

Our ref HE7
2/2/USSReview

5 August 2010

Dear Heads of Institutions (emailed copy of letter)

Proposed detrimental changes to USS and retaining comparable pension benefits

I refer to my letter of 5 May in which I let you know about the approach adopted by UCU's negotiators in the joint review of the Universities Superannuation Scheme. You will be aware that UCU made a number of proposals with the intention of responding to the evidence about the current and future needs of the scheme.

The best actuarial projection is that these measures would mean the employers would not be required to make additional contributions following the 2011 valuation. It is, therefore, disappointing that our proposals were not accepted at the scheme's Joint Negotiating Committee and, instead, the USS Board has agreed to consult on a set of radical proposals emanating from the employers' representatives which go far beyond what is required to ensure the sustainability of the scheme.

In my letter of 5 May, I expressed the hope that you would be able to persuade your negotiators not to pursue a strategy to introduce change without our agreement. I suggested that an attempt to introduce change without UCU's agreement would, regrettably, lead to a dispute on a matter of key importance to our members. Unfortunately, your representatives were not prepared to negotiate an outcome acceptable to UCU and the result is that we are on the verge of a major dispute.

It is possible to avoid the dispute.

USS is required to consult with members and potential members of the scheme about the proposed changes. UCU believe that for the USS consultation to be meaningful, the proposals should be voted on by all scheme members and potential members. We are confident that the result of a truly meaningful consultation will indicate that the employers' package of proposals does not attract widespread support from scheme members. In such a scenario, the USS Board, which includes representatives of

institutions, should review the proposals. In that event, UCU would be interested in re-opening dialogue to ensure the sustainability of the scheme.

It seems that USS intend to use individual employers as a conduit for their consultation, in which case you will, effectively, be acting as a consultative agent for USS in this process. In the event that you have agreed to undertake the consultations then UCU formally ask that you:

1. Conduct a meaningful consultation on the proposed changes to USS by circulating an agreed summary of both the Employers' Pension Forum and the UCU proposals to all members and potential members of USS at your institution;
2. Organise a ballot on whether the proposals, indicated in 1, are accepted or rejected by all members and potential members of USS at your institution;
3. Notify USS, UUK, the Employers' Pension Forum, and recognised trade unions of the result of the vote;
4. If the vote, referred to in 2 above, rejects the changes currently proposed by USS then we formally ask to signify your agreement that you will demand no further steps are taken to implement the current detrimental proposals insisting, instead, that USS should seek to re-open dialogue between the employers and UCU through the USS Joint Negotiating Committee.

However, in the event that the USS is changed without our agreement and as a result any of our members suffer a reduction in their expected pension benefits (i.e. the benefits which they would have expected to receive but for the said changes), on behalf of our members we formally demand of you:

5. An amendment to their contract of employment entitling them to contractually binding provision to ensure pension benefits broadly comparable with the existing scheme, and
6. Your agreement with UCU to a "USS Loss of Pension Benefits Compensation Scheme" setting out, inter alia, the actuarial basis upon which such compensation shall be calculated to fulfil your obligations under 5 above.

UCU envisages that professional input will be required to agree the terms of the Scheme, which would be nationally applied. If you do not assure us that our members' contracts of employment will be amended, or if you fail to indicate your willingness, either by yourselves or by your agents, to enter into discussions to agree a scheme, and ultimately to agree its terms, then we will consider a trade dispute to exist between you and your employees.

However, in anticipation that these ill informed changes are implemented, I have set out above UCU's response on behalf of our members to ensure that none of them suffer a reduction in their pension.

I should appreciate your response to the demands outlined in points 1 and 2 by no later than Friday 10 September 2010 or at least 2 weeks prior to the commencement of the statutory consultation period.

Yours sincerely

Michael MacNeil
National head of Higher Education

Tel 020 7756 2500
Email mmacneil@ucu.org.uk
Fax 020 7756 2501