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Now UCEA and Now ...

by

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The acronym UCEA, for the Universities and and Colleges Employers' Association, always makes me laugh quietly inside my tummy. It takes me back to an old school play in which one of my friends had to shout out Now You See 'Er and Now You Don't.

Unfortunately, I think it would be best if we did not see UCEA again. It is the body responsible for national pay negotiations in our universities and in my view its time is up. If a body can be both rather British and rather Stalinist, then UCEA is.

The idea of a common wage scale that runs from Sussex to Salford is no longer swallowable. This is not just a university problem but a public-sector one. In our expensive regions, there are shortages of key people because Britain pretends that a public-sector salary of, say, 25,000 pounds means the same in each corner of the land.

Our capital is the starkest case. Plainly, London weightings for university staff are crazy: they are really only a few percent of pay. Yet a small apartment in Marylebone can cost 5 times as much as one in central Manchester. It surprises me that London universities have not gone on strike years ago about this. But the area within listening distance of Big Ben is not the only place where we have a problem.

Perhaps many people are not aware how large the regional wage variations are in Britain. This is something I once worked on as a researcher. By averaging across hundreds of thousands of workers, my colleague David Blanchflower and I calculated that, for a 'standardized' worker (a horrid term but it means that we are not mechanically comparing barristers in Holborn with factory workers in Wigan), wages are 55% higher in Central London than in low-paying Tyne and Wear. In Inner London the pay differential is 34%, and Outer London 21%. The rest of the South-East pays a regional premium averaging 13% above Tyne

and Wear wage rates. The metropolitan part of the West Midlands pays 6% more. And so on.

Areas where the cost of living is high thus have to resort to subterfuge and premature promotion to make the public sector actually function. Someone who would be a junior worker in Humberside often has to be pushed up to a senior level in Hertfordshire. This grade creep shows the tyranny of rigid remuneration scales and has serious side effects. National pay scales can put people of modest ability into senior positions where, of necessity to get anyone in the first place, they are called on to make decisions that stretch their competence. Although it would be hard to prove, my instinct is that this over-promotion happens in our universities as well as schools and hospitals.

If you think it through, the regional pattern of public-sector wages should be set to be competitive with the private sector within the region. That would be efficient and fair. Local authority jobs compete for staff with private sector jobs; hospitals and police stations face competition for staff from health clubs and security firms. In the long run, indeed, workers choose their whole career, and public jobs must beat off private ones if we are to have nurses and head teachers in our nation. Universities are no exception. The local labour market matters to us too.

London allowances need to be increased dramatically (they should be more like a third to a half of pay). They were designed in a different era in which the regional spread of wage levels was less extreme than in 2003. More generally, it is necessary to make a radical break with tradition and have a system of paying people in universities in a way that allows their remuneration to depend on their region. To put it differently, university wages ought to be decided locally, not by UCEA diktat. The notion that pay should be decided centrally is muddled.

Imagine a pile of 50-pound notes of exactly three feet in height. That wobbly cash tower will buy, in one part of Britain, far more than in another part of the country. Hence national pay-setting just does not make sense. QED.