

Policy Briefing – Industrial Action

Union Executive, October 2021

What is the relevant national/ international context to this situation?

On 22 September, the University and College Union (UCU) confirmed that strike ballots will open at UK universities on Monday 18 October. UCU have called the ballot over the issues of Universities Superannuation Scheme (USS) pensions and pay, as well as equality issues and workload levels.¹

The pension dispute between UCU and the USS Employers function of Universities UK centres around the large deficit in the USS pension scheme which is the main pension scheme for academic staff and professional services staff on management grades. The scheme has been underfunded for some time and the Pension Regulator is insisting on either higher contribution rates or lower benefits (or a combination of the two) to bring the scheme back into balance, so that it has sufficient funds to meet the future pensions it will need to pay. According to figures produced by the USS trustee in 2020, the scheme's technical deficit has risen to somewhere between £9.8bn and £17.9bn.²

UCU have consistently disputed the scheme's deficit, criticising the methodology and timing of the valuations produced by the USS trustee. For their part, USS trustees point to their responsibilities as set out by the Pensions Regulator, which sets out how pension schemes should be valued, and UCU have so far been unable to convince the scheme's trustees or the pension regulator of their position.

This dispute has been taking place for some time with previous strikes taking place in 2018 and 2019 relating to proposals from universities to reduce the pension benefits that scheme members receive on retirement in order to reduce the scheme's deficit.

The pension scheme is relatively generous compared to pensions in most sectors. It is one of the few surviving 'defined benefit' schemes which pay staff a pension based on their salary (and hence contributions) over their membership of the scheme. However, a strong pension has often been seen as important for academic staff whose pay for their level of skill and expertise is often lower than other parts of the economy.

There has been a long-standing convention that contributions to the scheme are met 1/3 by individual staff and 2/3 by the universities who employ them. Universities are reluctant to move away from this formula. Currently, USS contributions are set at 30.7% of the salaries of employees enrolled in the scheme, with scheme members contributing 9.6% of their pay and employers the remaining 21.1%.³

¹ <https://www.ucu.org.uk/article/11766/UK-university-staff-to-ballot-in-October-over-pay-and-pensions?list=11204>

² <https://wonkhe.com/blogs/time-is-running-out-for-agreement-on-uss/>

³ <https://wonkhe.com/blogs/uss-2020-valuation-promises-another-difficult-year/>

Under the proposals by USS Employers, the contributions made by USS members would rise from 9.6% to 9.8% of salary, whilst the amount employers contribute would go up from 21.1% to 23.4%.⁴ They are also proposing a reduction in the accrual rate for pension benefits (reducing pension levels) and less favourable pension for higher earners with earnings above £40k invested in a less generous 'defined contribution' pension pot which gives a less certain return in retirement.

UCU are unhappy about this change. They have developed a counter proposal, which would see staff paying 8.1%, with employers paying 24.9%.⁵ Other differences between the USS Employers' proposal and the UCU proposal include the level at which benefits are protected against inflation, the accrual rate for pension benefits and the availability of flexible options for members. However, this proposal has not so far been formally submitted to the Joint UCU and Employers Negotiating Committee.

In the absence of an agreed change by the UCU Trustees, then contribution rates would have automatically significantly increased, making the scheme increasingly unaffordable for staff to remain as members and for universities to afford. In this scenario universities would have to fund money from cuts in other areas of activity or new income to pay the increase costs. This would be likely to have a detrimental impact on students and staff.

UCU has confirmed that the ballots will run until Thursday 4 November unless employers resolve the dispute beforehand. UCU's Higher Education Committee (HEC) will meet to consider the results of the ballot on 8 November, with action expected to take place before the end of the year if the organisation vote to strike.

Across the country, 152 institutions in total will be balloted, with 7 being balloted solely on USS Pensions, 83 balloted solely on pay and working conditions, and 62 institutions having a separate ballot for both issues. As per UK law, where a majority of members vote in favour of industrial action, at least 50% of those eligible to vote must have taken part in the ballot for the industrial action to be considered legal.⁶

In response to the UCU ballot, a Universities UK spokesperson on behalf of USS employers stated that "we are disappointed UCU is campaigning for industrial action over reforms to USS, as they have not proposed a viable solution of their own".⁷ In addition, Raj Jethwa, chief executive of Universities and Colleges Employers' Association (UCEA), stated that "it is very disappointing that UCU seeks to kick-start another campaign to encourage its members to cause disruption for students through potentially damaging industrial action".

The NUS has indicated its support for the ballots, with national president Larissa Kennedy stating that "it is entirely in the gift of vice chancellors and employers to come to a negotiated settlement and address the fundamental issues repeatedly raised by staff. If they don't, students will hold employers responsible".

What is the current situation at UCL related to this proposal?

UCL UCU is balloting on both pay & USS.⁸ According to the UCL UCU twitter account, "the employers have ignored our counter-proposals" and "action will make them listen".⁹

⁴ <https://www.pensions-expert.com/DB-Derisking/USS-pushes-ahead-with-reform-proposals-despite-strike-threat?ct=true>

⁵ https://www.uss.co.uk/for-members/articles-for-members/2021/07/07272021_helping-you-plan-for-the-october-contribution-rise

⁶ <https://www.local.gov.uk/our-support/workforce-and-hr-support/employment-relations/employment-law-topics-and-e-guides-6>

⁷ <https://www.itv.com/news/2021-09-21/university-staff-to-be-balloted-for-strike-action-over-pensions-and-pay>

⁸ <https://www.ucu.org.uk/HE-strike-ballots>

⁹ https://twitter.com/UCL_UCU/status/1440620471074971660

The UCU branch of UCL took part in strike action in November and December 2019. In February and March 2020 more industrial action was planned, with some of this taking place and other action put on hold due to Covid-19. Combined with the loss of learning due to the pandemic, this means that for many students almost an entire year of their teaching and learning was disrupted due to strikes and the pandemic.

Are there any legal implications to this policy proposal?

No

Does this relate to any existing SU policy?

No. A motion to support the UCU strikes in the 2019-20 academic year was passed by Education Zone in November 2019, however this was before the significant disruption to students education from the pandemic. In addition, this proposal relates to the prospect of fresh strikes in the upcoming academic year.¹⁰

Are there any financial, resource or stakeholder/ public relations issues with this policy proposal?

The motion may cause stakeholder/ public relations issues with academics and some students who are supportive of the strikes if passed.

On the other hand, public relations issues may also be encountered with students who may be opposed to any strikes in the event that the motion is not passed.

What would the next steps be if the policy passed?

Arrange a meeting between the Education Officer (the policy proposer) and other relevant Students' Union officers and staff to discuss the implementation of the proposal. This is likely to involve the Union posting an open letter to UCL staff explaining their sympathy with their concerns around their pension scheme and the Union's support for them, but urging them to find alternative ways to negotiate an end to this dispute other than taking strike action which would directly affect students.

¹⁰ <https://studentsunionucl.org/policy/up1908/students-support-ucu-strike>