19 February 2020

An open letter from Universities UK and the Universities and Colleges Employers Association to staff impacted by the latest UCU pensions and pay disputes

We – Universities UK (UUK) and the Universities and Colleges Employers Association (UCEA) – are writing a joint letter to update on the significant progress to address concerns of university employees on pay, working conditions and pensions since our last open letter in November 2019.

Universities care about their staff and want to create work environments where everyone feels valued and is treated fairly and with respect. Proposals to address important issues around both employment and pensions have been made. We very much hope that these will be carefully considered by union members before deciding whether to go on strike again.

In seeking to end the dispute on pay and working conditions, UCEA formally offered a range of positive proposals on 27 January 2020 which present both sector-level work and an extensive range of expectations of individual institutions addressing the concerns raised by trade unions on contractual arrangements, workload and mental health, and gender pay gap and ethnicity pay.

On the Universities Superannuation Scheme (USS), there have been a series of productive and positive talks between UCU, UUK and USS to develop a joint approach between the union, employers, and the scheme trustee to consider and respond to the recommendations from the Joint Expert Panel's (JEP) second report.

These developments make the latest decision by UCU’s Higher Education Committee to continue with industrial action disappointing.

The disputes are distinct, covering different groups of employers. There are over 340 employers in the USS pension scheme and 147 higher education institutions participated in the 2019 collective pay negotiations, each with separate negotiating structures. Most of these institutions are not facing industrial action. With a national bargaining framework with individual institutions differentially affected, the current situation makes it very difficult for representative membership organisations to find one national resolution. However, real progress has been made and we will outline the actions taken to resolve both of these disputes.

Tripartite talks on the future of the USS pension scheme

Throughout January and February 2020, UUK has taken part in over 20 hours of intensive and constructive talks with senior representatives from UCU and USS, including UCU General Secretary Dr Jo Grady, USS Group Chief Executive Bill
Galvin, and UUK Chief Executive Alistair Jarvis. The talks are facilitated by the chair of the JEP, Joanne Segars, and are borne out of the JEP’s second report which was published in mid-December 2019.

The tripartite talks have been constructive and focused on building a common understanding on the future of the scheme, the 2020 valuation and governance issues. The encouraging progress has been shared in jointly published statements, which are available on the JEP website.

To date, progress has been made in the following areas:

- A new scheme purpose statement has been drafted;
- Shared valuation principles have been developed;
- A 2020 valuation methodology discussion forum has been established, with representation from the scheme trustee and nominees from UCU and UUK;
- There has been enhanced engagement and visibility of scheme trustee board members, through regular attendance at Joint Negotiating Committee (JNC) meetings, good engagement with the tripartite talks and with the commitment to direct early engagement with stakeholders on the valuation methodology;
- There is a commitment from both UCU and UUK to develop a new joint approach to the 2020 valuation including a commitment from USS to fully explore a Dual Discount Rate as part of the development of the 2020 valuation methodology;
- A shared desire to reform the JNC to improve its effectiveness, with joint work on options analysis to take place in February;
- Agreement to establish a strategic discussion forum, with senior representation, to meet at least twice yearly, to consider longer term issues.

Employers, through Universities UK, are committed to continuing joint working with UCU on the future of the scheme, to jointly develop governance reforms and a new pathway for the 2020 valuation. There is agreement that the tripartite talks will continue through until at least April, with further meetings already scheduled, and UUK will continue to fully commit to these.

Additionally, work is nearly complete on a new set of transparency guidelines which should make information about the scheme and valuations more widely available to all scheme members.

Despite all this progress, UCU continues to ask employers to pay an unaffordably high share of the additional costs. By law, pension costs had to rise to maintain current levels of benefits. Employers have moved to close the funding gap by agreeing to pay the majority of the additional costs.

Since the last valuation employer contributions have risen by 3.1% of salaries from 18% to 21.1%, with members’ contributions rising by 1.6% from 8% to 9.6% of salaries. From last October, USS employers have together committed £250m more a year - 65% of the increase - and are asking individual members to make a fair contribution by paying the rest of the increased cost of their pensions.

Over the last week UUK has consulted the 341 employers they represent on whether UUK should make a new offer to UCU. The vast majority of employers (84% of respondents) support paying 65% of the additional costs, an employer contribution of 21.1% of salaries.
Meeting the union’s demands would be unaffordable for most of the scheme’s 341 employers. For many, it could lead to cuts in teaching, student services and research at a time when they are operating in a challenging environment, with a freeze on tuition fees and prolonged uncertainty over the implications of Brexit.

Progress in building a modified offer to resolve the pay and conditions dispute

UCEA likewise continues to wish to work with all the sector unions to deliver a university sector that works better for all of us. Through an extensive round of talks with UCU we have sought to develop approaches and progress ideas for both new sector-level work and institutional actions to meet the challenges in three key areas of this dispute – workload, gender pay gap and ethnicity pay, and contractual arrangements.

UCEA has been given unprecedented scope by our members which has allowed us to offer wide-reaching extensive proposals on behalf of our members. This follows exhaustive, but always constructive, dialogue with UCU over the last two months.

All higher education employers want to provide excellent working environments where everyone is valued. The recent proposals presented to all five trade unions (UCU, UNISON, Unite, GMB, EIS) in the national pay bargaining arrangements set out a series of expectations of higher education institutions around these three topics, while acknowledging that much is already happening in institutions and in the dialogue with staff representatives. Taken together they provide a real springboard for staff and trade unions to engage in their institutions on the issues of highest priority to them.

But this progress risks being stalled if further strike action on the pay dispute is pursued in what is still only a minority of the institutions involved. This has arisen from unions having decided to pursue institutional-specific ballots on national disputes – the consequence in the pay dispute is that there are strike mandates in 70 of the 147 higher education institutions that participated in the 2019 pay round.

Both before and during the meetings UCEA has been clear that the 147 universities are giving no collective mandate to improve further on the above-inflation final pay offer that was made in April of last year (and effective from 1 August). During November/December UCEA explicitly checked with its members on the pay offer and as a collective scheme, they were very clear was there was no mandate to go further. We hoped that we might have fruitful dialogue on the other three issues and found it genuinely informative to hear union colleagues articulate their aspirations and concerns.

Resolving the disputes

The universities represented in both of these sets of negotiations have continued to show that they place a high value on their employees, and have increased their investment in both pay and pensions to continue to offer fair pay and excellent pensions benefits.

We respect the rights of union members to take industrial action, and we understand that as long as the perception remains that their concerns are not met, individuals may well feel that their only course is to go on strike. However, it is disappointing that the real progress of discussions, the commitments made on
both sides, and the positive trajectories offered in both disputes are not being acknowledged. For the future of the sector and for the future of our collective bargaining arrangements, this should be recognised.

Universities will do all they can to minimise the impact of any further strike action on students, their other staff and the wider community and we know that colleagues contemplating strike action will want this too.

We sincerely hope that trade unions considering strike action will reconsider and instead opt for the constructive dialogue on USS to reach fair and acceptable solutions for the future, starting with the 2020 valuation for which joint work has now begun. For pay and conditions we believe that all members deserve a chance to have their voices heard as to how they feel about the progress that has been made and whether they want to choose an alternative to further disruptive action. We believe the modified offer can provide for a positive conclusion of the 2019–20 JNCHES round, thus enabling a constructive engagement by both employers and trade unions in the 2020–21 round, due to commence in March.

Signatories:

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