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# WHY I HAVE VOTED YES TO ACCEPT UUK PROPOSAL

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*The author is a member of UCU's Higher Education Committee and National Executive Committee and an alternate member of UCU's team in the UCU-UUK Joint Negotiating Committee on pensions. This paper represents the views of the author only.*

I've voted yes to accepting the UUK proposal because I think that is the route that is most likely to protect our pension. That doesn't mean that I trust UUK. It means that I believe that the valuation panel provides the best mechanism for resolving both the current dispute and avoiding future attacks on our pension. If UUK lets us down I trust my friends and colleagues in UCU to be ready to take effective industrial action in future.

The main case against voting yes to the UUK proposal seems to be a lack of trust in UUK and the lack of certainty as to what might happen if the proposal is accepted. It has been claimed that to accept the proposal would be naïve.

I am not proposing that we naïvely accept the UUK proposal, I am suggesting that we should vote yes with our eyes wide-open. That is why the notices for further strike action have been issued even while the proposal from UUK has gone out to the wider membership.

If we vote no and turn down the proposal we don't know what will happen next. Different people, with different experience and expertise are reaching different conclusions based on their judgement. If we reject the proposal we don't know for certain how UUK will react. We also don't know how USS or tPR (the Pensions Regulator) will react. Those of us who think that the most likely reaction from UUK, USS and tPR will be a hardening rather than a softening of position are making a judgement.

If we accept the proposal we still don't have absolute certainty about what will happen next. However, we do know that the expert panel will need time to convene, look at the valuation and come to conclusions. During this time, of course, industrial action would be suspended. We know that tPR has [indicated](#) its support for a process which allows the stakeholders to come together and avoid recurring disagreements. We know that if we vote yes UUK would have committed itself to make approaches to seek support from USS and tPR for the process of finding a solution.

One of the arguments for voting no has been that the UUK proposal contained a commitment to 'maintenance of the status quo in respect of both contributions into USS and current pension benefits, until at least April 2019'. Those advocating for a no vote say that this statement is there just to look good and therefore is evidence of duplicity. I disagree. If you believe that it adds nothing to the proposal then ignore it as a neutral statement. However, there is nothing in the rules that specifies the date at which implementation takes place. A date of April 2019 for implementation of changes was part of the USS's project management timeline for the current valuation. Other implementations have been earlier (2011) or later (2014). So, in my view, this commitment adds a level of certainty that was previously absent.

Some of the criticism of the proposal concerns the language used within it. Words and phrases like a 'guaranteed pension' have caused consternation, the precise meaning of 'comparable' has been picked apart and the idea of considering 'affordability challenges for all parties' has been held up as unreasonable.

Personally, I am content to see a 'guaranteed pension' used as a synonym for 'Defined Benefit pension'. That's because a guaranteed pension is a Defined Benefit pension scheme. The definitions of DC and DB under international accounting standards (maybe not the most salient definitions but the ones I am most familiar with) are:

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(IFRS Foundation, (2013), *IAS 19 Employee Benefits*, section 8)

If the pension is guaranteed, then by definition it is a Defined Benefit pension.

Comparability has been widely interpreted to mean something capable of being compared to something else (for example, a melted, destroyed heater could be compared to a functioning heater), thereby dismissing this commitment as worthless. That is a rather pedantic way of using a word for which the synonyms are 'similar, close, near, approximate, akin, equivalent, corresponding, commensurate, proportional, proportionate, parallel, analogous, related' and which can be defined as meaning 'of equivalent quality'. The 12 March offer, although rejected by UCU, was a better comparator than the full DC offer from 23 January. Both have been rejected, but nonetheless it should be acknowledged that the shift away from full DC and a return to a hybrid structure is a significant victory. And we should remind ourselves that we will be the final arbiters of what is considered sufficiently similar, close or near to our existing pensions.

I am somewhat more sympathetic to the points being made about appearing to accept that there are potential 'affordability challenges'. Discourse around affordability has been used to undermine the position of Defined Benefit schemes as the preferred option of employers as they were in the 1980s. Those discourses are misconceived: evidence can be found that DB schemes, especially large DB schemes, are a cost-effective way of making provision for retirement from both the employee and employer's perspective. The valuation and the future service cost are bound up with each other, so opening the one up to scrutiny of the valuation panel provides a chance to review the other and refute any claims that future DB accruals are not affordable.

Advocates for a no vote have said that 'we know that the pension scheme is in surplus, we know that it's got loads of assets' and 'there is no risk to this pension scheme'. Well some of that is true and some is not, but none of it is a reason for voting no to accepting the proposal from UUK. It's fairer to say that we know that the scheme is cash flow positive for the foreseeable future as long as it remains open to DB accruals (I realise that is not as effective a rallying call as 'the pensions

scheme is in surplus'), and it's true the scheme has a very large total of assets (with a market value of about £60bn according to the March 2017 audited accounts). Still, I would take issue with the statement that there is no risk to this pension scheme – if it's not taking risks it won't be earning returns!

But what we need now is time for the Joint Expert Panel to pick apart the valuation, examine the strengths inherent in the scheme, such as its scale, the strength of the employers' covenant, the robustness of a multi-employer scheme, the fact that it is asset-rich, and the healthy returns that the investments have made historically. All that information can be used to craft a new, better proposal for this valuation cycle.

As an aside, the scale of the scheme has apparently been one of the main concerns of tPR, but the recently published government white paper on pensions, '[Protecting Defined Benefit Pension Schemes](#)', proposes to put in place mechanisms to consolidate smaller schemes because of the significant advantages associated with the largest schemes. USS is the largest private DB scheme in the country.

I am optimistic that the valuation panel will start a process that allows the 2017 valuation to be revisited in such a way that a satisfactory resolution can be found. But I am not naïve. We have demonstrated that we can carry out effective industrial action. The credible threat of industrial action remains as a reminder to UUK to take the commitments it has made seriously. If we judge it has reneged on its [commitment](#) 'to maintaining a meaningful defined benefit (DB) pension offer at this valuation' we know we can muster on the picket lines again. More importantly, UUK now knows that too.

If we are looking for absolute certainty before we accept any proposals or suspend any action I think we will be waiting for ever and never be in a position to resolve this dispute, which in my view will then peter out without having crystallised the significant gains that have been made.

I have voted yes, not because I am daunted by more strike action – I'm not. If need be I'll be there fighting for UCU's interests, on the picket lines, as I have been in every dispute since I joined UCU. I have voted yes because I think that the most likely route to a getting a good pension deal currently lies through accepting UUK's proposal.

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