

A social pact between university heads and unions could address the current workforce crisis

Universities' current industrial relations problems stem from political choices on the part of government, argue Adam Habib, Phil Clark, and David Lunn

This week universities across the UK are going on strike for the fifth time since February 2018.

The University and College Union (UCU) is currently consulting members about further industrial action after the Easter break, which will again cause severe disruption to the 2.7 million students who only recently returned to campus after the lifting of Covid-19 restrictions.

The list of university staff grievances is long. A High Court hearing on 4 April will address the recent decision by the Universities Superannuation Scheme (USS) to cut university staff pensions by an average of 35 per cent.

This comes on top of a 20 per cent real-terms reduction in pay over the last decade, unacceptable gender, racial and disability pay gaps, and the precarious short term contracts held by one-third of the sector's 224,000 academic employees. In a sector that contributes nearly £100bn annually to the national economy, this situation is deeply damaging for staff, students and the wider society.

All of the key players bear some responsibility. Reform is needed at all levels including within government, universities, Universities UK and other sector agencies. This will not be possible without political leadership, at the heart of which needs to be a social pact between university leaders and academics (represented through their unions), who are at the coalface of the current crisis.

The recent undermining of the university system began with the introduction of tuition fees under the Blair government then deepened in 2011 when the coalition government stripped nearly £1bn from universities' annual budgets for teaching, research and facilities.

This 12.6 per cent depletion of universities' running costs was then passed on to students as the government lifted the fees cap, resulting in the near-tripling of domestic tuition fees and doubling of international fees. This created huge inequalities, as some universities expanded their infrastructure and marketing departments to increase student numbers, often borrowing heavily to do so. Others didn't – or couldn't – replicate this and quickly fell behind, with fewer students and depleted coffers.

Across the board, universities hired tranches of administrators to look after all these "consumer" students in the newly marketised sector, while slashing teaching staff costs. One of the most damaging results has been the mass hiring of low-paid staff on casual contracts – turning UK higher education into a highly unequal and polarised learning environment.

The impact on pensions

This has, in turn, tilted the pensions landscape. Many younger casualised staff, understandably distrustful of the system, have opted out of USS, fracturing a foundational element of the pension fund. Until now, decision-makers have responded with technical tinkering, without resolving the fundamental cracks in the university pension regime. Higher education and USS entered the Covid-era economic crisis in these circumstances.

Under pressure from the Pensions Regulator, USS undertook a new valuation of the fund in March 2020, which predicted an £18bn deficit. While the scheme's employers, via Universities UK, voted for severe pension cuts to realign the USS fund, UCU and a handful of university heads questioned this dire forecast, in particular the decision to conduct the valuation just as Covid hit the global economy.

The FT's economic commentator Martin Wolf [joined this chorus](#), describing USS's "misplaced prudence" as trying "to insure itself against the end of our world." These criticisms were borne out by the fact that by January 2021, as government stimulus packages kicked in and economies around the world rebounded, the USS projected deficit [decreased to £7bn](#).

In this situation, the government had the power to suspend pension valuations for three years after the pandemic, when a more realistic long-term economic forecast could be produced.

Joint pressure from university heads and UCU could have pushed the government to this more reasonable position. But widespread distrust between university management and rank-and-file staff made this difficult – as did a tendency to depoliticise the current crisis, overlooking the central role played by government over the last decade.

Instead of castigating vice chancellors one day and unions the next, the government must recognise its role in creating this untenable situation and accept its share of the responsibility to resolve it.

A social pact

One possible way forward, we suggest, is a higher education social pact between university managers and unions. Social pacts are informal political agreements between corporate and labour entities designed to address pressing crises such as the one currently confronting UK higher education.

In places such as Australia, Belgium, Germany, Ireland, and the Netherlands, social pacts – which typically address issues of welfare and collective bargaining – have enabled political compromises that fundamentally improved labour relations.

A social pact for UK universities would pressure the government to reverse the devastating impact of reduced funding for the sector, lobby USS for a fairer distribution of pension risk between higher education institutions and university staff, and address the inequalities created by the marketisation of universities.

It would highlight the tunnel vision by some in government who do not sufficiently appreciate the importance of the social sciences and humanities in resolving the central transnational challenges of our time. A social pact would also create a vital space for universities to address local issues around pay, workloads and casualisation that stem from these systemic problems.

The continued fractiousness in UK universities is not in the interest of students, staff or the institutions themselves. We may not necessarily agree on the need for the current round of industrial action, but one thing is clear: higher education cannot endure as a key component of the UK's economy, global image and international soft power in unending cycles of disputes.

The time for a real resolution to these crises has come. University managers must now join unions to pressure the government and to put the sector on a sustainable and more equal footing once and for all.