



Southampton University and College Union

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Professor Mark Spearing
President and Vice-Chancellor
University of Southampton
Highfield, Southampton
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Dear Professor Spearing

What follows is a statement of UCU's current position and demands over our USS pensions, drafted by our two lead national officials. It is on this basis that UCU will be pursuing our claim and if necessary industrial action over the coming period. We would appreciate a written response to each of our demands.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Mary Morrison', is written over a horizontal line.

Dr Mary Morrison
President, Southampton UCU

The Valuation

Central to the dispute over USS is the valuation of the scheme's assets and liabilities. On a rolling programme, USS establishes whether the scheme is in surplus or deficit and adjusts contributions to reflect that. However, there is no fixed valuation methodology and, within reason, the scheme's trustees can adopt many different ways of assessing the scheme's assets and liabilities and, therefore, contribution rates.

When strike action was called off in 2018, a Joint Expert Panel (JEP), comprising representatives of UCU and the employers and with an independent chair, was established to look at how the scheme operated. In its first report, it made seven recommendations for modifying the assumptions of the 2017 valuation, and both the employers and the union accepted these recommendations and asked the USS trustees to implement all of them.

The JEP estimated that if all its recommendations were applied to the 2017 valuation contributions would need to rise from 26% to 29.2%. However, USS have since announced a 2018 valuation to supersede the 2017 valuation. They have calculated that if all the JEP recommendations were applied to the 2018 valuation then contributions could return to 26% of salary, split between employers (18%) and employees (8%). USS's trustees have refused to implement several of the most significant JEP recommendations. USS has not been able to effectively articulate why the full set of recommendations proposed by the JEP cannot be implemented as agreed by both sides in the dispute. Employers are trying to blame the lack of full implementation of the JEP proposals on vague allusions to the requirements of the Pensions Regulator. But the truth is that USS did not even try to persuade the Regulator to accept them – despite the Regulator saying that it was open to being persuaded – and UCU have not pushed USS to do so.

We call upon the university to publicly demand the implementation of the JEP recommendations in full.

We call upon the university to publicly support a 26% contribution rate based on implementation of the JEP recommendations in full.

Contribution Rates

Because USS has refused to accept all the JEP recommendations it is able to claim that the scheme is now in deficit and requires additional contributions. Your contributions, and those of the employers, increased in April 2019. Under its 'option 3', which the employers have not seriously challenged, USS has proposed that they increase again in October and, most likely, again in two years' time at which stage total contribution rates will go above 34% of salary. And all this is based on the 2017 valuation methodology that was heavily criticised in the JEP report.

Our employers are arguing that the threat of an increase to 34% of salary is a chimera because, so the line goes, the second JEP report, which is due to be published later this year, will contain recommendations that will alter the scheme's valuation methodology and governance and thus avert the proposed future increases.

At this stage we have no faith that the USS trustees will implement this second JEP report given its refusal to implement fully the first.

We are not prepared to commit on trust to further increases in contributions, nor are we prepared to agree to cost increases on the basis of a deeply flawed valuation that presents a healthy Scheme as being in deficit. If our employers are, then we call for them to shoulder 100% of the unwarranted increases in contributions.

Employee/Employer Contribution Rate Split

The 'no detriment' motion which the UCU Congress passed earlier this year called upon employers to shoulder the proposed increases in contributions to the scheme occasioned by the refusal to implement the JEP. Our members lost a considerable amount of money prosecuting a fourteen-day strike against proposed changes to our pensions, changes which our employers ultimately conceded were, far from being essential, unnecessary. We have already shouldered increases to our contributions to the scheme, despite the JEP's recommendations being accepted by the union and employers. We see no reason for members to suffer further increases when a way forward has already been found. UUK has claimed that sharing contribution increases between employers and members is necessary due to the scheme rules, but this is false. The no detriment proposal is entirely consistent with scheme rules; there is no obligation to split contribution increases 65%/35% between employers and members. That applies only when the JNC cannot agree on how to divide contributions. We have proposed a very reasonable and just solution. If the JNC fails to agree, it will be due entirely to employer intransigence.

We call upon the university to acknowledge that the 65/35% cost sharing does not have to be applied.

Jobs or Pensions?

Unsurprisingly, the employers have begun following the lead of the more hawkish of their members and threatening our jobs, essentially saying that we must choose between our jobs or our pensions. As Adam Tickell, Vice Chancellor of the University of Sussex and a Universities UK spokesman and the chair of the Employers Pensions Forum, said in mid-July in the *Financial Times*, "if employers have to make higher contributions then that will be felt very, very quickly in job losses". We are appalled, but sadly not at all surprised, at the cavalier attitude Universities UK is taking towards the lives and livelihoods of their employees. It is all the more offensive when it comes at the end of a decade of universities expanding with fancy new buildings and far-flung campuses while wages have been in steady decline in real terms. The higher education sector desperately needs leaders who can lead without resorting to the expedient of threatening their staff.

We call on the university to publicly rebuke Adam Tickell and Universities UK for this threat and to commit to a policy of no job cuts in response to the outcome of the USS dispute.

Upcoming Industrial Action

UCU will be balloting its members for industrial action starting on 9 September. We fully expect nearly all branches to pass the 50% turnout threshold and to return an overwhelming mandate for industrial action.

The last time we were forced to do this in Spring 2018, we were told that we were wrong, that we just did not understand pensions, that there was no alternative. We chose to strike anyway, knowing we were right and knowing this was the only way to force our employers to do the right thing. The work of the JEP has completely vindicated the position of the UCU while castigating UUK, USS, and the Pensions Regulator. Yet our members still lost up to 5% of their annual salary in strike deductions in order to prove to our employers what they should have already known had they been taking their responsibilities seriously. We encourage all branches to file collective grievances for the return of strike deductions from the Spring 2018 industrial action. We also believe that if our employers again force us into industrial action, this time with the full knowledge that there is a better alternative, there can be absolutely no justification for strike deductions.

We call on the university to affirm that any settlement of the dispute will include full repayment of strike deductions with interest.

Let's Talk About This

Another round of industrial action over USS will be damaging to the higher education sector and this institution, but it can be avoided through open and honest discussions about our options. It will not be avoided if employers simply do as they are told by USS and Universities UK.

We call on the management of our university to engage in open discussions with our local UCU branch around finding ways to settle this dispute that avoid reducing the quality of our pensions or increasing our contributions and avoids a dispute that will damage our institution. We believe these discussions should be reported to all university employees as thoroughly and quickly as possible as they proceed.

Southampton UCU Executive Committee