

Response to VC's email 27 Jan 2023 "Message from your Vice-Chancellor & President: Update on national pay negotiations and USS pension"

Pay

Its jam tomorrow and not very much jam when it comes to pay, according to the VCs latest email.

He refers to talks between UCEA and UCU which have started early for 2023/24. The current dispute over the 2022/23 pay award is unresolved, which it is worth reminding ourselves was 3% during heightened inflation, exacerbating the 25% reduction we have seen in salaries since 2009.

Nonetheless, the 2023/24 offer falls far short of what we need and is nowhere near inflation even. Little progress if any has been made on casualisation, equality and workload at a national level. The fact that they improved their offer at all though is testament to the strike action we took before Xmas.

The VC talks of financial constraints, but eight universities in England made over £100 million in profit (total income minus total expenditure) in 2019/20. ¹ Newcastle University was 21st in the list with a £58.2 million profit for 2019/20. Mismanagement across the sector however has meant colleagues in some universities facing redundancies while university managements play 'who can build the biggest and most ridiculous campus?' instead of investing in staff and by extension, students.

Pensions and HE Funding

It is worth unpicking what the VC has said about pensions. The VC suggested that somehow our defined benefit (DB) pension scheme was somehow anomalous, signalling his internalisation of the private pensions industry mantra to move to defined contribution schemes. In 2017 the Department of Work and Pensions study of DB schemes revealed that there were 11 million members in such schemes in the UK. He also stated that USS was more favourable than 'most private sector pension schemes'. This does not really mean very much when pensioner poverty is set to be a neo-liberal norm and the terms of our pension are significantly less favourable than the Teachers Pension Scheme in post-92 universities. The 'long-term stability of the scheme' had only looked questionable because of flawed

¹ <https://thetab.com/uk/2021/07/22/these-are-the-unis-raking-in-profits-big-enough-to-buy-a-small-island-somewhere-216165>

valuation methodologies, or timing as with the last valuation conducted when stock markets collapsed with the pandemic.

'Affordability' has been the most recent means to destabilise the scheme with the employers consenting to USS suggested hikes in both employer and employee contributions premised upon the March 2020 valuation. Interim monitoring revealed as UCU predicted that the March 2020 valuation was fundamentally misleading. 'Affordability' put pressure for a shift to the defined contribution scheme and get pensions liabilities off HEI balance sheets, easing increased borrowing and university merger and acquisition.

There was also an allusion to the Pension Regulator's dislike for defined benefit schemes after Carillon and British Homes Stores debacles. There is no comparison between USS and these schemes in which employer malpractice profoundly undermined the schemes. Secure pensions can be the norm as they are many other countries. However, such secure pensions are not lucrative to a private pensions industry.

As university staff, we regret having to take industrial action and regret that funding model for HE is broken. It would be nice to campaign with the VCs--as the VC of York University suggests in the article our VC attached--for a decent funding arrangement that does not burden 21 year olds with a lifetime of debt. That has always been UCU's position.

<https://www.ucu.org.uk/article/12273/Review-of-post-18-education-and-funding-on-higher-education-2022>