National dispute committee: JEP second report vindicates our industrial action
17 December 2019

Introduction

The Joint Expert Panel (JEP) published its second report (JEP2) on 13 December 2019. Yet again, UCU's consistent and longstanding opposition to detrimental changes to the scheme has been vindicated.

JEP2 observes that 'the failure to collectively go forward with [the] recommendations [from JEP1] was [. . .] a missed opportunity to resolve the dispute and provide room for a discussion of the longer-term issues facing the scheme' (4).

So far in this dispute, UCU members have taken an unprecedented 22 days of strike action, costing members in lost wages and universities in unnecessary expenses, damaging the reputation of higher education in the UK. As the people who teach and support our students, UCU is disturbed by the learning opportunities our students have lost as a result of employer intransigence. We are now facing further major industrial action in this academic year if the dispute is not resolved quickly.

UCU wants to work together with UUK to resolve this dispute. This is precisely what JEP2 recommends: the panel suggests that UCU and UUK 'work together co-operatively with the objective of reaching a mutually acceptable agreement' (36). UCU has sought to work with UUK to guarantee that the recommendations of both JEP reports are fully implemented. Regrettably, so far, UUK has lacked resolve on this matter. We again invite UUK and its constituent universities to work with us to finally end this dispute and preserve the pensions that are an important reason why people stay in university jobs. As the panel points out, 'without the benefits of USS, the sector would be less attractive to work in when compared to salaries and opportunities in the private sector' (74).

USS must have better governance

Since its first report (JEP1), UCU has raised significant issues concerning the persistent failures of governance within the scheme.

JEP2 finds that the current valuation governance is 'not fit for purpose' (38). The panel is critical of how the scheme is driven by the valuation, rather than the valuation being used as a tool to consider the health and future direction of the scheme. The report highlights that the Trustee is distant from stakeholders and should be more visible and routinely engaged. The panel recommends the establishment of a joint forum on the valuation, improvements in the effectiveness of the JNC, and a more radical approach to governance, including a high-level steering committee. Importantly, the report articulates an urgency for its governance recommendations to be adopted within the timetable for the 2020 valuation.

A fair and transparent valuation

The JEP recommends that in future, methodology should be clear and clearly understood and consistent across valuations, enabling confidence from stakeholders.

JEP recommends stakeholders investigate a dual discount rate that separates past and future service to replace the discredited test 1.

This approach represents a middle path between rigid self-sufficiency and the less cautious higher discount rate (with implied higher growth) investment strategy. It takes into account the risk appetite of members and employers, is fair between age cohorts, and can evolve as the scheme matures.

Maintain mutuality, no sectionalisation

UCU strongly opposes sectionalising the scheme and destroying the mutuality which is at its core. Sectionalistion would mean either splitting the scheme into clusters of similarly strong/weak institutions, or splitting it into circa 350 different mini-schemes, one per institution. It would be costlier, and more complex to administer. Disaggregation would create a hierarchy of weak and stronger universities according to their benefits provision and ability to sustain contributions; weaken national/collective bargaining, which would either take place for clusters, or at an institutional level; and impact ability of members to transfer between institutions. Mutuality ensures that all scheme members are entitled to the same benefit structure which eases transfer between institutions, prevents hierarchies between institutions, and reduces overall systemic risk and further fragmentation of the higher education sector.

Casualisation and contribution increases represent a threat to the scheme

Continually increasing contributions is putting the sustainability of the USS scheme at risk. Opt-out rates for USS are 15%, which is ‘significantly higher than the national average’(76) and ‘65% of those opting out were aged 36 or under’ (77). The most cited reason given for opting out was ‘affordability of contributions’, and ‘fixed term contracts’ and ‘part time or variable hours contract terms’ were also cited (77). Insecure employment combined with unaffordable contribution increases contribute to intergenerational unfairness, risk destabilising the scheme, and make a mockery of the USS Board's claim that they are ‘here to serve the sector’ (42).

We call on vice chancellors, governing bodies, and Universities UK to work with us to bring about the implementation of the recommendations of both JEP reports.