UCU response to PO message on industrial action

Thank you for all your support for the current UCU dispute over damaging changes to the USS pension scheme: it has been heartening and uplifting to see so many colleagues and students join together to protect our collective interests and the future of higher education. The Principal wrote to all staff and students last week, with the full staff of the Principal's Office (PO) as co-signatories. This statement responds to that letter, and should be read alongside it.

The scheme and the proposals

The current valuation of the scheme is highly variable, and depends on a variety of factors. The deficit is not a simple fact but the result of a complex calculation. UCU has suggested in this and previous valuation rounds that the methodology is based on unreasonable assumptions and has proposed alternatives that would have the effect of reducing the projected deficit. The employers have not wished to adopt these alternatives. Instead they have taken an approach (questioning the strength of the covenant between employers and asking for less risk) that has increased the size of the projected deficit.

The PO's letter demonstrates a fundamental misunderstanding of what negotiation is. Sally Hunt, the UCU General Secretary, made it clear in a letter to Principals and Vice-Chancellors that UCU was willing to enter in discussion around the variables involved in the scheme: the employer and employee contributions, accrual rate and defined benefits cap. During the meetings of the JNC, the employers refused to discuss UCU's proposals to retain a defined-benefit scheme. Negotiation is when two sides meet to discuss the possibility of a compromise between different proposals. UUK have shown no ability to compromise despite the union's offer. They are approaching the valuation as an opportunity to reduce their costs and liabilities. The areas for negotiation to which the PO refers to are all ways in that the employer might reduce its costs, and not ways in which members might preserve their benefits.

Governance

Trade unions have to protect their members' interests. The proposed changes to USS benefits are not in members' interests. It is therefore hard to co-operate with the PO on the scheme's governance while they advocate these changes. (It should also be noted that the current UUK proposals for reform of USS contain nothing on scheme governance.) The PO made an overture to UCU St Andrews proposing a joint letter on reforming the scheme's governance of the scheme. The branch responded by saying that if the PO publicly supported a defined-benefit pension, then we would be able to consider its proposals about reforming scheme governance. We asked for a position paper on the PO's reasons for reform of governance, so that we could understand their case, and see if it would be in members' interests. But the PO has not provided us with any detail at all on why they think scheme governance should be reformed, how it should be reformed, or what effect that might have on scheme performance. The PO's emphasis on scheme governance is a distraction from their push for the most significant reduction in staff benefits in UK higher education in decades.

Consultation
The consultation exercise on the proposals will not make any difference to the proposed changes to the scheme. The PO will arrange sessions to help members 'understand' the proposed changes, not to alter them.

The option of employees being able to contribute less to the scheme is presented as a positive. If staff cannot afford their pension contributions, it is because employers have consistently forced below-inflation pay settlements on them, resulting in a decline of the real-terms pay of university staff of more than 15% in the last decade (see p. 4 of the joint pay claim submitted by campus unions last year). Further, decreasing employee contributions, in combination with the likely lower take-up of the less attractive scheme UUK is proposing, will have the effect of reducing the funds coming into USS, and decrease its medium-term viability.

If you want to change the UUK proposals rather than just understand them (as you probably do already), then the current UCU industrial action is the best means to do so.

Students
The Student Representative Council unanimously passed a motion, accompanied by a petition with over 400 signatories, supporting UCU action over USS pensions. Students assembled at College Gate on Thursday 22 February to show solidarity with striking staff, and to demonstrate to the Principal's Office that they consider a workforce that is secure and adequately paid, in work and in retirement, is a vital part of their educational experience.

The threat to students is not coming from UCU members; it is coming from those employers represented by UUK who will not support the meaningful negotiation that is the best way for this dispute to be resolved.

St Andrews
This section of the PO's message threatens to withhold or withdraw support for projects that will improve equality, inclusion and equity in the workplace as retribution for any cost incurred in maintaining decent pensions. These were the implications of an earlier message sent to staff by the Quaestor and VP Governance: **you have to choose between 'family-friendly policies' (i.e. maternity pay) and your pension**. Such threats indicate that the PO's interest in diversity and inclusion may not be as deep as they claim. These are not features of our university life that are to be bargained with. We should all be working for them, whatever the challenges that budgets or others constraints bring. That is what UCU, the other campus unions, and the Student's Association should continue to do, whatever the PO threaten.

The PO senior managers are all members of USS. They all earn above £100,000 a year, several of them significantly more. But the changes to the scheme they are proposing will make proportionately less difference to them than to other staff, particularly those whose earnings are below the current defined benefit cap of £55,500. The larger an individual pension pot, the more diverse the investment portfolio in which it can be placed, and the greater the returns will be from that fund. The UUK proposals increase inequality in the

scheme by enabling higher earners to have access to better investment vehicles in retirement, favouring senior managers over other staff.

It is worth pointing out that the UUK proposals affect two pay grades that are lower than the household income threshold the University uses to give automatic hardship bursaries to students (£34,000). The PO is proposing to cut the pension of employees who may be parents of students it acknowledges to be in financial hardship.

We are not all in it together: the proposals affect senior managers less than anyone else. The rest of us need to fight to preserve our benefits in USS. UCU St Andrews is grateful for your continued support in that fight. We will continue to work for equality, inclusion and decent conditions of work for all colleagues at St Andrews.

The PO message:
Dear Colleagues

I am writing to you about the pending industrial action. This week, a national dispute between the University and College Union and Universities UK over the future of the Universities Superannuation pension scheme will signal the start of a period of potentially disruptive strike action at the University of St Andrews and another 60 universities across the UK.

Both the proposed changes to USS and the prospect of industrial action are causing anxiety and concern. USS is the story that no one wants to tell, and few want to hear, but I hope that you will take time to make your own mind up about the best way forward for the scheme, for individuals, and for our university.

I respect the right of our academic and professional services staff to take industrial action, and know that this is a decision not taken lightly, for many reasons. I also know that we all share a profound concern for the effect of industrial action on our students, and that this is particularly felt in this university, where the nature of the way that we work means that students and staff have a powerful sense of each other as individuals.

A number of you, students and staff, have taken the trouble to write to me and members of the Principal's Office in recent days to register your concerns. I am grateful for the opportunity to have open exchanges, even if we cannot always agree.

As your Principal I am writing to set out some key points in relation to the scheme, the dispute and to the University of St Andrews. This letter is written by me personally, but it is signed and endorsed by the University's entire senior team.

The scheme and the proposals

USS has suffered a series of funding crises over the past decade. What is unavoidable is that the current valuation situation, which estimates the scheme's deficit at £6.1 billion, *has* by

law to have a recovery plan which will satisfy the USS trustee and the pensions regulator by the regulator's deadline of 30 June 2018. This is the red line which we all face.

As a result of changes at the last reform of the scheme, following the 2014 revaluation**,** USS is already a 'hybrid' pension scheme, offering a defined benefit arrangement to staff on salaries up to £55,500, with a defined contribution arrangement for portions of salary above that level.

UUK and UCU representatives have met more than 35 times to discuss the 2017 valuation of the pension scheme and UUK has repeatedly agreed to extension of deadlines within this process at the request of UCU. These delays have added pressure to the requirement, which cannot be avoided, to complete the current valuation process by 30 June 2018.

The UUK proposal is to move the scheme to a fully defined contributions scheme. UUK has modified its original proposal, in particular by agreeing to explore a framework for the possible reintroduction of defined benefit in due course, as well as to explore de-risking the scheme. The option remains open for further talks with UCU in these areas as well as in, for example, exploring how deficit recovery contributions can be kept as low as possible.

The UCU proposal, which was carefully considered but rejected by the independent chair of the national Joint Negotiating Committee, the body made up of representatives from UUK and UCU which is responsible for making changes to the scheme, would have added substantially to the contributions from both members and employers.

Employees' contributions would have risen by nearly 3 per cent, and employers' contributions by over 5 per cent. Benefits would also have been reduced by around 8 per cent.

In St Andrews, the UCU solution would have dramatically increased the salary bill with the consequence that appointments of staff would have been drastically reduced, staff-student ratios would have significantly deteriorated, and the University would have had to look urgently at other options to reduce costs. We run a very tight budget here, with a very small operating surplus. We have very little room for manoeuvre.

Governance

This is the fourth time in ten years that USS has been in very serious trouble, and the interventions taken to address this to date have clearly not worked, and raise serious questions about the governance of USS.

In our response to technical consultations with employers on the future of the pension scheme the University of St Andrews has continually raised questions about the governance of USS. At recent public meetings in the University during the current dispute we offered to write a joint letter with UCU to the USS scheme trustee raising these concerns. UCU do not at present wish to take up this offer. I have, however, raised the future governance of USS explicitly at the UUK board, and will be writing to follow this up with UUK and with USS.

The charge that St Andrews has been 'hawkish' is simply not accurate.

We have rather been honest about the scale of the challenge facing USS, the need for reform and the responsibility which I believe we all have to act now, and not simply to kick the can down the road for those who come after us.

Consultation

Formal consultation with members of the scheme on the UUK proposal agreed in the JNC will be undertaken by USS from mid-March for a 64-day period.

We believe that our staff should have as much opportunity as possible to understand the agreed JNC proposal in detail and we will be arranging sessions in the University at which staff can seek information on pensions from experts independent of the University (bearing in mind the important point that benefits accrued to April 2019 will be protected by law).

We will be publicising these closer to the time. We hope staff will go along to one of these sessions and look at the options that are being proposed within the revised benefit package, which will include allowing employees to choose a lower and more affordable level of pension saving while still benefitting from the full employer contribution.

Students

As you know, we have written to all students explaining that the majority of academic, professional and managerial staff at St Andrews are not members of UCU, and indicating that the University is acutely aware of the potential effects of industrial action on teaching and assessment. Our students are highly intelligent, independent and resourceful: they will continue their studies despite cancelled classes. We know that staff will want to ensure that students' work is graded, according to our usual practices, in a way that is robust and a fair reflection of the teaching they receive.

We will continue to keep students informed, at School level in particular, and via the Students' Association. I very much appreciate student strength of feeling in relation to the dispute and its possible impact on studying and morale.

St Andrews

Since my appointment as your Principal, I have sought to advance and improve the staff experience.

We have clarified our promotions procedures, and established new routes through them. We have introduced a pilot mentoring scheme for mid-career and senior academic women. We have run the first professorial merit exercise in five years. We are pursuing plans to provide this University's first dedicated housing development for early and mid-career staff, and have opened a new nursery for the children of staff and students. We have established

inclusivity and diversity as a University priority, and we have set up a fund to encourage research projects in these areas.

In all of the cases where this has involved resource we have budgeted prudently to be able to do this. Were the UCU proposal to have been adopted, few of these kinds of proposals would go on being practicable.

Having considered this dispute at length and in depth, and out of fairness to this and future generations of staff and students at the University of St Andrews, we must take a view on the facts, and what is best in the long-term for USS and for the sustainability of this University.

That is why this University will not be calling for a return to negotiations on a UCU proposal which has already been exhaustively tested and ruled out as unsustainable through the JNC's democratic process.

All of us signing this letter would wish things were different, all of us are members of USS and all of us are acutely sensitive and sympathetic to what these proposals expect of individuals.

Everyone in this community knows how well we all live, work and debate together under normal circumstances: let us continue in the coming weeks to support one another as best we can, whatever our perspective on the dispute.

Professor Sally Mapstone (Principal)
Professor Garry Taylor (Deputy Principal and Master)
Professor Lorna Milne (Proctor and Senior Vice-Principal)
Professor Derek Woollins (Vice-Principal Research)
Mr Alastair Merrill (Vice-Principal Governance)
Mr Derek Watson (Quaestor and Factor)
Professor Brad Mackay (Vice-Principal International