

Professor Elizabeth Treasure
Vice Chancellor
Aberystwyth University

05/05/2023

Dear Elizabeth

UCEA Press Statement & Return to Negotiations

We are writing to you in your capacity as Board Member of the University and Colleges Employers Association (UCEA). UCEA has recently two days ago the statement that *“an unprecedented 100 HE institutions were reported as in deficit”* (including Aberystwyth University). Please see [‘Further financial deficits confirm that there is no possibility of new or revised pay offers’](#), 3rd May 2023.

This press release, on behalf of members including AU, uses this statement as a rationale for the sector at large not revisiting 2023/24 pay negotiations.

As detailed below, we view this communication to be both highly misleading and problematic. This has opened up UCEA to the potential charge of disinformation. We request that, as a UCEA Board member, you urgently raise this matter with UCEA on the grounds that this is a misuse of Higher Education Statistics Agency (HESA) data.

The press release ignores the HESA statement (see [Table 12 - Analysis of staff costs](#)) that *‘this cost is not reflective of the pure underlying financial performance of these institutions for this year’*. Specifically, it uses the data *without removing* the FRS102 pension adjustment. Without this omission, UCEA would not be able to argue that there is a real ‘deficit’. Indeed, due to recent USS valuations, the deficit that UCEA uses as ‘evidence’ is largely removed when the USS pension adjustment, or the change in the liabilities, are properly accounted for.

The KFI’s [provided by HESA](#) exclude the pension adjustment for each HE provider, both in relation to ‘surplus/deficit’ and to ‘days ratio of total net assets to total expenditure’ and ‘net liquidity days’. We would find it surprising if Aberystwyth University preferred to use such figures with the ‘pension adjustment [included](#)’ for financial planning purposes or public communications.

The press release also ignores the British Universities Finance Directors Group, in their [‘Guide to Accounting for Pensions in HE’](#), which correctly advises (as per the HESA comment accompanying their data) that *‘...to be able to plan and manage its finances effectively, each university should budget and monitor performance at the “adjusted surplus” level’* – where the ‘adjusted surplus’ has removed the pension adjustment. Failure of UCEA to do this results in the data presented by UCEA for public consumption implying Aberystwyth University ran a strikingly large deficit of minus £22 million for the 2021/22 financial year. Taken at face value, this is an alarming implication for our members and for the wider community at Aberystwyth, and Wales.

It is worth noting two additional points that further undermine the UCEA argument:

- (i) the majority, £4.2bn, of the USS pension adjustment, that creates the illusion of a deficit, sits with the 24 wealthiest Russell Group institutions.
- (ii) [USS is expected to formally report a surplus](#) in less than a year, when it will likely fully restore USS pension benefits to pre-2022 levels and reduce contribution costs to this group of institutions.

The UK university sector is internationally recognised as world leading. The years of industrial action across the whole sector over working conditions and pensions erosion, based on claims of deficits, is now playing out on the world stage. In manipulating data in this way UCEA risks jeopardizing our international reputation for world leading teaching and research. It further erodes trust, already critically low, with staff, students, and the wider community.

UCEA is doing so at a time when UCU is actively seeking to negotiate in good faith, and has demonstrated this commitment through the [March 2023 UUK and UCU statement on pensions](#). It is doing so at a time when the clock is ticking on the ongoing Marking and Assessment Boycott, and while there is a small window of opportunity to reach a negotiated agreement to enable students to graduate this year.

We ask you to call on UCEA to issue a correction and clarification to the press release, and to urgently return to the negotiating table with UCU in good faith.

John Gough, Aberystwyth UCU President

On behalf of Aberystwyth UCU Executive