgow	18.72
Aberdeen	19.05
Abertay	19.9

(Source: FOI request submitted through 'They work for you')

Across the Scottish sector (where information was available) the average **top earner received 16.10 times more than the bottom earner**.

As stated previously, the Hutton report found that, across the UK, university principals were the highest paid public officials, with a pay differential of 15.35 times, compared to a public sector average of 15.1.

When we compare this to the respective figure for Scotland, it shows a **greater disparity in Scottish higher education**.

More worryingly, **the pay ratio in Scotland would indicate that there are institutions in Scotland who have staff receiving a salary below the living wage**. An annual living wage, before tax and based on the accepted hourly rate of £7.20, would produce an annual salary of £14,040. Applying this figure at each institution to the salary of the highest paid would produce a pay differential of 14.6 times the lowest paid, lower than the differential we do have.

This is especially stark when we consider that **the differential between someone on an annualised living wage and the first minister of Scotland is 10**, which we would find difficult to argue against, and see any 'public' body going beyond.

Conclusion

Clearly there is an issue which needs to be tackled, in the increasing divergence between the salaries of those at the top of the institutions, and the thousands of lecturers at the same institutions earning far less. When the First Minister of Scotland is paid £140,000 it is difficult to justify huge salaries at public universities which go well above and beyond this.

Ultimately, one sure-fire way to ensure greater restraint in pay, which we would urge, would be to see **introduction of a defined ratio between the highest and lowest paid**. This would not serve simply to limit the pay of the highest earners, but more importantly encourage efforts to boost the pay of the lowest, ensuring we properly award our lectures and support staff. This **should start with all universities adopting a living wage policy**. The ratio between someone on the Living Wage and the First Minister's salary is around 1:10 and we can see little justification for going beyond this, already large, disparity in earning.

In addition, we would expect **staff and student representatives to be full members of remuneration panels**. This was a recommendation of the Hutton report, based on the understanding that such representation improves the diversity of remuneration panels, and provides greater accountability to staff. Even more fundamental, however, was his opinion that staff in public sector organisations have an incentive to be involved in setting and monitoring executive pay given they have so much staked in the organisation. Given the sheer importance of students as stakeholders in universities, it is undeniable that the same applies to them, and backs up the need to have staff and student representation.