AN ALTERNATIVE FINANCIAL STRATEGY FOR THE UCU: THE DEBATE CONTINUED

We welcome the reply from the 'nationally elected officers' (NEOs) to our Alternative Financial Strategy as part of the healthy debate that characterises our union. It is important that this critical issue is discussed before Congress so that delegates can contribute to discussion at Brighton.

It is worth noting that although the financial strategy has been endorsed by the majority of the National Executive Committee (NEC), a significant NEC minority (roughly one-third) does not regard this as a constructive way forward in the difficult times we face.

TWO FINANCIAL STRATEGIES

Two broad financial strategies are being proposed. The first, that of the NEC majority and NEOs, entails significant staffing cuts, including the possibility of compulsory redundancies, and curtailment of union democracy and member representation. In this model any above-inflation increases in subscriptions have been ruled out. This strategy is pessimistic about recruitment and silent on the implications of staff cuts for services to members. Its supporters have accused as irresponsible those who oppose the reduction in meetings for lay activists and elected members, which among other detriments threaten the union's Equality agenda, even though the money to be saved is negligible. The second strategy, based on recruitment to a vigorous campaigning union, along with an openness to some modest increases in subscriptions, is elaborated below.

ACCEPTABLE MEASURES TO ADDRESS THE DEFICIT

UCU's projected deficit is c.£2 million a year by 2015, although a projection of £1.3 million loss of subs for 2015/16 was presented to the Strategy and Finance Committee in March.

Contrary to some claims, we are not dogmatically opposed to reductions in spending. At the NEC we have supported some deficit-reduction suggestions including: renting out under-used space at Carlow St.; the discontinuation of committees and working parties that no longer serve a function; disaffiliation from moribund organisations; negotiation of lower affiliation rates to some organisations (eg Education International); the possible use of tele- and video-conferencing for some meetings (although there may be a front-end cost of £150,000). But we will only support measures that *do not undermine union democracy* and therefore we *oppose* calls for biennial or shorter Congresses, or cutting meetings of elected members. Such measures will not, in any case, close the funding gap.

Nor is it our position that there can be no changes to UCU staffing. Some reorganisation of staff roles and functions might both provide savings and preserve our staff's workload and working conditions, protect UCU's capacity to mount campaigns and organise industrial action, retain member-facing services, and safeguard members' representation and democratic structures.

We should note that the strategy of cutting staffing carries substantial costs. The NEO's budget involves a bank loan of c.£1million to finance severance packages. A modest real increase in subscriptions would obviate the need for a loan, remove the subsequent servicing costs, and avoid cutting our staff. But, if anything approaching the NEO's and NEC majority's proposed 27 percent reduction in staffing costs is adopted the detriment to our union will be very severe indeed.

NO COMPULSORY REDUNDANCIES AND A CAMPAIGNING UNION

Under the NEO's strategy, UCU will tend increasingly towards a top-down, call-centre style servicing union rather than a member-led, campaigning union. The impact of any staff reduction proposals must, therefore, be carefully assessed and accountable to the criteria above. We must apply the same employment protection principles to UCU staff as we expect our employers to apply to our members. That should ***not*** include the power to make our staff compulsorily redundant. We have consistently argued against this hypocritical and unprincipled position on the NEC and we concur with the request from the Unite branch representing UCU staff that the NEC should reject CR.

We do not support the idea of the sale and lease-back of Carlow St. or the union's relocation outside London at this time. This would enhance UCU's capital funds without dealing with the revenue budget, while current spending would be likely to increase, not decrease, due to the cost of leasing.

AN ALTERNATIVE STRATEGY: RECRUITMENT AND RAISING SUBSCRIPTIONS

Our alternative strategy highlights significant recruitment potential. Institutional density is normally 40–60%. Improvements are clearly possible, but these will best be achieved by raising UCU's profile and by the vigorous defence of our sector and the conditions and pay of those working in it.

A refusal to consider some modest increases in subscription rates to help close the revenue gap created by the membership dip is untenable and contrary to members' interests in defending the UCU as a well-organised campaigning union. To focus almost entirely on staff cuts, and consequently reducing support for members, like the NEOs' proposal, will also undermine our ability to recruit.

The measures already taken by the majority of the NEC to cut the number of meetings of the NEC and associated committees have been premature, have not been debated at Congress and are already undermining member representation and union democracy. Some of the measures adopted by majority vote at the last NEC meeting, such as cutting back on Equality conferences and halving the number of meetings of the Black Members, LGBT, Women and Disabled Members standing committees, were not even debated before the votes were taken.

As an alternative we argue for a major recruitment strategy in conjunction with systematically raising the union's campaigning profile, and for a real, but in absolute terms quite small, increase in subscriptions over two years.

DEBATING THE DETAIL

NEC members Tom Hickey and Jane Hardy produced a detailed analysis of the possible outcomes of raising subscriptions. The NEO circulated a response and we address some of their arguments below.

1. RECRUITMENT

We proposed a target of recruiting "a net two members per month per institution". The NEO responded that to deal with the shortfall we would have to double the number of joiners achieved in our best year, 2009/10, from 13,000 to 25,000.

We believe that our target is achievable, but our strategy for achieving the necessary stable subs income is ***not*** solely tied to this recruitment target. Furthermore, unions always experience some membership churn. This has been a particular challenge due to casualization, redundancies and retirement in the sector, but in the UCU's first five years we bucked the trade union trend and grew each year. It is no coincidence that UCU had a higher industrial action profile during that period.

2. THE SUBSCRIPTION ISSUE

i) The NEOs argue that "the 'LATTE' proposal would mean…. increasing members' subscriptions by between at least 16 percent and 27 percent between now and September 2014".

There is a sleight of hand here when the NEOs talk about percentage increases rather than absolute figures. What are the sums involved? A 27 percent increase would ***only*** apply to the proposed new band for members earning over £60k. For everyone else we assume annual inflation of 3 percent plus a 5 percent real increase – this equals 16 percent (or 17 percent over two years cumulatively).

This is a two-stage increase - 2013/14 and 2014/15. For members earning over £40,000 it amounts to **£1.52** in year 1 and **£1.64** in year 2. If we take what we are told is the average subscription per member of £12.30 pcm, it means **increases of £0.98 and £1.06**.

ii) *The NEOs also argue that the estimated actual income from a 5 percent subscription increase is £550,000, i.e only two-thirds of the £834,345 that we claim. Their estimate is based on the last two financial years' subs receipts. They base this on the contention that the last two subscription increases (6 percent in 2010/11 and 3 percent in 2011/12) yielded an average increase in income per member of around 4 percent and 2 percent respectively. This is partly because, they say, high earners are more likely to leave UCU during the year after a subs increase.*

We must make two key points in response. First, our calculation of the subscription income was based on data reported by the Membership Department to NEC on 3 March 2013. Second, in respect of high earners leaving, these are earners at the top of the scale who would likely leave anyway due to retirement rather than because of increased subscriptions.

iii) *The NEOs then draw the general conclusion that "even the headline subscription increases set out in the 'LATTE' proposal' of between 16-27 per cent would not be large enough to generate the additional income claimed".*

But, even if the additional income generated were to be less than first calculated (and we contest the NEO figures) it would make a substantial contribution to the deficit, saving services and the staff jobs. **The NEOs response is NOT an argument for leaving subscription rates as they are in real terms.**

iv) *The NEOs challenge the assumptions behind our calculations. We worked on a figure of 110,000 members, paying an average at the current band of £17.43 pcm. They argue that the current paying membership was 104,548 at 14 May and that the average subscription yield per member in 2012/13 is £12.30 pcm. Thus, our subs income figure is "grossly inflated".*

Let's re-calculate using NEO figures (although £12.30 per member per month seems very low!):

104,548 X £12.30 = a monthly income of £1,285,940, annual income £15,431,280.

A 16.5 percent increase in subscriptions over two years would yield an additional £212,180 per month or £2,546,161 a year.

If we then calculate on the basis of the NEO's pessimistic two-thirds subs yield, how much would the yield be after the first year, and how much after the second?

Two-thirds of 8.2% (in the first year) = 5.47 percent. 5.47 percent x £15,431,280 = £844,091

Second year: base subs income = £15,431,280 + £844,091 = £16,275,371 (assuming static membership

£16,275,371 x 5.47 per cent (assuming inflation at about 3 per cent) = £890,263 additional income.

In other words, even assuming the most pessimistic figures, using the NEO parameters, our proposed level of increase (the 'coffee test') would still yield 44.5 per cent of the (larger) estimated deficit of £2,000,000 by 2015.

3. WHAT ABOUT THE POSSIBLE IMPACT OF INCREASING SUBS?

The NEO suggest that "up to date analysis shows that, in response to the 6 percent subscription increase in 2012/13, 56 per cent of those who have left UCU, but stayed in the sector, cited financial reasons/subscription increases as their reason for leaving. In the previous year, following a 3 per cent subscription increase, financial reasons/subscription increases were cited by 37 per cent of those who stayed in the sector but left UCU.

A strict extrapolation of this data suggests that an increase in subscriptions of 16-27 per cent … would lead directly to 1,749 members leaving although this is likely to be an underestimate given the relative size of the proposed increase compared to prevailing inflation and members' own recent pay increases".

This does not follow logically and is in fact not a strict extrapolation of the data. First, 'financial reasons' and 'subscription increases' are not one and the same reason. Their conflation is unhelpful. To draw valid conclusions about the NEO document claims we would need to compare leaving figures and reasons from a year with no subs increase to one with a subs increase. Even this would be hugely unreliable given other factors such as the effects of financial crisis and recession.

Second, and more importantly, it is not possible to extrapolate the number who would leave from the percentage of those that quoted financial reasons/subscription increases. We are not given the base data. We would need to know the *absolute figures* of those leaving rather than paint a picture with percentages.

Nevertheless, members will deserve a frank and honest explanation of why subs are going up, so we advocate a preliminary statement to all members from our General Secretary explaining the extraordinary circumstances that have demanded this and reiterating the benefits of being in the UCU.

4. COST COMPARISONS WITH OTHER UNIONS.

The NEOs challenge our claim that "in comparison with other UK professional trade unions, and with comparable HE trade unions overseas, the UCU is a cheap organisation in respect of subs levels." They say that only one of the four comparator unions organises in post-16 education.

The point here is that workers at our professional level, in Britain and elsewhere, are prepared to pay more than we do to be members of a union (Table 2 below). As we pointed out in our original document, in other countries university lecturers pay between 0.88 percent and 2.4 percent of their salaries. Currently UCU members pay around 0.8-0.9 percent of *net* salary in the mid-subs band range.

5. WHY DO PEOPLE JOIN UNIONS?

The NEOs also question our argument that "when industrial action is being taken locally or nationally - membership increases. The action around pensions and N30 saw a large increase in membership". The NEOs suggest we present this as a panacea for dealing with the union's financial problems.

This is not the case. We do not claim that a recruitment strategy is a panacea, or that the union's future financial health should be 'gambled' on the likelihood of increased recruitment. However, the conclusion we drew remains valid: people join unions when they perceive them representing workers like themselves and defending education, fighting pay cuts, job losses, and so on.

Nationally UCU has taken no industrial action for two years. In HE most negotiators refused to endorse industrial action over pay last autumn despite a ballot in favour of 'action short of strike'. Following hard on the acceptance of a USS settlement far worse than that on offer to TPS members, this was scant encouragement to join UCU. We need to learn the lessons from this.

6. FINALLY, IS THE NEO STRATEGY 'PESSIMISTIC AND MANAGERIALIST', AS WE SUGGESTED?

We stand by our claim for the reasons set out above. It is, we contend, a managerialist response for a trade union to refuse to rule out compulsory redundancies against its own staff. And it is pessimistic to assume that we cannot build our union at a time of unprecedented assaults on pay and conditions, amid threats of privatisation, and when the very principles of open access to public education, academic freedom, and education as a public good are being attacked by a philistine neoliberalism.

We ask UCU members and Congress delegates to consider the arguments we present and vote to ensure that we do not endorse such managerialism and pessimism through the decisions we make at Annual Congress 2013.

Jane Hardy (Hertfordshire)
Tom Hickey (Brighton)

APPENDICES

Table 1: Comparison of UCU subscriptions with selected UK trade unions

Union	Salary	Subs pa	Subs pcm	UCU pcm current	UCU pcm +3%	UCU pcm +3%+5%	UCU pcm New Band
Unison	£35,000	£243.60	***£20.30***	£17.34	£17.86	£18.72	***£18.72***
	£50,000	£270.00	***£22.50***	£19.07	£19.67	£20.59	***£20.59***
	£60,000	£270.00	***£22.50***	£19.07	£19.67	£20.59	***£22.50***
FDA	£35,000	£303.60	***£25.30***	£17.34	£17.86	£18.72	***£18.72***
(Civil Ser.)	£50,000	£331.20	***£27.60***	£19.07	£19.67	£20.59	***£20.59***
	£60,000	£331.20	***£27.60***	£19.07	£19.67	£20.59	***£22.50***
NUJ[1]	Grade1	£161.88	***£13.49***	£17.34	£17.86	£18.72	***£18.72***
	Grade2	£205.08	***£17.09***	£19.07	£19.67	£20.59	***£20.59***
	Grade3	£281.28	***£23.44***	£19.07	£19.67	£20.59	***£22.50***
BMA	All	£434.00	***£36.17***	£19.07	£19.67	£20.59	***£22.50***
FBU	All	£323.40	***£26.95***	£19.07	£19.62	£20.59	***£20.59***

These figures show that even with a real 5% increase in subscriptions in year 1, UCU dues will be below those of the First Division Association, the BMA, comparable to the relevant sections of the NUJ, and less than Unison or the FBU – even *without* any increases in subscription rates for these

[1] NUJ grades do not relate directly to salary but to junior and senior positions, and then to regional or national titles that have a commensurate impact on expected salaries.

other unions. Even a further ‘inflation + 5%’ rise during 2014/15 would STILL not make the UCU more expensive than the *current* subs of the other unions before any increases over the next two years.

Table 2
UCU and internationally comparable HE union subscriptions (USA, Australia, Canada, New Zealand)

Country/ Union[2]	Salary	Subs pa	Subs pcm	UCU pcm current	UCU pcm +3%	UCU pcm +3%+5%	UCU pcm new Band
USA							
Prof Staff Congress	£35,000	£367.50	***£30.62***	£17.34	£17.86	£18.72	***£18.72***
(PSC/CUNY)[3]	£50,000	£525.00	***£43.75***	£19.07	£19.67	£20.59	***£20.59***
1.05%	£60,000	£630.00	***£52.50***	£19.07	£19.67	£20.59	***£22.50***
AFT & NEA	£35,000	£350.00	***£29.00***	£17.34	£17.86	£18.72	***£18.72***
& AAUP[4]	£50,000	£500.00	***£42.00***	£19.07	£19.67	£20.59	***£20.59***
1%	£60,000	£600.00	***£50.00***	£19.07	£19.67	£20.59	***£22.50***
Canada							
CUPE[5]	£35,000	£867.50	***£72.29***	£17.34	£17.86	£18.72	***£18.72***
2.4%	£50,000	£1,225.00	***£102.08***	£19.07	£19.67	£20.59	***£20.59***
	£60,000	£1,470.00	***£122.50***	£19.07	£19.67	£20.59	***£22.50***
Australia							
AEU[6]	£35,000	£352.60	***£29.38***	£17.34	£17.86	£18.72	***£18.72***
0.88%+$44.6	£50,000	£484.60	***£40.38***	£19.07	£19.67	£20.59	***£20.59***
	£60,000	£572.60	***£47.72***	£19.07	£19.67	£20.59	***£22.50***
NewZealand							
TEU[7]	£35,000	£380.00	***£31.67***	£17.34	£17.86	£18.72	***£18.72***
	£50,000	£400.00	***£33.33***	£19.07	£19.67	£20.59	***£20.59***
	£60,000	£480.00	***£40.00***	£19.07	£19.67	£20.59	***£22.50***

The key columns are the fourth (bold) and last (italics), where monthly subscriptions of comparable HE unions internationally and of the UCU under these proposals can be contrasted. UCU subs are ***very considerably lower*** than those of comparable organisations overseas.

[2] Percentages refer to gross salaries in all cases.
[3] Professional Staff Congress of the City University of New York (PSC-CUNY)/American Federation of Teachers
[4] American Federation of Teachers (AFT); National Educational Association (NEA); and American Association of University Professors (AAUP)
[5] Canadian Union of Public Employees (CUPE)
[6] Australian Education Union (AEU)
[7] Tertiary Education Union/Te Hautü Kahurangi o Aotearoa