University and College Union

WARWICK

Ballots in defence of jobs, pay, and pensions

- **Up to 40,000 jobs at risk**
- **A pay offer that is nothing but a real-terms pay cut**
- **USS pension scheme under attack**

From 2nd February to 2nd March there will be a ballot on industrial action in defence of jobs and pay and a ballot on industrial action in defence of pensions.

The university sector is in the worst crisis for a generation. Thousands of jobs have already been lost and up to 40,000 more could be at risk as the government has pledged to cut 80% from the teaching budget.

The university employers are once again eroding the value of our pay. The UCU have not sought "more money", but rather consolidation and protection from further attacks on salaries for hard-pressed staff. The employers have responded with an offer of 0.4 % when RPI inflation is 4.8%.

The employers are pushing on with their proposals to downgrade the USS pension scheme in spite of their massive rejection by USS members in two online ballots and despite the fact that the scheme continues to grow and is in good health.

The UCU are not being greedy. Our demands are modest. We want the employers to agree measures to improve job security at this time of crisis. We also want an end to the attacks on our pensions and the erosion of our pay.

For two years the UCU have tried to pursue these demands through negotiation but without success. The employers have chosen the path of confronting the unions, hoping that they can break us in the long term. That means we have to ballot you for action.

The period of industrial action is planned to begin on 21st March. The timeline is chosen to maximise the potential impact of action across the sector while also working within the tight constraints of the law on industrial action.

The ballot on jobs and pay is national. But for legal reasons the ballot on pensions is specific to Warwick since, as our employer, the university is failing to compensate us for the detrimental changes to pensions.

USS Pensions Update: Some Progress But Too Little

Following the statutory consultation, the USS trustees have met and agreed to look again at some of the employers' changes. Any movement is welcome but the employers are not yet compromising on their main changes even though the USS is in good financial health and the UCU have made reasoned arguments. We do not seek confrontation but these changes are such a severe threat to our pensions that we have no other alternative but to ballot on industrial action.

In the USS consultation some 5023 members and 98 union branches made comments. The results have been analysed but not published. The turnout was very small, only about 5 percent. By contrast, over 31,000 USS members participated in the parallel ballot organised by the UCU, with over 96% voting to reject the employers' changes.

The employers are going ahead with:

- Switching from the current final-salary scheme to one based on career average earnings (CARE) with a very poor accrual rate which will mean an estimated 40% cut in pensions. Initially this change will only affect new joiners but, based on experience from other schemes, we believe it will soon result in the closure of the final-salary scheme for everyone, including existing members. *Everyone who is more than a few years from retirement should be worried*.
- Increases in the normal pension age.
- The redundancy provision for early retirement. At present a member aged 55 years who is made redundant receives their full pension entitlement according to their years of service. The employer pays to make up the extra years of pension needed. This makes it expensive to make people redundant. The proposal is that in future the employers will not need to pay this and the member will just lose pension instead. This rule change will have no financial effect on the scheme but will make it much cheaper and easier for the employers to get rid of people - just when cuts are being made. It will have a huge effect on the pensions of those affected as they will have to bear the cost out of their pensions - so-called 'actuarial reduction'.

The USS board has asked the employers to reconsider their changes on:

- Inflation caps – to review the proposals to impose limits on inflation uprating of some benefits at 2.5% and others at 5%, or at least to make them the same;
- Rejoining period – to increase the period after which you are allowed to rejoin the final salary scheme following a break, from 6 months to 24 or 30 months;
- Promoted staff – those in a final-salary local scheme (such as the Warwick scheme) who are promoted (at Warwick to grade 5 or above), would be allowed to join the final-salary part of USS within 24 months;
- Inflation indexation – the employers will no longer seek to change the USS rules on inflation adjustment from RPI to the detrimental CPI. The existing wording will remain whereby pensions will continue to be linked to the official index used by the government. In practice this means CPI but it could change if the government changes to another index.

These are welcome, particularly the rethink on the inflation caps and the rejoining period. The next step is to get the employers to understand the strength of feeling on the main principles of USS and to look again at CARE pensions. We do not object to a career-average pension scheme in principle. But it must be properly funded like, for example, the civil service scheme.

As the change to CARE will only apply to new joiners, the employers are hoping existing members will take an "I'm all right, Jack" attitude. This shows disdain for future generations of academics who will already have large debts from tuition fees. On top of these they will suffer a savage cut in pension estimated at 40%. But we also know from experience that whenever this kind of two-tier pension scheme has been introduced, within a few years the final-salary scheme has been wound up even for existing members. The USS is a model pension scheme designed on the principle of collective social security, to provide decent incomes in retirement, and as such should be adopted more widely. It is worth defending.

More High Salaries

You may have seen the recent discussion in the media of high salaries in higher education. According to the university's latest accounts, the number of Warwick staff who were paid over £100,000 rose from 66 in 2008/09 to 91 in 2009/10, an increase of 38%. In 2009/10 at least 19 Warwick staff were paid more than the prime minister (£142,500). This was a rise from at least 14 in 2008/09, an increase of 36%.[1]

[1]www2.warwick.ac.uk/services/finance/resources/accounts/accounts0910.pdf (p. 32).