

**EQUALITY IMPACT ASSESSMENT (EIA)
ON PROPOSED CHANGES TO USS**

January 2022

(a) What is the workforce profile in relation to employees' declarations on being covered by one or more of the nine protected characteristics; race, disability, age, gender reassignment, marriage and civil partnership, pregnancy and maternity, religion and belief, sexual orientation and sex according to scheme membership? (Report as individuals irrespective of hours worked, including fixed term contract staff employed at the time of the Assessment).

Details included here:



Data tables for
Equality Impact Asses:

b) Gaps in data

The embedded Excel data file above includes pension data as at 30-11-21 to capture current staff. This report excluded 'non-employees' such as visitors and one-off's.

The report captures all staff currently enrolled to any of our active pension schemes:

- USS (non-clinical, G4 and above staff)
- SAUL (non-clinical, G1-3 staff)
- NHS (Clinical staff)

Any staff member not currently enrolled to one of the above schemes was either recorded as:

- USS-eligible (non-clinical, G4 and above staff)
- Non-scheme members/other staff

A percentage and headcount figure is provided, broken down by each of the following requested characteristics and based on our standard reporting categorisations:

- Disability - Disability declared status
- Age - Age (grouped)
- Race - BAME status
- Pregnancy and maternity - those on leave as at 30-11-21
- Religion and belief
- Sexual Orientation
- Sex

We could not provide a breakdown by the following characteristics:

- Gender reassignment - due to data quality issues
- Marital status - not actively asked or recorded

Pivot tables have been provided for each breakdown due to the provided template form being unsuitable for purpose.

Template form for full Equality Impact Assessment of changes to the USS

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Department: HR
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STEP 1 The proposed revisions to the USS are as follows:

(1) From 1 April 2022 the rate at which members will build up future benefits in the DB section (USS's retirement income builder section) will change from 1 April 2022 (to a lower rate of 1/85 of salary compared to the current 1/75 of salary, and a separate lump sum of 3/85 rather than 3/75, up to the Salary Threshold)
(2) From 1 April 2022, the Salary Threshold will reduce from £59,883.65 to £40,000
(3) From 1 April 2023, the Salary Threshold will continue to increase annually in line with official pensions, which are currently increased in line with the Consumer Prices Index (CPI), but subject to a lower maximum increase of 2.5% a year until 31 March 2025 or if earlier, the date of any change concluded by a review by the JNC of the amount of the Salary Threshold
(4) Benefits earned in the USS Retirement Income Builder from 1 April 2022 will continue to see increases applied annually before and after members retire, but subject to a lower maximum of 2.5% a year
(5) From 1 April 2022, there will be a change of benefits for those who are members of USS for a short period (more than three months but less than two years).
(6) The JNC has proposed changes to the scheme so that contributions won't need to rise significantly and impact affordability for members. However, in the absence of the JNC's (or other) proposed changes being executed by 28 February 2022, there is a proposed fall-back position, where contribution

rates will increase every six months from 1 April 2022. In the fall-back position, the increase would be from the October 2021 levels of 9.8% to 18.8% of salary for members by 1 October 2025. For employers, the increase would be from 21.4% to 38.2%.

	Members (% of salary)	Employers (% of salary)
From 1 April 2022 to 30 September 2022:	11.0%	23.7%
From 1 October 2022 to 31 March 2023:	12.9%	27.1%
From 1 April 2023 to 30 September 2023:	13.9%	29.1%
From 1 October 2023 to 31 March 2024:	15.0%	31.0%
From 1 April 2024 to 30 September 2024:	16.0%	33.0%
From 1 October 2024 to 31 March 2025:	17.1%	34.9%
From 1 April 2025 to 30 September 2025:	18.1%	36.9%
From 1 October 2025 onwards:	18.8%	38.2%

Additional information required

This institution has employees in the following schemes:

<i>Scheme</i>	<i>DB accrual rate (and threshold if applies)</i>	<i>Indexation and revaluation of pensions</i>	<i>Benefits for those who leave the scheme with less than two years' service (more than three months)</i>	<i>Contributions for employers and members</i>
SAUL	1/75	Income built up after 31 March 2016 will increase in line with CPI, capped at 2.5%. The Trustee can give extra increases.		Employers - 16% raising to 19% on 1 st April 2022 Members – 6%
NHSPS – 2015 Scheme	1/54	Evaluation is Consumer Price Index (CPI) inflation plus 1.5% per year. The pension earned in a Scheme year (April to March) is revalued on the first of April of the following Scheme year and each subsequent Scheme year until you retire or leave.		Employers – 20.68% (14.38% employer and 6.3% NHS England) Members – 5% - 14.5% according to earnings (7 tiers) – members contributions currently under review.

STEP 2 Analysis of the proposed reforms to the USS

Having regard to the duty to promote equality and eliminate discrimination, do the proposed reforms to the USS minimise unfairness? Do they have a disproportionate negative effect on people with one or more of the nine protected characteristics?

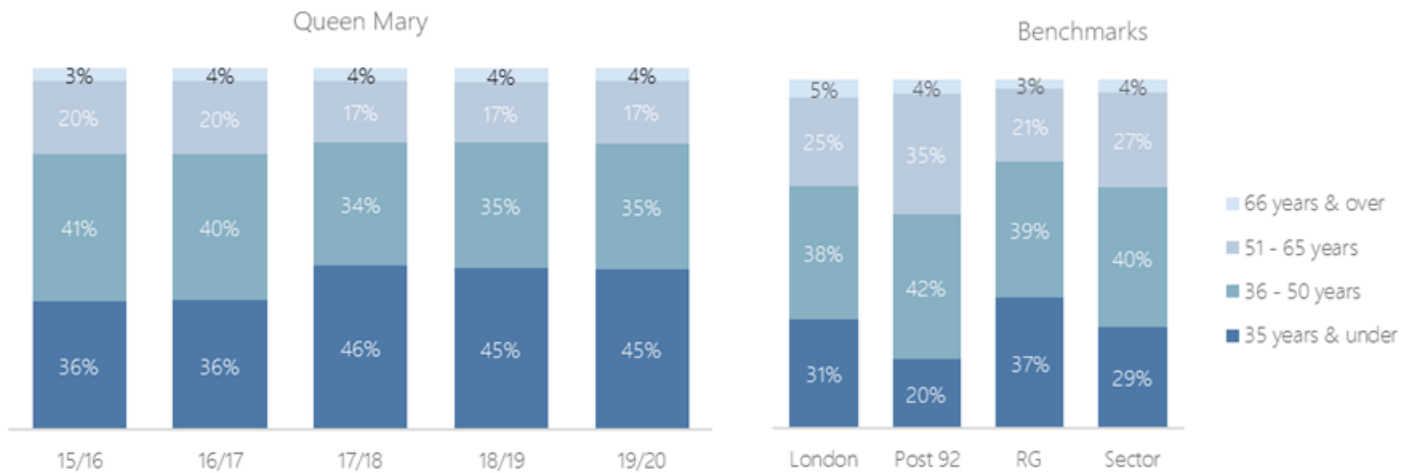
In completing the impact assessment using this form, if it is anticipated that the proposed reforms will have a negative impact on one or more of the protected groups, note the likely impact including whether there is direct or indirect discrimination and whether such discrimination can be justified, identify the range of options to address it in order to meet the general equality duties, identify the effect of each option, the preferred option and the reasons for preferring it. Possible options include feeding back to the USS Trustee on the basis of the impact that the reforms have at this institution that:

- (i) there should be no change to the proposed reform;
- (ii) the proposed reform should be adjusted in a particular way;
- (iii) that it should continue with the proposed reform; or
- (iv) that it should abandon the proposed reform (noting the implications and specifically the fall-back position stated by the USS trustee).

Any options chosen must be informed by the evidence available. Evidence may need to be supplemented by consultation, where appropriate, with affected groups. Sufficient evidence will be required to allow conclusions to be drawn. If the evidence is insufficient, consultation with affected groups may be necessary. Institutions must retain a record of evidence relied upon.

Impact of Proposed reforms:

Anticipated impact of proposed reform on existing USS members			
	Positive	Negative	Neutral
Race		X (potential – see “general impact comments” below)	
Disability			x
Sex			x
Age		X (actual)	
Gender reassignment			Data gap as per above but no anticipated impact (neutral) as a result of gender reassignment
Marriage and civil partnership			Data gap as per above but no anticipated impact (neutral) as a result of marriage or civil partnership
Pregnancy and maternity			X
Religion and belief			X
Sexual orientation			x
<p>Rationale for negative impact related to age:</p> <p>The proposed reduction in the rate at which future benefits (DB) will build up will impact younger USS members who will have more years before retirement age and therefore the impact of the reduction in this benefit will be more pronounced over time.</p> <p>Data analysis identifies that QM has a higher proportion of academic staff at G5 and above and eligible for USS membership aged 35 and under, compared to other HE institutions:</p>			



A high proportion of Queen Mary’s Academic staff are aged up to 50 (80%). This is higher than our comparators across HE London, Post 92, Russell group and the whole sector (69%, 62%, 76% and 69%, respectively). Queen Mary has a greater proportion of younger staff (under 35) than all 4 benchmarks. A change occurred from 2017/18 when the total number of Academic contracts increased significantly from 2,390 to 3,095. Many of the additional 705 contracts were held by staff aged 34 and under, as TATF contracts were assimilated having previously been classified as “atypical”.

The above profile and benchmarking indicates that a negative age impact of the proposed changes may impact QM more than other HE institutions as we have a higher % of younger staff. Additionally, QM pension data – see above data file – identifies that of our eligible USS staff (across all staff groups), 25% in the age group 26-34 do not currently contribute to a USS pension – there is a risk that this may increase with the proposed changes.

QM has 767 staff members contributing to a USS pension in the age group 51-65 – those staff members in this group above minimum retirement age may choose to retire earlier as a result of a reduction in benefit accrual.

Options and preference for addressing this negative impact?

While the impact related to age may be considered a proportionate means of achieving a legitimate aim- e.g for contributions to remain the same, benefits will need to be reformed in order to respond to the valuation – there are a number of options indicated by the analysis:

- National consultation to consider alternative proposals related to limiting impact on younger staff (and implications e.g of the McCloud judgement/Remedy)
- Identification of alternative pension options e.g CI which may encourage younger staff in particular to join the USS pension- or not withdraw
- Protection of existing built up benefits (confirmed in proposal)
- Regular ongoing evaluation to ensure that any necessary benefit reductions are limited to the shortest time possible should there be an improvement in pension fund prospects.
- Locally – at QM level – the analysis indicates the ongoing importance of identifying total reward opportunities to attract and retain staff including related to remuneration in the round, and development and support of staff. A total reward offering for staff is currently under review. Attractive starting salaries and clear development for newly qualified staff is indicated as of greater importance to attract the brightest and best talent.
- As there is a possible risk of older staff above minimal retirement age choosing to retire earlier as pension benefits build up reduces, identification of areas that may be impacted by this will be required to ensure workforce and operational plans factor in mitigations, succession planning etc.

Additional general impact comments:

It is noted from the QM pension data that a higher proportion of BAME colleagues currently eligible for USS are not active members – 23% compared to 12% for white staff. An impact of the proposed changes including the reduction in rate of DB accrual could be a further increase in this %. The above options for addressing the negative impact continue to be important -along side our ongoing actions re fair pay and reward for all – e.g reducing the ethnicity pay gap, reform of academic promotions focused on EDI, implementation of career development pathways designed to support our increased diversity of leadership.

An improvement in the benefits retained by staff leaving USS with less than 2 years service could mitigate impact to some extent however we do not want to encourage colleagues to leave the pension scheme – ongoing regular information to staff in the round – in all pension schemes available to QM colleagues – related to the benefits of occupational pension schemes will be important.

Impact of fall back position:

The JNC has proposed changes to the scheme so that contributions won't need to rise significantly and impact affordability for members. However, in the absence of the JNC's (or other) proposed changes being executed by 28 February 2022, there is a proposed fall-back position, where contribution rates will increase every six months from 1 April 2022. In the fall-back position the increase would be from the October 2021 levels of 9.8% to 18.8% of salary for members by 1 October 2025. For employers, the increase would be from 21.4% to 38.2% (further details are set out in the USS Trustee's formal information notice).

Anticipated impact of proposed reform on existing USS members			
	Positive	Negative	Neutral
Race		x	
Disability			
Sex		x	
Age		x	
Gender reassignment			
Marriage and civil partnership			
Pregnancy and maternity			
Religion and belief			
Sexual orientation			

The proposed backstop increases will impact all staff in a "negative" way regardless of protected characteristics – the contributions will be considered unaffordable by many, and in likelihood more so by more junior staff and/or those on lower pay more generally (e.g PT staff) as a result of the proportionate impact – younger staff members, women, and BAME colleagues generally have lower salaries than white, male, older colleagues and the impact of the increased contributions may therefore be felt disproportionately (all be it the amounts are the same).

STEP 3

Could the impacts identified in Step 2 above be minimised or removed or equality be promoted in some other way?

In terms of the fallback position – this is not considered a viable alternative - ongoing meaningful consultation is required to avoid this option. These contribution rates, particularly seen in the context of those for other schemes such as SAUL and NHSP could result in an increase in staff turnover- and certainly ongoing employee dissatisfaction /likely Industrial action.

STEP 4

How will the reforms to the USS be monitored in the future and by whom? (consider a periodic (perhaps five-yearly) review of membership demographics and a repeat of the EIA?)

A more regular review will be required post any changes implemented to assess impact and required action to mitigate – e.g quarterly in the first 12 months and then 6 monthly there after. The review will be undertaken by the HR Directorate.

January 2022