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OPINION

UK universities

How to solve the problem of university strikes

Students and staff will suffer unless we find a lasting way to fund British undergraduate degrees

CHARLIE JEFFERY

Which sector has the worst industrial relations record in the UK? The railways just about pip us, but higher education comes a close second. Universities have seen widespread industrial action in the past five years, with more scheduled for the first half of 2023.

It's a miserable record. It piles pressure and anxiety on students who have faced enough challenges through Covid. And the disruption is debilitating for staff, whether or not they strike.

The UK sector is unambiguously one of the best in the world. Yet we — the wrangling higher education employers and trade unions — hobble ourselves. Our negotiations have repeatedly failed to reach lasting, agreed outcomes on pay and pensions.

It is easy for employers and trade unions to throw blame. But that doesn't get us very far. More importantly, it doesn't tackle the root cause of the issues on pay and pensions: we fight to defend or grow our own share of pay and pensions "cakes" which are getting smaller for reasons unrelated to any of us.

On pay, the problem is easy to identify: the system for funding undergraduate study for British students is broken. The money universities get from undergraduate student fees, plus government teaching grants for some subjects, has largely stayed the same for a decade. Inflation gradually nibbled away at the real value of that income over the years, but is now eating great chunks of it very quickly. Increasingly, teaching UK undergraduates loses universities money.

The impact depends on how much of each university's income comes from "home," or UK, undergraduate teaching. For the universities where over half of all income is from home undergraduate teaching, inflation is now an acute challenge; for those up to 90 per cent dependent on thisincome, the financial constraints are critical. And that affects pay bargaining.

So what could change this? Employers and trade unions need to build a case to government, together, for a sustainable home undergraduate funding system. But our joint case will not be convincing if we are stuck in a cycle of industrial conflict. The best possible outcome now would be: doing what we can on pay, perhaps in a multi-stage deal, perhaps with flexibility for institutions facing severe financial constraints; with sector-wide changes on other key issues such as casual employment and pay gaps.

We need a system which rewards, not penalises, universities for teaching home undergraduates. Then we can award pay rises which properly reflect staff efforts, and teach home undergraduates without risking our financial stability.

On pensions, the cake looks relatively easy to divide. Recent interest rate rises have been good for defined benefit pension schemes such as the Universities Superannuation Scheme, reducing the cost of future liabilities. The next valuation, in March this year, may enable a rebalancing of benefits and contributions in favour of members. But tighter regulation threatens to reverse the trend by the next valuation in 2026 — shrinking the cake again and reigniting the cycle of industrial conflict.

The Pensions Regulator is deeply sceptical about defined benefit schemes after the high-profile collapse of companies with such schemes, including British Home Stores and Carillion. New draft regulations point to yet greater "prudence" — in practice this means greater costs to institutions to achieve the same pension outcomes.

Significantly, those draft regulations recently brought employers, trade union and the pension scheme together in a joint condemnation of their impact. That, surely, is something to build on.

The current disputes will not end until undergraduate funding is fixed and employers and trade unions overcome, together, the regulatory antipathy to defined benefit pension schemes. Otherwise, the unrest will continue, to no one's benefit.

The writer is vice-chancellor of the University of York