



## **Joint statement by Heriot-Watt University and Heriot-Watt University UCU Branch in relation to the USS Dispute**

### **USS**

#### **Preamble**

Heriot-Watt University, in partnership with the local branch of UCU (HWUCU), has developed this statement in support of a potential resolution and exit strategy from the current USS dispute.

This follows ongoing constructive dialogue at a local level between Heriot-Watt University Senior Leadership and HWUCU and builds on an agreement reached in December 2020 about future partnership working.

We are committed to and respect the National Bargaining processes whilst recognising the importance of local dialogue and joint working.

This statement addresses the USS Pension Dispute, and a separate statement has been developed to cover the Pay and Working Conditions Dispute.

In the spirit of partnership working, the University will facilitate communications between the local UCU branch and USS members employed by Heriot-Watt University to support open communication and consultation processes.

#### **Introduction**

We recognise the importance to both employers and members of a sustainable, affordable pension scheme with a meaningful defined benefit component. This is a key part of the total compensation package required to attract and retain colleagues within the sector.

We recognise the significant loss of trust at a national level that has arisen from the 2020 valuation and subsequent changes to member benefits. We also recognise the recent 2022 USS update on asset values has suggested a scheme in better health than represented by the 2020 valuation [Our valuations \(uss.co.uk\)](https://uss.co.uk)

#### **Key Points**

- There is an urgent need for the national parties involved in the USS pension negotiations to rebuild trust through a transparent and evidence-based approach to communications on a joint basis
- We recognise the challenge of producing a sector wide Equality Impact Assessment but believe this should be further explored to ensure the impact of any changes to the scheme are properly assessed at a Scheme level and steps taken to minimise any adverse impacts.
- We support ongoing work to reform all aspects of the governance arrangements of the USS Scheme and call upon all parties to progress this as a matter of priority. Proposals for governance reform should be urgently developed and jointly enacted by USS, UUK and UCU in advance of the next valuation to ensure that USS is accountable, transparent and collaborative with the HE sector.
- Governance reform should take into consideration the recommendations from the Joint Expert Panel including a review of the role of the JNC Chair's casting vote and transparency

- of communication between USS Executive, Trustees and Stakeholders.
- Future valuations of the scheme should be undertaken with evidence-based moderately prudent assumptions which recognise the unique strength of the HE Sector and participating employers and which are acceptable to the Pensions Regulator.
  - We will actively encourage constructive dialogue between USS, UUK and UCU, to deliver an evidence-based future valuation based on agreed assumptions. We would encourage the USS Trustee to consider and consult upon any potential route to improve benefits prior to a future full valuation based upon current total contribution levels.
  - Subject to discussion at the JNC and any required consultation, we would support any sustained improvement in the overall scheme position being put towards restoration of member benefits first (to those existing prior to the 2020 valuation), before identifying opportunities for reducing the scheduled contributions; improving benefits for members of the USS should be the highest priority.
  - Accounting for the above, the USS Trustee should now be asked to consider a revised schedule of contributions should any upside arise following the Accelerated Year-End Review at the earliest opportunity, and before the next (2023) formal USS valuation.
  - The JNC should explore approaches that may enable staff to become members of the Scheme while paying lower contributions than the standard rate; doing so should not be a route to lowering employer contributions and should ideally enable all members continued opportunities to build up accrual of defined benefits.
  - UUK and UCU should explore options for alternative scheme design, within current regulatory constraints, that could offer better value for members and employers (including Conditional Indexation).
  - We recognise the importance of employers providing the same level of covenant support to costing of UUK proposals and UCU proposals to JNC which would then enable transparent negotiation and consultation regarding any proposed benefit reforms.
  - We encourage USS to continually keep under review its investment strategy to ensure that it is appropriate for market and economic conditions and is sustainable.