

Consultation Group – final proposal

1. Pre-existing financial challenges faced by the University have been significantly exacerbated by the Covid-19 pandemic. The University Council established a Consultation Group in accordance with Section 4.2c of its Restructuring Procedure to address a projected shortfall in income estimated at £104m over three years, having been revised following a recent light-touch review.
2. Council agreed the use of identified reserves in the region of £46m to help address the immediate shortfall, and a range of potential options for pay-related cost savings to address the remaining £58m shortfall from operating costs.
3. Council noted that it was equally important for the University to remain focussed on its over-arching strategic ambitions as defined in the recently approved Strategic Plan 2020-2026, particularly its KPI-5 which targets 10% cash generated from operating activities as a percentage of income by financial year 2025/26
4. A formal Section 188 notice, issued simultaneously to the UCU and Staff Forum, set out the immediate process by which this projected shortfall in income would be addressed. These documents identified from the outset that the University would follow a phased process. Phase 1 would focus on achieving pay-related cost savings, while Phase 2 would build on the recommendations and outcomes of the Phase 1 work to make strategic recommendations in respect of, amongst other things, staffing profiles. There are no planned redundancies within Phase 1.
5. In this context, formal consultation with representatives from the UCU and the Staff Forum focussing on proposed temporary changes to terms and conditions began on 18 June 2020 and there have been 17 meetings in total. No formal conclusion has been reached at this point but all parties to the consultation have been using their best endeavours to fully represent their respective interests and to seek to reach an appropriate agreement.
6. It has been fully acknowledged that the temporary measures being proposed by the University to address the projected shortfall in income would require a significant degree of sacrifice across the University community.
7. During the course of these discussions, both the UCU and the Staff Forum have been robust in raising questions, concerns and proposals on behalf of their members and staff on Grades 1 to 5 respectively, and colleagues in general across the University. The Staff Forum raised legitimate issues regarding the prospect of what was originally proposed as a 4-day week for all staff, noting particularly the impact on salary and the practical day-to-day implications. UCU representatives have been very clear that they would be guided throughout by a “jobs first” principle, and that in any consultation process they would always seek to avoid the need for compulsory redundancies. UCU has also been consistent in stating that it would only be able to enter into any collective agreement with University of Reading following approval in a full ballot of all UCU members at the University. All sides agreed that in seeking to reach agreement there was a need to remain mindful of the impact of any proposals on different categories of staff across the University. The minutes of the meetings held are available [here](#)
8. Following these intensive discussions with representatives of the UCU and Staff Forum, and mindful of the priorities and concerns articulated, the University has proposed the following combination of savings measures that it considers best meets its test of being effective (i.e. generating sufficient savings) and palatable (i.e. being as fair, reasonable and proportionate as it is possible to be in the circumstances):

Element	Description	Duration	Projected savings
A	Pay freeze	3 years	£20,994,000
B	Tiered pay reduction 5% (Gs 3-5) - 10% (Gs 6-8) - 15% (G9+)	1 year	£15,529,790
C	Vacancy freeze	3 years	£6,000,000
D	50% reduction in travel	3 years	£6,750,000
E	Interview costs	3 years	£690,000
F	15% reduction in casual, sessional and over-time budgets	3 years	£1,433,400
Total savings			£51,397,190

9. Further detail regarding each of the above elements, A to F, is provided as follows:

A: Pay freeze

This relates solely to the annual uplift in pay negotiated nationally via the Joint National Committee for Higher Education Staff (JNCHES), normally effective from 1 August each year, and applicable to all University employees. Under the terms of the University's proposal it does not include a freeze on normal incremental progression.

There is also no proposal to restrict promotion and progression opportunities for colleagues during the period that the proposed temporary changes to terms and conditions apply, in recognition of the over-arching impact of these opportunities on staff morale and the importance of recognising contribution.

B: Tiered pay reduction

This is a temporary reduction in pay which is designed to provide protection to lower-paid staff by excluding those on Grades 1 and 2, and is progressive (i.e. the value of the reduction increases in bands from 5% for those on Grades 3 to 5, to 10% for those on Grades 6 to 8 and 15% for those on Grade 9 and above, this latter category applying equally to all members of the University Executive Board).¹

¹ It is understood that some additional protection may be required. This is i) to avoid the erosion of differentials at key points in the grade structure and ii) to maintain equal pay for work of equal value. An example of i) occurs at the boundary of grades 5 and 6. It is further understood that such action may impact on the overall level of savings achieved.

In proposing this approach, the University has been mindful of potential equality impacts. The proposed tiered pay reduction would see 50.39% of the projected savings borne by male colleagues and, if this had applied at the time of last formal gender pay gap report, it would have seen a reduction in the mean pay gap to 17.02% and a reduction in the median pay gap to 13.71%. Excluding Grades 1 and 2 from the proposed pay reduction also offers a degree of protection to BAME colleagues due to their higher concentration in those grades (46.3% Grade 1 and 16.7% Grade 2).

Staff will be able to apply for a reduction in FTE of the equivalent to the relevant pay reduction, please see 16 B.

Externally-funded staff are also excluded from this measure.

C: Vacancy freeze

The University has been operating a recruitment freeze since March 2020. It is important to stress that this does not represent an absolute freeze on appointments; it simply means that an additional layer of scrutiny is applied before SRFs for new or replacement posts are approved. There will always be exceptions based on specific needs, and, particularly, consideration of the business-critical nature of proposals for new or replacement posts. The University's working assumption is that a 50% saving can be achieved against previous patterns of turnover and recruitment. For the purposes of reviewing the impact of the proposed measures (see Section 15 below) a report on the operation of, and outcomes from, the recruitment freeze will be provided.

D: 50% reduction in travel

As part of measures introduced to generate efficiencies, colleagues are being encouraged to restrict travel wherever possible, with a working assumption that savings in the region of 50% can be achieved against previous patterns of expenditure. The current general travel restrictions due to Covid-19 have assisted with this, but can not be relied upon to continue to generate savings. Colleagues are asked to be mindful of the potential impact of restricting travel on career development opportunities for early-career staff, and to prioritise such reasonable requests where possible.

E: Interview costs

Projected savings in this area are extrapolated from the vacancy freeze and an expected reduction in recruitment activity.

F: 15% reduction in casual, sessional and over-time budgets

It is important to understand that this final element does not represent a reduction in pay for any individual currently employed as a sessional lecturer or engaged in casual work via the Campus Jobs service. It, however, does require a general reduction in the budgets across Schools and Functions for employing or engaging this type of staff, and in recognition of concerns raised regarding precarious employment and the fact that Campus Jobs opportunities are almost exclusively offered to students, the assumed reduction has been lowered to 15% from 25%. Over-time payments are not applicable to staff on Grade 6 and above, and the expectation is that over-time is only offered where absolutely essential.

The University has recently concluded extensive discussions with the UCU with regards to the terms and conditions of staff occupying sessional teaching roles, and to the particular arrangements in respect of colleagues currently engaged as Teaching Fellows at Grade 6. There are no implications for these agreements as a consequence of the proposed savings measures.

10. Elements A and B accrue the most significant proportion of the projected savings and are the most reliable ways in which these necessary savings can be achieved. Elements C to F are less reliable, but the University is prepared to factor in these anticipated savings in order to maximise the over-arching savings that can be achieved.

11. With a projected over-arching savings target over three years of £58m, the savings noted above total £51,397,190 – which leaves a projected shortfall of £6,602,810. However, within the context of the light-touch review referred to in (1) above, the University made prudent assumptions in

respect of future pension scheme contributions, and allocated a provision of £11,667,000. Although it is acknowledged that Covid-19 will impact on the financial position of the various pension schemes long term, it is further acknowledged that other factors are impacting this requirement including at national/sector-wide level and that it is more structural in its nature. As such, it is agreed that this can be addressed as part of the structural considerations being considered as part of the Phase 2 activity. With this in mind, the University is reasonably satisfied that the immediate concerns regarding the projected shortfall in income have been met via the proposed temporary measures, and that no further action within Phase 1 is therefore necessary. For the avoidance of doubt, this means that there are no projected compulsory redundancies arising from the predicted shortfall in student fees arising directly from the Covid-19 emergency.

12. During the course of the consultation process, there has been much discussion regarding the timing of the University's proposed savings measures. The University has expressed a consistent view that an early agreement is an absolute necessity, so that it may be best positioned to respond to the anticipated shortfall in income. The UCU in particular has argued that such serious changes to conditions should not be implemented until such time as the financial position is confirmed. In response the University has stressed the need for certainty both in its own financial accounting purposes and to ensure that staff across the University have a clear and unequivocal understanding of what is required (the latter having been echoed in feedback from the Staff Forum).
13. For the reason given above we need an agreement now which will allow us to set out a sensible route forward based on the information that we all possess. However, the application of measures (with the exception of voluntary ones where appropriate) will not occur before the first review on 1 February 2021 (see 16), if indeed they are then still considered necessary, in full or in part, as a consequence of the University's recruitment of students.²
14. The University has also been consistent in stating that the proposed temporary changes to terms and conditions can be reduced or even eliminated should the financial position prove to be more favourable. For the avoidance of any doubt, the University is stating clearly that any improvement in its projected financial position will be reflected first and foremost in amendments to the proposed temporary changes to terms and conditions, prioritised over any consideration of the £46m call upon identified reserves agreed by Council.
15. Conversely, should the situation relating to Covid-19 be worse than predicted by the various models, for example as a consequence of a 'second-wave', then the University will call on the £50m of funds being held in reserve, before seeking recourse to take further measures impacting staff.
16. We very much welcome the constructive ways in which both UCU and the Staff Forum have sought to engage with the University, and the importance to them of minimising or avoiding any overall impact on colleagues. Therefore, the University will agree to offer the following measures:
 - A. A time-limited voluntary redundancy offer. Given the over-arching need to achieve savings there is limited funding to support this, but it may provide some colleagues with a preferred alternative to a period of pay reduction and pay freeze. The precise details of the proposed voluntary redundancy offer will be subject to further discussion³.
 - B. An opportunity to apply for a voluntary reduction in FTE, at a level at least equivalent to, and in lieu of, the relevant pay reduction for the grade concerned for a one year duration, subject to local agreement with relevant line managers. The process would mirror the normal arrangements in applying for flexible working and the University would seek to approve

² Please see Memorandum of Understanding between University of Reading, UCU, and University of Reading Staff Forum for further details.

³ Please see Memorandum of Understanding between University of Reading, UCU, and University of Reading Staff Forum for further details.

applications subject to review of business needs, but further guidance would be made available to ensure consistency of decision-making across the University.⁴

- C. An opportunity to apply for an extended period of unpaid leave, subject to local agreement with relevant line managers. In such circumstances the University would guarantee continuity of service and protection of associated employment rights.
 - D. A facility to purchase additional annual leave entitlement.
 - E. Promotion of the opportunities available for early or flexible retirement.
 - F. A review of current reward and bonus schemes to identify further possible savings.
17. These opportunities will be made available in good time following agreement of the proposed savings package and will remain open until the end of the calendar year. For the purposes of reviewing the impact of these voluntary measures a full record of requests made and outcomes will be maintained and provided as part of the formal over-arching review (see below).
18. The UCU and the Staff Forum have both stressed the importance of keeping the proposed measures under review, not least because of the extended duration of the period of sacrifice being called upon, with regular opportunities to assess the impact of the voluntary measures noted above. The University also welcomes the opportunity to keep the proposed temporary measures under review and therefore proposes as follows⁵:
- An interim review in line with the recently announced requirement to provide a statement to the OfS of the University's financial position by 31 October 2020, followed by:
 - A formal review on 1 February 2021, taking into account the savings accrued from any of the voluntary measures noted above and key metrics in relation to student recruitment (i.e. total fees income from Home and Overseas students) and any revised University income projections (to be presented in an open and defensible manner, with an ongoing commitment to respond positively to reasonable requests for relevant management information).
 - Formal reviews would continue on a three-monthly basis thereafter, and be in place for three years.
 - For reasons of consistency, the University proposes that the reviews are conducted jointly by the existing Consultation Group and representatives from UCU and the Staff Forum.
 - The duration of measures in the table on page 2 of the final proposal is intended to outline the anticipated duration of the measures, which will not be exceeded.
 - For the avoidance of any doubt it is stressed that amendments to the proposed temporary changes to terms and conditions will be prioritised should the anticipated shortfall in income be less severe than projected, reflected in commensurate reductions in the duration of proposed pay reductions in the first instance.
 - In respect of the proposed pay freeze, the University commits to maintaining a shadow pay structure mirroring salary adjustments agreed through the JNCHES process for the period 20-21 to 22-23, and at the end of the three-year period to restore salaries to the level applicable across the sector (subject to further discussion at the relevant time and with the possibility of phasing).
 - The University also commits to continue to engage with any non-pay initiatives agreed via the JNCHES process, e.g. actions to address the gender pay gap.
19. Finally, and in recognition of the collegiate nature of discussions to date and the mutual benefits arising from a collaborative culture, the University commits to⁶:

⁴ Please see Memorandum of Understanding.

⁵ Please see Memorandum of Understanding.

⁶ Please see Memorandum of Understanding between University of Reading, UCU, and University of Reading Staff Forum for further details.

- Establishing ways in which University colleagues can participate in earlier and better scrutiny of major proposals. Preliminary details on the range of proposed opportunities is contained at Annex 1, precise details will be the subject of further discussion.
 - A review of workloads, to be conducted jointly with representatives of the UCU and Staff Forum, with a view to establishing a common understanding of concerns and potential solutions. For staff in grade 6 and above, UCU will be seeking an agreement with University of Reading on high level principles for balanced workloads, which would include a new approach to workload management, which would be implemented through local action plans.
20. As noted at (11) above the University is content that the temporary measures proposed as part of the Phase 1 consultations are sufficient to address the immediate projected shortfall in income, and no further action in Phase 1 is necessary. For the avoidance of doubt, this means that there are no projected compulsory redundancies arising from the predicted shortfall in student fees arising directly from the Covid-19 emergency. Council's emphasis on the importance of structural issues is noted however (point 3) and it is acknowledged that further proposals may emerge from Phase 2. Further formal consultation will follow as necessary.

John Brady

Director of Human Resources

Proposals to encourage greater engagement with, and access to, key University business and proposals

The University, in accordance with its strategic principle of Community, will encourage colleagues across the University to access and engage with key University activities. The University of Reading will seek to engage with staff and stakeholders about ways to improve University governance.

This will be facilitated in a number of ways including:

- Ensuring ease of access to papers of the Senate and Council and encouraging colleagues to keep abreast of key developments. Confidentiality will be suitably observed.
- For the purposes of the annual Sustainable Planning System, Heads of School and Heads of Function are required to provide a plan setting out key objectives. There will be a formal requirement to engage in internal discussion and consultation prior to submission of their plan.
- The UCU and the Staff Forum will be provided with an opportunity, in common with other key stakeholders, to have sight of and comment upon key proposals (ranging from minor to major as defined by the Planning and Change Board) using the pro-forma developed for this purpose (*example form to be attached*)
- The Senate Agenda Setting Group will be provided with a regularly updated list of significant matters with a view to extended discussion at the Senate.
- All new proposals in excess of £10m will be discussed at Senate, the Joint University and UCU Committee and the Staff Forum, and the minutes of these respective discussions will be provided to Council to inform its discussion and decision-making.