Dear Colleague

Outcome of negotiations on reform of the USS Pension Scheme and proposed UCU industrial action

Background

On 9 January I wrote to you about progress at the Joint National Committee (JNC) towards agreeing proposals for the reform of the USS pension scheme in response to the current scheme deficit. At that time there had been agreement to extend discussions beyond the original deadline of 19 December to 23 January in the light of UCU proposals tabled at the December meeting. This followed strong representations of a number of institutions arguing for such an extension (including Kent). In the interim the University has also been active in its own representations to the USS and met with representatives of the scheme only last week.

The UCU proposal tabled on 19 December involved a reduction in the accrual rate from 1/75th to 1/80th whilst maintaining all other elements of the current benefit structure. To adopt UCU’s proposal would have required raising employer (by 5.5% of salaries) and member contributions (by 2.9% salaries). After extensive consultation across the sector UUK (who represent the employers) concluded that these levels of contribution were unaffordable. This is in line with the position at Kent where the additional contributions suggested by UCU would add £4.5m to our employer costs at a time when home student fees are frozen and there are significant challenges to maintaining student numbers. This would inevitably require us to make additional savings that would equate to the loss of significant numbers of posts and/or significant reductions in investment affecting our infrastructure, capital programmes and other strategic investments vital to the University’s health and performance.

JNC outcome

Both the UCU and a slightly revised UUK proposal were put to a vote at the JNC meeting of 23 January. The UCU and UUK member voting aligned with their own proposals. The independent JNC chair, who holds a casting vote, voted in favour of employers’ proposal, meaning that it now represents the formal proposal of the JNC. The employers’ proposal can be found on our website here:


The Scheme Trustees and employers have agreed to keep open the option of a return to a Defined Benefit element to the pension scheme in the event that the future performance of the scheme justifies it.

We recognise that this outcome will be very disappointing to many staff who greatly value the Defined Benefit elements of the pension scheme. The revised scheme still represents
however a major investment on the part of employers and valuable benefit (particularly by reference to other DC schemes).

UCU Action

On 22 January 2018 we were informed by UCU that their ballot to test support for strike action and action short of a strike (ASOS) had provided them with a lawful mandate for industrial action. At Kent the turnout was 57.2%. Of those who voted 87.6% voted in support of strike action and 93.7% in favour of other action short of a strike*. While we have still to be formally informed of the dates of strike action, it is understood that it will comprise 14 days of escalating strikes likely to begin on or around 22 February. Strikes will start with a 2 day stoppage, rising incrementally to five days a week over an initial four week period. Action short of a strike will involve working to contract, refusing to undertake voluntary duties, refusing to cover for absent colleagues and refusing to reschedule lectures or classes cancelled due to strike action.

The proposed UCU action is designed to cause maximum disruption to our students and harm to their educational experience. The University will take whatever reasonable steps it can to safeguard the interests of our students and hopes that those staff who voted in favour of industrial action will consider very carefully the potential damage, and likely prospects of significant change to the JNC proposals, before committing to action of any kind. I will be writing to staff again and following the completion of impact assessments in our Schools, regarding the University’s practical response to industrial action and its policy on pay deductions.

Finally, I am sorry to have to write to you with such negative news. This University has worked hard to bring influence to bear on both UUK and the USS Trustee but has reluctantly had to accept that the JNC have decided that the financial risks involved in the current scheme arrangements are such that radical change is required. Our overriding concern is that members continue to receive a valuable benefit and one that is certain of realisation in the future.

As in the past, we will put considerable effort in communicating with those members of staff who are potentially affected by these changes in order to ensure that they are fully understood, and that your representatives are able to raise issues on your behalf. A dedicated area of our website is in place to provide a source of ongoing information, and questions and answers about what is being proposed. Please refer in particular to the Q&A that has been provided to employers by Universities UK. There will be a formal consultation on the changes during March and we will ensure that there are opportunities for staff to raise specific issues that can then be addressed by USS.

Kind regards
Denise Everitt, Senior Deputy Vice-Chancellor & Chief Operating Officer

* In summary, of those eligible to vote 50% supported strike action and 53% action short of a strike.