

Report from LUCU

Members will be aware by now that the 2009 national pay negotiating round has come to an end and that, although UCU (and EIS) have not formally accepted the 0.5% offer, UCEA have advised their members to implement this. The increase locally will be paid in January (back dated to August).

There will be a UCU Higher Education Sector Conference (HESC) on 11th February in London to determine the 2010 pay claim. However, a number of branches, including Loughborough, have called on the Higher Education Committee to broaden the remit of the conference to address the issue of job cuts and the current ideological attack on HE. On 23rd December, a cut to HEFCE of £398M for 2010-11 was announced and some employers, including Leeds, London Met, King's College, Sussex and UCL, are already attempting job cuts. Others are watching to see what will happen before deciding what to do.

Locally, in our negotiations with senior management, we are informed that there will be no such job cuts at Loughborough **but we do not know the long term position.**

Strategies for addressing the HE cuts locally appear to be focused on making changes to the 'infrastructure' of the University – we are informed that in part this will mean shifting to larger Schools and Centres. These issues, and others (such as pensions, changes to model statutes etc – see ARSNC report below) will figure prominently on our negotiating agendas with senior management over the coming months. We will keep you updated about progress in our regular e-bulletins, newsletters and general meetings.

Jo Aldridge,
President,
Loughborough UCU Branch

LUCU GM

A General Meeting of the Loughborough UCU Branch will be held on Wednesday 27th January at 1.00pm in room J0.02, EHB

1. Apologies for Absence
2. Minutes of the Last GM (16th Sept 2009)
3. Matters Arising
4. President's Business
5. Guest Speaker, Michael MacNeil (UCU Head of Higher Education)
6. ARSNC Committee Report
7. Pensions
8. Any other business

Pensions & USS

The 'Review of USS' meeting organised by UCU and held in London on 20 November 2009 was attended by our branch Representative. Please read this article with the caveat that we are not experts on pension issues; our role is simply to pass on information to members and feed members' views back to UCU.

USS is governed by a Board of Trustees which manages the scheme's assets and provides the administration under which the terms of the trust, guided by the scheme rules, are delivered. The Board comprises four directors nominated by the employers' organisation, the UUK, and three directors nominated by the employees' trade union, UCU. The Board has powers to appoint up to five more co-opted directors who would bring specific skills and expertise.

The scheme rules also state that issues relating to changes to the terms of the trust – i.e. changes to the contributions or benefits of the scheme – must be decided by a separate body, the JNC (Joint Negotiating Committee).

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Hence, the JNC controls the structure and benefits of the scheme. The JNC consist of five UUK members (to represent the employers), five UCU representatives and an independent chair with a casting vote. The independent chair currently is Sir Andrew Cubie, who was the chairman of the committee whose report resulted in the scrapping of university tuition fees in Scotland in 2000.

Although still a cash rich, immature scheme, like all defined benefit pension schemes, USS is experiencing a number of problems. A UUK/UCC Joint Review Group (JRG), operating as a working party of the joint UUK/UCU JNC, has been set up to analyse the issues, address the difficulties and make proposals to ensure that USS remains an attractive and affordable pension scheme. JRG will make recommendation for the future changes which need to be approved by the JNC.

Sir Andrew Cubie's Address

Sir Andrew Cubie, the Independent Chair of both the JNC and JRG, said that there are - and to a degree there always will be - a number of uncertainties about the future funding of the scheme, and these were revealed in the 2008 scheme valuation. Challenges included the following:

Longevity: people are living longer and this is having a significant impact on the cost of pensions, particularly in relation to USS. Costs will continue to increase unless changes are made. Both sides are agreed on this, and discussions are ongoing to agree the way in which this challenge should be addressed. Various options are available, such as later retirement ages for payment of benefits, and higher contributions for members. The Employer's contribution has already risen from 14% to 16% in October 2009 due to this element.

Salary Increase Risk: in recent years the salary increase assumption has been exceeded. This is a particular risk within Final Salary pension schemes, as salary increases uplift the whole of a member's past service in the scheme. As an alternative to the final salary scheme, a *Career Average* scheme is under active consideration but it is just one of the options; a switch to a Career Average scheme will affect future services not past service. There are likely to be transitional arrangements for those members close to retirement.

Flexible Retirement: both sides agree that it is important to implement new arrangements for flexible retirement to enable future workforce management by employers and also to give employees the opportunity to step their way into retirement. This can be an important factor in addressing the longevity pressure, as it will arguably

encourage employees to work later and to draw a proportion of their retirement benefits later.

Cost Share: it has been agreed that some form of "new deal" is needed, so that members are given an opportunity to retain a good pension scheme. Where it is justified, this may mean members paying a greater share of the overall costs: particularly in relation to future cost increases.

Investment Risks: this is a major issue. USS pension fund is invested heavily in equities. Talks are taking place between the JRG and the Trustee Company to reduce the investment risk. A move to de-risk the investment strategy will have consequences for the cost of future pensions. This may have an impact on either the contribution rates or the benefits or both. The strategy is largely out of JRG's control, since it is an issue for the USS Trustee Board upon which UCU and UUK have representations.

Timetable: the JRG was established 12 months ago and has held 11 meetings. Any outcomes of this process will have impact over decades so must reach secure conclusions. Much of the time has been spent on analysis of the challenges facing the scheme, which has involved considerable input from the USS scheme actuary, and to understand how one issue interlocks with another. The timeline is as follows:

- Principles that will govern future discussions: September 2009
- Details of any changes: April 2010
- Implementation: October 2010

UCU Members Only Meeting

A UCU meeting was held after Sir Andrew and USS Reps had left the room. The aim was to enable UCU representatives to improve understanding of the present financial position of USS and to discuss UCU's approach within the JRG.

UCU representatives reported that the rights of current pensioners are protected by law. The rights of current USS members, based on the services of members under the current scheme, are also protected. However, it is not clear at the moment if a change to the scheme is recommended and accepted, whether the rights of current members are protected based on the salary at the time of the implementation of the changes or based on the final salary at the time of retirement of the member. It is anticipated that it will be the latter.

UCU reps stated that an acceptable outcome can only be cost neutral and benefit neutral. An attractive and sustainable system, which will continue to attract new members, is the aim. UCU can only accept changes based on evidence not assumptions. UCU

believes that it is important to educate members; hence they will brief the members before consulting them. Information and data will be made available to members to understand the changes proposed when they are announced. Any changes recommended will be balloted. UCU will make a policy recommendation to its members.

UCU's view is that a *Career Average* scheme is a fair system for most members. Final Salary schemes subsidises high earners who are likely to get high pay rises towards the end of their career, at the expense of average/low earners.

The USS scheme is a positive cash-flow scheme and is expected to remain so for the foreseeable future. If the scheme stops taking new members then the positive cash-flow will deplete rapidly. No university can afford to pull out of the scheme, because this would cost them many millions of pounds immediately. Employers do not have a direct say on their contribution. Employer and employee contribution can only be increased by the JNC. We will keep you informed as new information becomes available. JRG recommendations will be announced in April.

UCU Contact: Geraldine Egan, National Pensions Officer, pensions@ucu.org.uk

ARSNC Report

LUCU Committee officers continue to meet regularly with Senior Management on the Academic & Related Staff Negotiating Committee, or ARSNC. The last meeting was held on 13th January 2010 and covered several important issues. Progress on some of these negotiations is briefly summarised below.

Conditions of Service - several major changes to our Conditions of Service are currently being negotiated, due mainly to new employment and equality legislation. We are reviewing all the proposed changes within a joint working group of ARSNC. We are continuing to negotiate to keep a revised set of conditions separate for Academic and Related staff. At the September 2009 General Meeting, members ratified the long term LUCU policy, fully endorsed by the LUCU Committee, that Academic and Related staff should have their own negotiating committee and their own Conditions of Service separate from other groups of staff.

Future negotiating mechanisms - University management are keen to establish a joint negotiating forum comprising representatives from all campus unions. Such a forum would be used to negotiate on matters of common interest to all staff groups. LUCU has accepted that for certain issues, such a forum

could be of benefit but that we are absolutely determined not to lose our current negotiating structure through the ARSNC Committee, which reports directly to Council and Senate.

Revision of Statute XXI - Referred to as the "Model Statute," this is an important document, common to many pre-1992 HEIs, that sets out key procedural rights for Academic & Related staff. The Statute covers redundancy, dismissal, grievance and enshrines many principles effecting academic freedom. Due to many recent legislative changes, the existing Statute is in need of reform and several other Universities have already been through this process. The 1994 Group of universities (of which LU is a member) is in the process of reforms in this area and its HR management teams are seeking legal advice. The Statute can only be changed with the consent of Privy Council and locally has to be ratified by both Council and Senate within a strict procedural mechanism. Loughborough UCU branch is consulting with our Regional Representatives on this vital issue and we will keep you up-to-date with the proposed changes. We anticipate that these negotiations will be very complex and must be considered carefully in context with the ongoing changes to our Conditions of Service.

Performance & Development Review - A Working Group was formed after the 2008 Staff Survey to examine Appraisal and performance review across the University. Several Departments/Sections already use the current Appraisal system but many do not, or have devised their own schemes. The Working Group recognised that Individual Departments or Sections needed to tailor any such review scheme to suit the needs of their particular staff groups but that a certain degree of commonality was important across the organisation to insure fairness and transparency. The Group has produced a document specifying a set of "Framework Principles" that all versions of the proposed scheme must meet. This has been discussed at Senate and approved by Council in November 2009. LUCU has been given the chance to comment on this document. We think that Development (i.e. Appraisal) should be kept separate from Performance review and that all staff should be given the opportunity of a regular and meaningful Appraisal interview. We also have reservations about the wish to include a formal "well-being" assessment of individuals in this review. We continue to be concerned about the increasing imposition of various forms of assessment of colleagues' work and the extra administration load this represents.

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Managing Sickness Absence - We have been discussing the details of a new, integrated policy document setting out procedures for dealing with sickness absence and return to work procedures. We have been asking for some time for the current return to work procedures to be formalised so we welcome this part of the document. The remainder of the policy document is based on recent new ACAS guidelines and takes into account changes to employment law. We have commented extensively on the policy and currently we are waiting for further input and advice from our Regional UCU Officials. Specific reference to these procedures will be made in the revised Conditions of Service, once they have been approved.

Time off for Union duties - We are continuing to press Senior Management for more facilities time to allow our Officers sufficient resources to deal with the huge load of new policies, initiatives and regulations changes that are currently taking place. We were recently allocated an extra 0.25% FTE but this is proving to be insufficient. Our UCU Regional Officials are supporting us in making our case, but with the current difficult financial climate, we may be forced to radically change the way in which we deal with these issues as a local branch in the future. We will keep you informed of developments.

Pay

Whilst condemning the refusal of the employers to negotiate on arrangements for the avoidance of redundancies and the unacceptable offer of a 0.5% pay rise, the UCU Higher Education Committee have however noted that the 2009 national negotiating round has concluded. The employers' side, UCEA have now issued the final offer as the New JNCHES pay agreement 2009/2010 although they have recognised that UCU (and EIS) have not formally accepted the offer. UCEA are therefore advising their members to implement the 0.5% pay increase with effect from August 2009. They have also advised that they will be taking steps, with the trade unions, to set in place three working groups, with the following broad remits:

Pay Framework & Data Research Working Group

To undertake a study to understand how the Framework Agreement has been applied at HEIs. This will include the operation of contribution points,

the extent of harmonisation of terms and conditions, the National pay spine and the impact of new grading structures.

Sustainability Issues Working Group

To consider factors affecting the sustainability of HEIs, to develop proposals for enhancing shared understanding about technical aspects of HE finance and to develop materials/seminars to increase understanding on the technical aspects associated with HE funding and financial decision-making. Also to act as a forum for the exchange of views, comments and discussion with sector stakeholders on the strategic developments at HE sector level, including workforce planning and organisational change.

Equality Working Group

To act as a forum within which to comment, exchange views, establish common ground, and focus on strategic equality issues with a view to assisting HEIs and local unions, which may include recommending guidance and action plans on equality issues to New JNCHES and the HE sector. As an initial task, the group will gather information on the conduct of Equal Pay Reviews to date in HEIs.

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Edited by LUCU Committee