

How much money do employers have?

2020-21 was an incredibly difficult year for staff and students in universities - but a financial windfall for employers.

- The income of employers in the disputes increased by £1.5bn to a total of £41.1bn.
- Employers' overall surplus increased by £1.2bn in 2020-21 (to £1.9bn).

Employers ended 2020-21 with £2.4bn more cash in the bank than they started it with.

And that is before you include the amount of cash which employers diverted into short term deposits and other current investments.

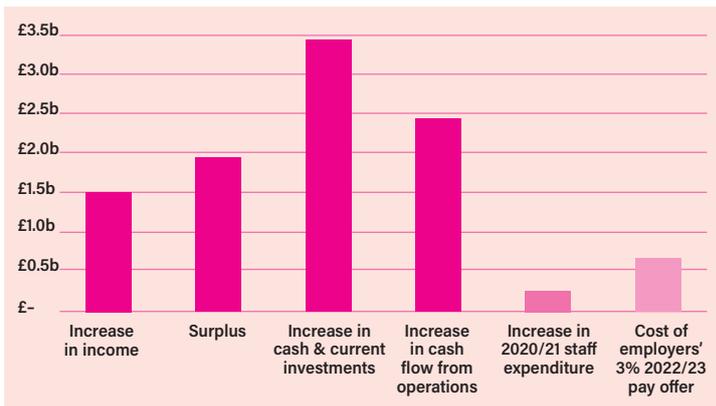
Once this is taken into account, employers' holdings of cash and liquid assets increased by £3.4bn in 2020-21.

Billions of pounds in surplus wealth are being generated by the sector's core operations: in other words all the hard work you do in teaching and supporting students, in administration, in research, and other roles. Universities generated £5.7bn in cash from operating activities in 2020-21 - an increase of £2.4bn on 2019-20, (over 70%).

This is because the number of students going to university and overall tuition fee income have consistently increased over time and there are no signs of that trend reversing. And staff are being asked to teach or support more students and work harder - for lower rewards.

Employers are not increasing their spending on staff anywhere near as much as they can or should.

Universities' financial results last year vs. spending on staff



- The sector's staff costs went up by just £0.2bn in 2020-21.
- For 2022-23, employers have offered a pay 'increase' of just 3% - a massive cut relative to inflation.
- Based on employers' 2020-21 staff bill, this pay offer would cost just £0.66bn annually.
- As far as USS is concerned, the amount employers increased their contributions by after the last valuation - 0.5% - would cost just £9.2m annually.

What are employers doing with all this leftover money?

Apart from hoarding it, they are continuing to spend billions each year on buildings and other capital projects. They have planned for a massive increase in capital expenditure in the current year (2021-22).

Employers have money to spare - they just aren't spending it on staff, and experience shows they won't change their behaviour unless you vote YES for industrial action.

Notes

- Except where specified, data is drawn from HESA open data releases: <https://www.hesa.ac.uk/data-and-analysis/finances>
- All surplus/deficit and staff costs figures are as defined in the HESA key financial indicators table and excluding pensions adjustments.
- All figures calculated with reference only to employers in the Four Fights and/or USS disputes.

- USS contributions estimates are based on the USS 2022 annual report (p. 67): <https://www.uss.co.uk/about-us/report-and-accounts>
- Estimated cost of the employer pay offer is based on UCEA's final offer letter of 9 May 2022: <https://www.ucea.ac.uk/our-work/collective-pay-negotiations-landing/2022-23-new-jnches-pay-round/ucea-final-offer-letter---9-may-2022.pdf>
- Capital expenditure forecast for 2021-22 is based on Office for Students' 2022 update on the financial sustainability of HE providers (p. 22).

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