Majority negotiator report on the USS consultation

This majority view is supported by the following of your elected negotiators and alternates:
Justine Mercer (Negotiator and President Elect)
Jackie Grant (Negotiator)
Mark Taylor-Batty (Negotiator)
Renee Prendergast (Alternate)

Consequences of voting to "Note" the proposals and to pause action

The process of carrying out the 2023 valuation, premised on the restoration of benefits to 2021 levels at 1st April 2024 is proceeding apace. Pausing action would have no negative impact on this accelerated valuation timeline or the outcome.

We believe a pause would give due recognition to the progress that has been made with UUK, and their commitment to fully restore benefits. We also believe it would improve the atmosphere for further joint work. Collaboration will be necessary in the event of difficulties with USS or with the Pensions Regulator.

In partnership with UUK, UCU will be involved for the first time in producing the required USS Technical Provisions consultation document for employers and the statutory 60-day consultation for changes to the salary cap for the Defined Benefit part of the scheme. These consultations are required before USS can confirm the final costs of full benefit restoration.

UCU, UUK and USS are continuing to build on the work of the Valuation Technical Forum, which has been scrutinising the assumptions, prudence and methodology of the 2023 valuation. The Sustainability Working Group will now start to consider how future valuations can be made to be more stable while maintaining sustainable benefits and contributions. This builds directly on the joint UCU and UUK commitment to "a robust and transparent mechanism for managing risk which can provide more sustainable benefits and contributions for future valuations".

Pausing action at this stage does not prevent future industrial action from being called should it prove necessary. The recent reballot result means that we can take action up to 30th September. We believe that holding off taking action, and potentially suffer financial deductions, will strengthen our ability to take action in the future, if required.

Consequences of voting "Reject" the proposals and to continue industrial action

We do not believe that any further gains can be made from UUK at this stage that would either accelerate the timeline for the restoration of benefits or improve the outcomes for members. We also believe that more industrial action at this stage could make joint work more difficult.

Any work to try to shore up additional commitments now would mean rejecting the gains so far achieved and operating outside the valuation timetable, and this will hinder the progress made so far in negotiations and most likely delay full restoration at 1st April 2024.

None of the risks that could cause a substantial increase in cost for the 2023 valuation are yet appearing. The covenant consultation with employers is in progress, and while USS is pricing this support as it did in 2020, there have been no suggestions from either USS or UUK that the level of covenant support required for the 2023 valuation will be any stronger than for 2020. Given the greatly improved financial conditions, any request for further covenant support seems unlikely. There are, as yet, no tangible obstacles endangering the smooth path to full recovery at April 2024 and all aspects of the accelerated timeline are on schedule.

Bill Galvin has announced he is standing down, and the new CEO, Carol Young, will start this year. USS, UUK and UCU have written jointly to The Pensions Regulator on the strength of the sector and the importance of open DB schemes, evidencing the potential for timely and important areas of cooperation that we are keen to develop.

We think it is important for members to remember that unlike in previous disputes, we are working in partnership with UUK to accelerate agreed beneficial changes, rather than working to prevent detrimental changes we oppose. We are not fighting to get what we want, but working together with UUK to implement those agreements to a tight deadline.