

University and College Union

Carlow Street, London NW1 7LH, Tel. 020 7756 2500, www.ucu.org.uk

To Branch and local association secretaries

Topic **Proposed subscription rates from 1 September 2019; report on review of subscriptions**

Action For information; for approval at Congress 2019

Summary This report sets out the proposed subscription rates from 1 September 2019 and progress report from the Honorary Treasurer on review of subscriptions

Contact Linda Newman, Head of Resources (email lnewman@ucu.org.uk)

Dear Colleague

1 Subscription rate increases

Subscription rates from 1 September 2018			
	Annual earnings band	Monthly national subscription including political fund	Monthly national subscription excluding political fund
Full members	F0 £60,000 & above	£25.96	£25.71
	F1 £40,000-£59,999	£23.11	£22.89
	F2 £30,000-39,999	£20.61	£20.41
	F3 £20,000-29,999	£18.32	£18.14
	F4 £10,000-19,999	£10.92	£10.82
	F5 £5,000- 9,999	£4.81	£4.77
	F6 Below £5,000	£1.02	£1.01
Retired/attached members		£2.80	£2.78
Proposed subscription rates from 1 September 2019			
	Annual earnings band	Monthly national subscription including political fund	Monthly national subscription excluding political fund
Full members	F0 £60,000 & above	£26.55	£26.29 (2.25%)
	F1 £40,000-£59,999	£23.58	£23.35 (2.0%)
	F2 £30,000-39,999	£20.81	£20.61 (1.0%)
	F3 £20,000-29,999	£18.13	£17.96 (-1.0%)
	F4 £15,000-19,999	£10.81	£10.71 (- 1.0%)
	F5 £5,000-14,999	£4.71	£4.67 (-2.0%)
	F6 Below £5,000	£1.00	£0.99 (-2.25%)
Retired/attached members		£2.85	£2.83

(Increase applied to monthly national subscription excluding political fund, then 1% political fund applied to determine monthly subscription including political fund).

2 Background

2.1 Motion 5 from Congress 2018 asked the Treasurer and NEC to look at subscriptions with a view to moving towards a fairer and more equitable spread. In particular, the aim is to avoid members experiencing large increases in subscription due to small increases in income. The motion suggests a timescale of 5 years with regular reviews and to maintain awareness of membership loss arising from changes to subscription rates and the consequent loss of income to the union. The motion asked the Treasurer to consult with specialist employment committees and with members (views requested through the Friday emails from January to February 2019).

3 UCU subscriptions consultation

3.1 The following comments were received during the review (some from members who emailed, some from a meeting with ACC in February 2019):

- Members on fluctuating incomes have a problem as the subs structure assumes a steady income.
- There is a big jump between bands F4 and F3 which is a big challenge for those who move from the top part of F4 to the lower part of F3 due to a modest pay increase.
- UCU subs are high compared to other unions (perception of some correspondents, and it is supported by comparisons with other unions)
- The concept of "annual income is difficult for those that do part-time, casual work, perhaps in term-time only.
- No concession rates for single parents etc.
- London weighting is included in the salary calculation of members who work in London (perhaps it should not be).
- Higher earners are not concerned about how much they pay (this is a view from some, not a statement of fact).
- Members do consider the value of membership when increases to subs are disproportionate to their income
- Increases in subscriptions should be incremental (meaning that members should not experience sudden large increases in one year).
- Subscriptions are too high for those on low incomes (accepted, hence proposals for change to band F4 this year).
- Those on free membership could be invited to make voluntary donations.
- The success of recruitment of new members by the Free membership scheme show that subs price is an issue for recruitment.

3.2 Motion 5 from Congress 2018 requires the Treasurer to maintain awareness of membership loss arising from changes to subscription rates. Although the reasons for leaving UCU are not always clear, we note that the proportion of members leaving UCU at the highest subs band following higher levels of increase is higher than those leaving lower subs bands.

3.3 Currently the most recent data available shows that there are between 4 to 5 times as many members leaving UCU in the categories F1 and F2 as there are in the categories F5 and F6. This must be borne in mind very carefully in any proposal put forward.

4. Proposals for 2019-20

4.1 The budget proposed to SFC/NEC requires an overall increase in subs of 1.75%. The

budget has been very prudent in order to keep the required increase as low as possible to allow for more risk to income achieved arising from the impact of subscription review changes.

- 4.2 The following proposals look to move towards Motion 5 in three different, but significant ways.

As a first step, it is proposed to broadly repeat the “mirrored” approach to subscription increases for a further year towards a more proportional subs structure. The idea of the mirrored approach was to increase the subs in the higher bands slightly above the average increase, and reduce the subs in the lower bands to match.

- 4.3 However it is further proposed as step 2, to commence changes to the band structure, having consideration to the union’s capacity for risk resulting from such change. Not all changes requested can be considered at one time as this could jeopardise the ability of the union to provide member services at the same level as now; therefore we must move in cautious steps whilst still making the changes members have most often indicated as an issue for them.

- 4.4 The UK Living Wage is currently £9/hour. Converting this to an approximate annual income gives an amount in the region of £15,000 for a full-time post of average hours. That figure falls in the middle of UCU subs band F4 and it is therefore proposed to commence the structural change there in 2019-20, aiming to reduce the subscription dramatically for those currently in band F4 whose income is below the £15,000 threshold.

- 4.5 For information, the membership numbers in F4 are as follows. Note that we do not know where these members fall within the band in terms of income level.

Fee paying members in F4 per sector.	
FE	6032
HE	4374
Both	490
Total	10896

- 4.6 The structural proposal is to widen band F5 to £10K, ranging from £5000 to £14,999, i.e. covering most members earning below the UK living wage. Band F4 will therefore become the band for members earning £15,000 - £19,999. Therefore some members in band F4 will move down into band F5 and pay a much reduced subscription from September 2019, provided that they update their subs band – all members in band F4 will be contacted to invite them to change to band F5 if their income is below £15,000.

- 4.7 To assess the potential cost of this change, it is assumed that half the members in band F4 are in the lower half of the band and will therefore move into band F5. The loss of income under this assumption would be around £300,000, but it is felt that this risk is acceptable, given the general increase in membership and the increased financial security achieved by the building of UCU’s reserves in recent years. A one-year deficit, providing it does not become a trend, can be managed from reserves. It is also hoped that compensation in the form of further increases in subscription paying members will

result from the Free Membership Scheme and other initiatives.

- 4.8 Finally, the third and last proposal for 2019-20 is to apply an additional cut of 1% to the subscription for members in band F3. This cut in subscription rate will reduce income to an extent but it is a recognition that a review of this band will be a priority for 2020-21, and is an indication of that intent.

5. Remaining current issues from the Review

- 5.1 It is difficult to see how to achieve a practical solution for members on fluctuating incomes. It is hoped that finally achieving a wider band for lower earners, for example those earning less than £20,000 per annum paying a very low subscription will help to avoid the need for constant changes to band.
- 5.2 The motion to Congress called for a Review period of 5 years to achieve a proportional subs structure, with due regard for the protection of the income of UCU. The management of that risk is a challenge. UCU's political strength requires a secure financial base. The financial situation of UCU is in the public domain and it is important that our campaigns are backed by visible financial stability. The Union's ability to fight major battles, like those for members' pensions in recent years, is dependent on financial security as well as the number of members.
- 5.3 It has been mentioned on several occasions that 70% of UCU's income is derived from the subscriptions of members in the top three subs bands, and every loss of one member from the top band requires recruitment of three members to (current) Band 4 to achieve the same income.
- 5.4 Concern remains for the balance between the need for speed to achieve a fully proportional structure within 5 years and the Union's capacity for risk. In addition to its industrial strength, no-one wants to risk a reduction in essential support for members, such as inability to rebuild the fighting fund after a major dispute, reduced access to expensive professional legal support for casework or additional constraints on support for members to take part in the democratic structures of the union. All those important abilities the Union currently enjoys were previously constrained in more precarious financial times.
- 5.5 In conclusion, the effects of the annual changes will continue to be monitored carefully and the steps towards the final aim will proceed until it is achieved, but it is too early to confirm that all objectives will be met within the 5 year period. It is still too early to assess the impact of changes already made in 2018 and year on year change may have a cumulative effect on income. It is important to stress the commitment to achieve the aim of the motion to Congress. At the same time Congress must be honestly advised that future unknown impacts on membership numbers from this and other external events, will require cautious monitoring and will impact on the speed with which the aim can be achieved.

Table : Comparative movement in subscription rates 2016/17 to 2019/20

Band	Annual earnings band	Mid-point	2019/20 Monthly sub excl. political	2019/20 Sub relative to F2	2016/17 Monthly sub excl. political	2016/17 Sub relative to F2	% Increase/ (Decrease) in subs from 2016/17
F0	£60,000 & above	70000	26.29	1.28	23.49	1.21	12%
F1	£40,000-£59,999	50000	23.35	1.13	21.41	1.10	9%
F2	£30,000-£39,999	35000	20.61	1.00	19.46	1.00	6%
F3	£20,000-£29,999	25000	17.96	0.87	18.37	0.94	-2%
F4	£15,000-£19,999	17500	10.71	0.52	11.19	0.58	-4%
F5	£5,000-£14,999	10000	4.67	0.23	5.07	0.26	-8%
F6	Below £5,000	3000	0.99	0.05	1.00	0.05	-1%

Note that in addition a considerable number of members in Band F4 are going to receive a **56%** reduction in subscription costs from £10.71p.m. to £4.67p.m.

Yours sincerely

Steve Sangwine
Honorary Treasurer