



## EXTRAORDINARY 'VIRTUAL' MEETING OF SENATE MINUTES

Thursday 24 March 2022  
09.30, virtual Zoom meeting

### **Present:**

Professors: Allen, Banissy, Bond, Brady, Butts, Clatworthy, Dermot, Dillingham, Dudley, Foot, Faul, George, Grierson, Hannuna, Hickman, Juncos, Key, Linthorst, Madhloom, Malik, Manley, Marklof, Morgan, Munafo, Mundell, Norman, Oliphant, Parkin, Piggins, Poole, Powell, Pleydell-Pearce, Robbins, Ross, Savery, Schonle, Schwarzacher, Smart, Spear, Squires, Tahko, Taylor, Tavare, O'Toole, Tormey, West, Wilson

Dr N Carhart, Dr N Davies, Dr V Erlandsson, Dr C Fricker, Dr F Ginn, Dr T Hodos, Dr J McManus, Dr R Murray, Dr K Opie, Ms L Parr, Dr D Poole, Dr S Proud, Dr M Werner, Dr K Whittington, Mr R Burford, Mr A Pearce

**In attendance:** Ms C Buchanan (Chief People Officer), S Johnson (Clerk), R Kerse (Chief Operating Officer), Ms L Macey, Ms H Quinn, Professor C Relton, Prof I Craddock, Ms A Sahni

**Apologies:** Professor Michele Barbour, Professor Robert Bickers, Professor Alvin Birdi, Professor Ashley Blom, Professor Kirsten Cater, Professor Chris Chapman, Professor Emma Clarke, Dr Naim Dahnoun, Mr Ed Fay, Dr Andy Flack, Professor Tansy Jessop, Dr Setor Kunutsor, Mr Cody Lai, Professor Mary Luckhurst, Dr David Morgan, Professor Rich Pancost, Professor Karla Pollman, Professor Sarah Purdy, Professor Emma Raven, Professor Anne Ridley, Ms Gina Walter, Professor Nigel Wilding, Dr Luisa Zuccolo, Professor Catherine Nobes, Professor Paola Manzini, Dr Jason Yon, Professor Tim Peters, Professor Iain Gilchrist, Professor David Humphreys, Professor Ian Nabney, S Gupta, Mr D Klymenko

The Vice-Chancellor welcome Senators to the meeting and established the constitutional position of this extraordinary meeting which had been called by Senators.

### **1. SENATORS MOTION IN RELATION TO USS**

- 1.1 Dr Neil Davies introduced the motion, supported by a presentation
- 1.2 NOTED the University position. Demonstrated a pensions modeller which allowed colleagues to input their own details to see the impact of the new and current schemes. Shared two illustrative examples, at the bottom of both lecturer and Associate Professor scales. The modeller showed a substantial drop in all areas of the pension. Acknowledged that the outcomes relied upon the assumptions made; however, contended that these were similar to losses suggested by USS' own modeller.
- 1.3 NOTED the Nolan Principles. Objectivity related to making the best use of all available evidence to inform decisions. Accountability, which enabled those who take decisions, to be held accountable. Leadership, which established a responsibility to call out problems.

- 1.4 NOTED the establishment and membership of the Pensions Task & Finish Group and that there had been no academic members on the Group at their last meeting. The majority of members were felt to not have an academic background. Dr Davies posed the question as to who was making the decision on Senate's behalf, and whether they had received enough information.
- 1.5 NOTED the UCU compromise proposal which asked for a new valuation, rather than relying on the 2020 valuation. It would have maintained current benefits until April 2023, then after April 2023 the valuation would allow agreement of the best possible benefits for an employer contribution of 25.2% and a staff member contribution of 9.8%. Dr Davies questioned whether the information provided had been accurate or whether the Pensions Task & Finish Group had assumed rates would be higher than UCU was proposing. He acknowledged that it was impossible to know if the information provided was sufficient to reach an accurate conclusion, particularly in relation to costs to the University, but also the cost to employees.
- 1.6 NOTED the assertion that the UCU proposal was unaffordable and noted the recorded surpluses of the University before and after the variation due to valuations, which had varied from £27m to £82m during the pandemic. The cost of the revised proposal would be an additional £6.5m to April 2023. Dr Davies calculated the losses for staff in the same period at between £16m and £21m. He asserted that a trade-off was being made where savings to the University were not that large relative to the level of surplus.
- 1.7 NOTED the possible discrimination in relation to younger staff as a result of the UUK proposal, which he contended meant that all employees would now make a deficit recovery contribution of 6% to cover the scheme deficit. This would impact younger staff more and would ask that younger members pay for a deficit accrued by older members. This had been acknowledged in an earlier equality impact assessment; however, no equality impact assessment had been conducted for the UCU proposal.
- 1.8 NOTED whether the planned benefit changes were actually necessary. The key issue was not the value of scheme assets or the financial markets, but assumptions about the future return. In 2018 the future return was assumed to be 0.92% above inflation and had since been reduced to 0.28%. The most recent published estimate was a negative rate, and if returns were higher than this negative rate, there would be no deficit, therefore no case for reform. A negative rate has not occurred before and it would be hard to know how likely it was.
- 1.9 NOTED the disappointment that the University had continued to support changes to pensions, on the basis of unconvincing evidence.
- 1.10 Dr Davies commended the motion to Senate. He reiterated that the reforms were unnecessary, that they provided inadequate income in retirement and were discriminatory. He stated that he could not see how the University could achieve its aims and ensure successful recruitment and retention of staff. Dr Davies stated that the situation needed fixing, that he would not tell the University how to fix it, but it was the University's responsibility to do so. He asked for Senate to provide leadership to improve outcomes for staff, otherwise staff might conclude that the University was not serious about recruitment and retention.
- 2. THE UNIVERSITY'S ACTIONS TO DATE, AND PROPOSED ACTION, IN RELATION TO USS**
- 2.1 The Chief Operating Officer introduced the report highlighting the University's actions to date and proposed action in relation to USS.

- 2.2 NOTED that the Pensions Task & Finish Group (PTFG) had been very careful about the decision making and the information considered, despite the tight time constraints (9 days) between the formal costed UCU proposal coming forward and the end of the consultation. NOTED that it was correct for the matter to be considered by the PTFG, with a majority of independent members who could provide objective advice and decision making.
- 2.3 NOTED that the VC, DVC & Provost, COO and CPO had met with UCU in advance of the PTFG. The DVC & Provost had presented the UCU view to the meeting, and the COO Had presented the University considerations. NOTED that the proposal was understood by Trustees, and that the information in the table referenced by Dr Davies was presented to the PTFG in full. Key information, such as the proposed long term cap on employer contributions of 25.2% (an additional £8m per annum), had been referenced in the consultation response, which was sent to all staff.
- 2.4 NOTED that Trustees felt that the UCU proposal was affordable for Bristol in the near term as long as the contribution escalator was not enacted, but not for the sector as a whole, where the majority of employers were only willing to pay up to 21.4%. NOTED that the multi-employer scheme provides strength but to remain sustainable, there needs to be consideration of the weakest employers. At least 200 members were not asset backed institutions. NOTED that due process had been followed and there was confidence in the information provided to the Group and that every other Russell Group Board had made the same decision.
- 2.5 NOTED increasing challenges to Defined Benefit Pension Schemes (DBPS) with increasing expectations on trustees and the risks they take. USS was the largest DBPS in scheme and had attracted interest from the regulator. There was empathy with the key facts that Dr Davies had put forward. The University had been active in the valuation process, meeting with the Chair and Chief Exec of USS, and had put forward a way ahead to maintain existing benefits, but that did require an increase to employer contributions that other employers did not support. That the UCU proposal was not considered viable due to the contribution escalator that employers were being asked to consider without an enforceable mechanism to cap employer contributions at 25.2% and concern in relation to whether the contribution rate would be affordable to employers. That the surpluses seen during the pandemic would disappear due to significant inflation, including pay, combined with no increase in Home Undergraduate fees and inflationary pressures.
- 2.6 NOTED that it was important now the benefit change decision had been made by the sector to look forward as to how our community here at Bristol can best influence the future of USS, in particular, for younger generations. the University was committed to working with the local UCU branch to influence the governance review by UUK, and that the University would be active within that review to make changes. There were key questions including whether it was right that the JNC had an independent chair with a casting vote, that there were not clear mechanisms to hold Trustees to account, and that the valuation subcommittee proposed by the Joint Expert Panel had not yet been implemented, which could have provided more influence on the valuation assumptions.
- 2.7 NOTED that in the consultation response, the University had supported a fresh valuation, was prepared to pay more on a fixed known cost basis and that the University would continue to press forward to find benefit improvements for staff through the next valuation.

### **3. QUESTIONS/DEBATE**

- 3.1 The Chair asked the meeting for questions/comments.
- 3.2 Senators raised the following points:
- 3.2.1 That it was difficult to understand why there hadn't been a public statement issued earlier.
  - 3.2.2 Whether the outcome was fair for younger staff and how the current situation could enable us to be a global top 50 institution.
  - 3.2.3 Welcomed University engagement in the USS governance review and questioned the lack of academic representation on the PFTG.
  - 3.2.4 What would be the impact if 25% of recent recruits decided not to pay into the pension scheme.
  - 3.2.5 That colleagues recruited from overseas had confirmed that they would not have come to the UK if they were aware of the pension's changes.
  - 3.2.6 That loyalty to young people was more important than to the University and the University might lose PhD students to positions abroad.
  - 3.2.7 That it was not possible to have everything, and cuts in pensions would impact the University's ambitions in all areas.
  - 3.2.8 That it was right for Senate to consider this matter as the industrial action had impacted academic quality through the resignation of external examiners throughout the country. Whether the impact of ASOS had been considered, even if this was difficult to quantify.
  - 3.2.9 That much from the motion could be embraced within a joint statement between the University and the UCU. That there was much agreement in principle but perhaps a difference tactically in how to take this forward.
  - 3.2.10 The workload model was intended to ensure work was distributed fairly and transparently, however, most academics did not work a standard week, and many worked more, out of commitment to their students. Morale was suffering and goodwill dissipating. The impact on the University if everyone worked to rule.
  - 3.2.11 That some colleagues felt they could have worked in industry rather than academia and had felt that the benefits and pension were part of the attraction. This had affected morale and goodwill, leading to disempowerment.
- 3.3 Dr Davies responded that his message was consistent, that the scheme needed to be fixed and that the responsibility lay with employers like Bristol. He echoed comments made by Senators.
- 3.4 Chief Operating Officer's Response
- 3.4.1 NOTED that the University's senior team were troubled by USS developments for the many reasons Senators had outlined. Challenges included the desire to offer lower cost pension options, particularly for younger colleagues who could not afford current contribution rates. Throughout consultations the University had expressed a willingness to pay more, potentially ending up with a fixed amount of 23.7% ensuring better benefits going forward for staff. The University had done its best to influence valuation assumptions as discussions progressed and believed that it had an impact.
  - 3.4.2 NOTED that Senator Ian Craddock had become a Board of Trustees member of the Pensions Task & Finish Group – it was hoped that this would provide Senators with assurance going forward. AGREED to explore the comment in the chat about a PRG Board member joining the Pensions Task & Finish Group.

**ACTION: Chief Operating Officer**

- 3.4.3 NOTED that the current situation was not particularly fair to younger generations, rather a consequence of how markets and pension regulations had changed. It was important now to find the best way forward to minimise impact on colleagues and make sure pensions remained affordable to younger staff through exploring alternatives, holding the USS Trustee to account and doing our best to influence things.
- 3.4.4 DISCUSSED why the University had not made a public statement about its position like other Universities referenced in the motion. During discussions the following points were NOTED:
- The University had been consistent with communications internally and consultation responses had guided the representations made by senior staff in key bodies including the Russell Group and the UUK Employer Pension Forum which advised UUK on its pensions position; it was hoped that these interventions had, and would, continue to move things forward positively for staff.
  - That whilst the University's position was known internally it was important, particularly in recruiting new staff, that the University's position was known more widely externally – hence the need for a public statement. The Chair acknowledged this point.
- 3.5 Chair's Response
- 3.5.1 The Chair acknowledged that this was a helpful debate – the question now was how best to move the issue forward effectively. The University had been actively working with key decision makers throughout the USS negotiations. The approach had been to try and convince those who were in key positions, in particular the USS Chair and CEO, and to work with other likeminded institutions in the Russell Group including Imperial, King's, Oxford and Cambridge. The University had focused on internal communications and working with decision makers, but the value of a public statement was acknowledged.
- 3.5.2 The Board of Trustees had thought long and hard about these issues and fully appreciated that good pensions, pay and other conditions reflected on the University's reputation and ability to attract good staff and students. The Board of Trustees brought significant financial and pensions expertise to the table and was fully cognisant of the importance of pensions to staff recruitment and retention, and impacts on morale and productivity.
- 3.5.3 The Chair noted that all Russell Group universities felt that the only viable proposal at this stage was the UUK proposal; each University went through the process independently - all had Boards committed to doing right for their institutions with the wellbeing of their staff and students paramount.
- 3.5.4 The senior team did feel that they had influenced the UUK proposal, and this was a much better position than in the initial proposals. The UCU compromise involved additional costs and uncertainties and the University had not been able to support it for reasons set out in the response to the UCU.
- 3.5.5 The Chair agreed with much that Senator Davies had said and everything relating to staff recruitment and retention and the potential implications for the quality of the University's academic endeavour and rankings. There were important points about possible discrimination. However, it needed to be acknowledged that 10-15% of early career staff cannot afford to join USS in its current form and the USS Trustee, supported by the Pensions Regulator, has deemed reform necessary because of the size of the deficit across multiple valuations and longer term risks to the pensions of future and recent entrants.
- 3.5.6 The Chair was concerned that a call for a new valuation might not achieve the desired response at the current time. The University was on record as calling for (before the current geopolitical crisis) a new 2022 valuation. However,

whilst it was still thought that a new valuation would be of benefit the timing was now important. A new valuation would be required in 2023 and that might be the best outcome due to the geopolitical effects on the financial market coupled with the possibility that an earlier result might lead to more intervention from the pension regulator.

- 3.5.7 The University of Bristol and Bristol UCU were working on a public statement which would capture elements in the paper and call for a new valuation at an appropriate time. A joint statement with the UCU, would be helpful in working collectively with Russell Group universities, who were significant contributors to the scheme, to lobby for major change.
- 3.5.8 The Chief Operating Officer reiterated the major points from his paper.
- 3.6 The Chair proposed the following motion and that this motion be taken before that of Senator Davies, noting that this was procedurally permissible under Senate Standing Orders:

*“That Senators support the University’s working with UCU to agree a joint statement”*

- 3.7 NOTED that the Chair gave Dr Davies the option of withdrawing his motion or suspending it subject to completing conversations with the UCU. Dr Davies responded with his preference to execute the vote now rather than delay and pointed out that his motion did not specify timing for a new valuation. The sooner a valuation could be completed the sooner benefits could be accrued. Financial markets were not nearly as bad as they had been in March 2020 (during the pandemic), and it was therefore unlikely to produce a negative impact. If the University had concerns about the pensions regulator it could take legal action, for instance judicial review. His preference would be for his motion to be voted on first as this was the trigger for the meeting with the requisite number of Senators calling for a special meeting. The Chair decided that his motion would be voted on first.

- 3.8 Dr Davies motion was as follows:

“Senate believes the recent reforms to the USS may be unnecessary, inadequate, and discriminatory. The changes may limit the University’s vision and aim to retain and attract staff that would create high impact academic outputs and international collaborations that are necessary to achieve its aim of being a top 50 global university. We call on the University to publicly demand the USS conduct a new moderately prudent, evidenced-based valuation, or update the 2020 valuation in light of experience, and make an adequate, cost-effective offer for staff as a matter of urgency.”

#### **4. VOTES**

- 4.1 The Chair reminded participants that only members could vote.

- 4.2 VOTED on the Chair’s motion:

For	47
Against	2
Abstain	6

- 4.3 VOTED on Dr Davies’s motion:

For	58
Against	0
Abstain	2

- 4.4 The Chair asked for any other comments and the following points were raised:
- 4.4.1 There was some confusion over the voting process. However, as the votes were similar with the huge majority of Senators voting for the motions the Chair did not feel it appropriate to open the votes up again. The Head of Governance confirmed that the votes had been procedurally correct according to the University's Standing Orders.
- 4.4.2 NOTED that comments both during the meeting and in the chat evidenced that the USS situation over the past 6 months had seriously damaged trust.
- 4.4.3 NOTED that both discussion and comments around lowering of staff morale were concerning and it was important for the University's leadership team to look at that and recognise how much staff had struggled over the last few years.
- 4.5 The Chair thanked Senators for the quality of their contributions which were very helpful and much appreciated and for taking the time to attend the meeting at an extraordinarily busy and pressurised time of year.

## **5. NEXT STEPS**

- 5.1 Circulation, once agreed, of the joint University of Bristol and Bristol UCU statement. The Chair believed it would capture the issues set out in the Chief Operating Officer's paper and was compatible with views expressed at this meeting. The statement once confirmed would become the University's public statement on the USS issue.
- 5.2 The outcome of the meeting would be considered by UEB at its meeting on 28 March 2022.
- 5.3 The outcome of the meeting would be considered by the Board of Trustees at its meeting on 1 April 2022.

### **NOTE POST MEETING**

- 5.5 An agreed joint statement with UCU was circulated to Senators on Thursday 24<sup>th</sup> March 2022