

UCU Scotland response to the Scottish Public Pensions Agency
Scottish Teachers' Pension Scheme
Proposed changes to member contributions from 1 April 2024

Introduction

The University and College Union (UCU) represents members in teaching, research and professional support staff roles in post-92 higher education institutions in Scotland. Many of these UCU members in teaching/academic roles are members of the Scottish Teachers Pension Scheme.

UCU Scotland is the largest trade union for higher education staff in Scotland, representing nine thousand members across the university sector.

We are content for this response to be made public.

Responses to consultation questions:

1. Do you agree or disagree with the proposed member contribution structure set out in this consultation document? If you disagree or don't know how to answer, please explain why.

UCU Scotland agrees with the proposed member contribution structure as set out in this consultation. This proposal was discussed fully at the STPS Scheme Advisory Board (SAB) and it was the recommendation of the SAB to go with option 1, as set out in table 6 of this consultation, where each existing tier is multiplied by 1.1079 to give the new contribution rates. We welcome the fact that the Scottish Government has accepted the recommendation made by the overwhelming majority of the SAB.

Along with other trade unions, we support this option because it provides protection against stark increases for those at the lower end of the pay scale and minimises risks of significant opt outs from the scheme for early careers teachers and lecturers. In addition, the increase in member pension contributions has more proportionate impacts upon middle and higher earners than the other options which were under consideration. UCU is concerned that a single flat rate contribution structure would lead to hardship for the lowest paid scheme members and would lead to those lower paid members and early career members opting out of the scheme.

2. Do you agree or disagree that the annual increase in contribution tier thresholds should continue to be based on CPI or should it be based on pay awards going forward? If you don't know how to answer, please explain why.

UCU considers that the annual increase in contribution tier thresholds should continue to be based on CPI. We want to see teachers' and lecturers' pay keeping up with inflation.

3. If you have any comments on the proposed increase to the employer contribution rate from 1 April 2024, please outline them.

UCU is deeply alarmed at the proposal, emanating from the UK Government HM Treasury, requiring the employer contribution rate to increase from 23% to 26% from April 2024. This is a further significant change to that made in 2019 as before that point employers were paying 17.2% in employer contributions. Employers are seeing rates increase by 8.8% over the past five years.

We note that the reason for the increase in employer contributions is due to the discount rate, known as the SCAPE rate, used by the UK Government for all public sector pension schemes, and is based on the outlook for the economy in the UK economy. UCU supported the calls of the TUC for the Treasury to change its methodology for setting the SCAPE discount rate to the Social Time Preference Rate methodology rather than expected long term GDP growth. The UK Government's refusal to change the methodology has led to the increase in the employer contributions across public sector pension schemes.

Given that the UK Government is covering the costs of the additional employer contributions for publicly funded employers in England – including schools and colleges, these Barnett consequential must be passed on to employers in Scotland, including schools, colleges and post-92 universities. Given the percentage increase in the employer costs are higher in England than in Scotland, we would urge the Scottish Government to additionally cover the costs for post-92 employers in Scotland.

We note that the Scheme Advisory Board has written to Scottish Ministers asking that they cover the additional costs of this uplift for post-92 university employers, given this is a statutory scheme in the sector. We wholeheartedly support this call. UCU has in addition, together with Universities Scotland, written to the Deputy First Minister and Cabinet Secretary for Finance, Shona Robison MSP, to make the case to her to support post-92 universities to enable them to meet these new costs. We would once again urge the Scottish Government to support the post-92 sector with these additional pension costs.

4. Do you agree or disagree that the proposed draft amending regulations deliver the policy objectives. If you disagree or don't know how to answer, please explain why.

We agree that the proposed draft amending regulations deliver the changes to the member and employer contribution structures as per this consultation.

5. Are there any considerations and evidence that you think should be taken into account when assessing any equality issues arising as a result of the proposed changes?

We do consider that there are a number of equality issues to take into account in relation to these changes. In reaching our position on the preferred restructuring of the member contributions we wished to ensure that workers on lower salary tiers were not adversely impacted, given these individuals are more likely to be younger workers and part time workers. Women and BME workers are likely to be in these groupings.

In relation to the impact of the employer contribution increases on post-92 universities, we note the crucial role of post-92 institutions in the widening access agenda, in delivering vocational skills and degrees, and note their make-up of having a substantial proportion of students and staff from non-traditional backgrounds. It is vital that these institutions are supported to continue to deliver the teaching, research and knowledge exchange to their diverse communities, rather than having to divert resources to the Treasury to cover increased pension costs. The Scottish Government needs to ensure that post-92 universities are supported to meet the change in employer pension contributions.

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