Dear Colleagues

I am writing to you about important developments in the current industrial dispute over the future of the USS pension scheme.

You may now be aware that the Universities UK Board and the leadership of the University and College Union agreed a new proposal on Friday night for consideration by employers and university staff.

Its immediate aim is to lift the threat of further strikes and end the current industrial action, a matter which has been a source of obvious concern to us all, and most particularly to our students at a crucial period in the academic calendar.

The new proposal, agreed under the auspices of ACAS, pledges to maintain the current balance of pension contributions and retirement benefits available with the USS until at least April 2019, while an independent review of the scheme valuation is conducted.

In large part, this is the solution which this university and others recommended to UUK at the beginning of March, founded on the principle that a sustainable solution to the USS challenge must be based upon a valuation which carries the confidence of member institutions and their staff.

It is of course reliant upon the cooperation of the USS Trustee and the Pension Regulator. This point is crucial. Without this cooperation and attendant flexibility, and in the absence of an agreed way forward, the current rules of the scheme will impose a settlement of mandatory and very significantly increased contributions from members and universities.

The details of the new proposal are appended below, and are subject to consultation with USS employers and members of UCU before 28 March.

UCU branches, including St Andrews, will communicate their members’ views to national leadership.

The University will give its formal view in writing to UUK by Wednesday. Meantime, we will listen to the views of all who are or have been affected by this issue, not least our students, via their Students’ Association representatives.

Members of USS who are not members of the union or do not wish to communicate via UCU, can, if they wish, make their views known by email to vpgov@st-andrews.ac.uk. The University will represent these in its submission to UUK.

Sally Mapstone
Principal and Vice-Chancellor

UUK/UCU Proposal, Friday 23 March 2018
A formally agreed Joint Expert Panel, comprised of actuarial and academic experts nominated in equal numbers from both sides will be commissioned, to deliver a report. Its task will be to agree key principles to underpin the future joint approach of UUK and UCU to the valuation of the USS fund.

It will require maintenance of the status quo in respect of both contributions into USS and current pension benefits, until at least April 2019.

There will be a jointly agreed chair whose first step will be to oversee the agreement of the terms of reference, the order of work and timescales with the parties. Any recommendations by the group must be based on a majority view of the panel without the use of a casting vote. A secretariat, jointly agreed by the parties, will be appointed.

The panel will focus in particular on reviewing the basis of the scheme valuation, assumptions and associated tests. It will take into account the unique nature of the HE sector, inter-generational fairness and equality considerations, the need to strike a fair balance between ensuring stability and risk. Recognising that staff highly value Defined Benefit provision, the work of the group will reflect the clear wish of staff to have a guaranteed pension comparable with current provision whilst meeting the affordability challenges for all parties, within the current regulatory framework.

The panel will make an assessment of the valuation. If in the light of that contributions or benefits need to be adjusted in either direction, both parties are committed to agree to recommend to the JNC and the trustee, measures aimed at stabilising the fund to provide a guaranteed pension broadly comparable with current arrangements.

Alongside the work of the panel both sides agree to continue discussion on the following areas: comparability between TPS and USS; alternative scheme design options; the role of government in relation to USS; and the reform of negotiating processes to allow for more constructive dialogue as early as possible in the valuation process.

Support for this process will need to be sought from the USS trustees and the pensions regulator, recognising their statutory responsibilities. Both UCU and UUK will make the necessary approaches to seek this support.

Should this process prove acceptable to all parties this could provide the basis for the UCU to consult its branches and members on ending the industrial action currently underway within the sector.