

EIA ON PROPOSED REFORMS TO THE USS

INTRODUCTION

a) What is the workforce profile in relation to race, disability and gender according to scheme membership?

		Disabled	Not Disabled	Disability Info not provided	BME	White	Ethnicity Info not provided	Male	Female	
1. USS members	a) aged under 55 at 1.4.11	61	3780	11	260	2965	627	2075	1777	
	b) 55 or over at 1.4.11	20	696	2	15	638	65	443	275	
2. USS eligible members (those not currently in the scheme but who are eligible to join or rejoin)	a) aged under 55 at 1.4.11	32	2041	24	268	1456	373	1068	1029	
	b) 55 or over at 1.4.11	4	216	8	4	200	24	106	122	
3. Other scheme members	a) aged under 55 at 1.4.11	LGSS	*	29	0	0	30	0	5	25
		NHSS	0	29	0	*	16	12	22	7
		STSS	0	7	0	0	6	*	5	*
		SBS	34	1661	5	61	1353	286	582	1118
	b) 55 or over at 1.4.11	LGSS	*	23	0	0	24	0	11	13
		NHSS	0	*	0	0	*	0	*	0
		STSS	3	16	0	0	18	*	13	6
		SBS	17	501	*	*	470	47	225	294
4. Non scheme members	a) aged under 55 at 1.4.11	26	1431	5	177	913	372	639	823	
	b) 55 or over at 1.4.11	11	331	4	5	283	58	133	213	

b) Gaps in data

It should be noted that the institution has gaps in the data on ethnicity and disability, due to staff not providing the information, which may impact on this statistical analysis.

Form for full Equality Impact Assessment of changes to the USS

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Step 1

The proposed revisions to the USS are as follows:

1.	To introduce, with effect from 1 April 2011, a normal pension age of 65 for new entrants and for the future service of existing members under age 55.
2.	Existing members over the age of 55 will be exempt from the changes to the normal pension age.
3.	Normal pension age will increase in line with any increases to the state pension age.
4.	A flexible retirement scheme will be introduced which will be available to members from age 55.
5.	The employee contribution rate for members of the final salary section will increase to 7.5%.
6.	Pensions in payment will be increased in line with increases in the Consumer Prices Index (CPI) subject to a 5% inflationary cap.
7.	Pensions in deferment will be increased by CPI or 2.5%, whichever is the lower.
8.	A CARE benefits structure will be implemented for new entrants. The benefits will be based upon a 1/80 th pension and 3/80 th cash lump sum formula.
9.	The contribution rate for members of the CARE scheme will be 6.5%.
10	Cost sharing will be introduced and any increase in the joint contribution rate of 23.50% (22.50% for the CARE section) will be shared 35%/65% by employees and employers respectively.

Additional information required

This institution has employees in the following schemes:

Scheme	Contribution Rate(s)	Retirement age(s)	Flexible retirement available
LGPS	http://www.sppa.gov.uk/local_gov/contributions.htm		

		65	Yes
STSS	6.40%	60/65	Yes
SAT	7.5%	65	Not yet
NHS	6.5/7.5/8.5%*	60/65	No

* depending on salary

It is noted that the Hutton review of public sector pension schemes is likely to lead to further changes to the above schemes to achieve longer term cost savings. This means that differences in the current provisions may well be evened out in the future.

Step 2 Analysis of the proposed revisions to the USS

Having regard to the duty to promote equality and eliminate discrimination, do the proposed revisions to the USS minimise unfairness? Do they have a disproportionate negative effect on people from different ethnic groups, disabled people, and men and women?

The proposal that if anyone leaves for 6 months, they go into the new CARE scheme. Women are more likely to leave for 6 months, and there is a concern that this would adversely impact on them. This is because of breaks in employment for childcare and also because of a slightly higher proportion of women than men being researchers/fixed term staff.

It is taken that the nationally developed proposals are intended to be reasonable, proportionate measures to maintain a financially viable national superannuation scheme and are intended to impact equally irrespective of gender, race or disability. The degree to which they impact on gender, race and disability within individual institutions will depend on the staffing profile within each HEI.

Essentially within the profile of UoE USS members broadly matches that of the 'eligible population' within UoE i.e. those employees who are in a job that makes them eligible to join USS. Within both profiles slightly more employees have indicated they are male than female (just over half), less than 2% indicate disability and less than 10% indicate race as BME. Therefore any impact on the current membership (whether positive, neutral or negative) will reflect proportionally on those within these protected characteristic groups.

1. Proposed reform: to introduce, with effect from 1 April 2011, a normal pension age of 65 for new entrants and for the future service of existing members under age 55.

Anticipated impact of proposed reform on existing USS members under 55			
	Positive	Negative	Neutral
Race			*
Disability			*
Gender			*
<ul style="list-style-type: none"> It is unlikely that the changes will have a negative/disproportionate impact on the basis of gender, race or disability, but when this reform considers the USS members over 55 yrs, it is evident that white, men will continue to benefit from the existing provision more than other groups due to the slight under-representation of particularly female staff in this category. The move to a higher retirement age is a necessary element in a package of proposed changes to ensure that the costs of the USS can be 			

contained; failure to implement cost containment in this area could pose considerable financial risk. It is therefore considered to be a legitimate means of achieving the aim of containing costs and therefore appropriate to progress this particular measure.

Anticipated impact of proposed reform on existing non-USS members under 55

	Positive	Negative	Neutral
Race			*
Disability			*
Gender			*

- There is no clear disparity between disabled/non disabled non USS members.
- Our local SAT already has a retirement age of 65 for new entrants so the change will have a positive effect in so far as an anomalous indirect discriminatory position is being ameliorated: the majority of staff eligible for our local SAT are women, whereas the majority of staff eligible for USS are men.
- There are already a higher proportion of white male member of USS and this change is not likely to impact on the membership profile.

2. Proposed reform: Normal pension age will increase in line with any increases to the state pension age

Anticipated impact of proposed reform on USS members

	Positive	Negative	Neutral
Race			*
Disability			*
Gender			*

- The link to state pension age will apply to all USS members of the relevant age and will not impact differentially on any protected group within our USS members. It will, however, place our pension schemes out of alignment as the local SAT age of retirement is 65 and not linked to state retirement age.

Anticipated impact of proposed reform on non-USS members

	Positive	Negative	Neutral
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Race			*
Disability			*
Gender			*
<ul style="list-style-type: none"> There is no impact on non pension members. 			

3. Proposed reform: A new flexible retirement scheme will be introduced which will be available to members from age 55

Anticipated impact of proposed reform on USS members			
	Positive	Negative	Neutral
Race			*
Disability			*
Gender			*
<ul style="list-style-type: none"> This is likely to have a positive impact on all USS members enabling work life balance. This is particularly likely to have a positive impact on male and female USS members that are carers and also disabled USS members whose impairment type is impacted by ageing. 			
Anticipated impact of proposed reform on non-USS members			
	Positive	Negative	Neutral
Race			*
Disability			*
Gender			*
<ul style="list-style-type: none"> We will need to ensure that comparable flexible retirement options are also made available to non-USS members to ensure there is equal treatment for staff and that a flexible retirement policy is developed for all in employment. 			

4. **Proposed reform: The employee contribution rate for members of the final salary section will increase to 7.5%.**

Anticipated impact of proposed reform on USS members			
	Positive	Negative	Neutral
Race			*
Disability			*
Gender			*
<ul style="list-style-type: none"> • This is a negative change but is applied consistently to all staff, it is assumed to be neutral as all staff are affected in proportionally the same way. • This is likely to have a negative impact on USS members who are in lower grades with regards to affordability. • There is no clear disparity between disabled/non disabled USS members. 			
Anticipated impact of proposed reform on non-USS members			
	Positive	Negative	Neutral
Race			*
Disability			*
Gender		*	
<ul style="list-style-type: none"> • Our local SAT has a currently has a contribution rate of 7.5% and this will be in line with the final salary option for USS members. This change would reduce the disparity between the schemes – and so reduce disparity between men and women, as there is a higher proportion of women in our SAT. The CARE aspect of USS will be at a lower rate which reflects the difference in the benefits between the schemes. • There is no clear disparity between disabled/non disabled non USS members. • There are more female non-members of USS than male and this increase is likely to further deter their membership as they are usually in lower paid jobs. 			

5. Proposed reform: Pensions in payment will be increased in line with increases in the Consumer Prices Index (CPI) subject to a 5% inflationary cap

Anticipated impact of proposed reform on USS members			
	Positive	Negative	Neutral
Race			*
Disability			*
Gender			*
<ul style="list-style-type: none"> This change will apply across all public sector pension schemes and many private ones. It is a government led reform and is not specific to the USS package of proposed changes. There may be a negative impact on BME, female and disabled staff as data shows that a larger percentage of people in these groups are in lower grades and therefore their overall pension will be lower. 			
Anticipated impact of proposed reform on non-USS members			
	Positive	Negative	Neutral
Race			*
Disability			*
Gender			*
<ul style="list-style-type: none"> The cap on inflation is the same as the local SAT so this will bring it into line, but RPI/CPI rules are different and the local scheme will provide better benefits on pensions in payment for future service. But these changes will affect everyone regardless of race, gender or disability. 			

6. Proposed reform: Pensions in deferment will be increased by CPI or 2.5%, whichever is the lower.

Anticipated impact of proposed reform on USS members			
	Positive	Negative	Neutral
Race			
Disability			
Gender			
<ul style="list-style-type: none"> The University is not able to assess the impact of this proposed reform with the data available. 			

Anticipated impact of proposed reform on non-USS members			
	Positive	Negative	Neutral
Race			*
Disability			*
Gender			*
<ul style="list-style-type: none"> Non USS members who are part of the local SAT will be better off as the local scheme deferment provides a better indexation but this will affect all staff that are members of the SAT regardless of race, disability or gender. 			

7. Proposed reform: A CARE benefits structure will be implemented for new entrants. The benefits will be based upon a 1/80th pension and 3/80th cash lump sum formula. The contribution rate for members of the CARE scheme will be 6.5%.

Anticipated impact of proposed reform on USS members			
	Positive	Negative	Neutral
Race		*	
Disability		*	
Gender		*	
<ul style="list-style-type: none"> Members of the CARE scheme will be subject to reduced benefits compared to staff working at the same level and members of the final salary scheme. This will impact on all USS members regardless of race, gender or disability but is classed as negative as it is not as good a pension as before. 			
Anticipated impact of proposed reform on non-USS members			
	Positive	Negative	Neutral
Race		*	
Disability		*	
Gender		*	
<ul style="list-style-type: none"> Non-scheme members are not affected unless they decide to join the pension scheme at a later date. There are a number of staff who decide not to join the pension scheme when initially offered employment due to terms of employment, such as short- term contracts. There will be a negative impact for those who decide to join later as they will receive reduced benefits. Members of the SAT have a CARE scheme for all which starts on the 1st January, if these staff move to USS CARE they will be slightly 			

disadvantaged in terms of the indexation rules between the two schemes, but this will impact on all regardless of race, gender or disability.

8. Proposed reform: Cost sharing will be introduced and any increase in the joint contribution rate of 23.50% (22.50% for the CARE section) will be shared 35%/65% by employees and employers respectively.

Anticipated impact of proposed reform on USS members			
	Positive	Negative	Neutral
Race			*
Disability			*
Gender			*
<ul style="list-style-type: none"> This proposal (if it becomes necessary to invoke it) would impact on all members equally. On current data it would impact more on women because a higher proportion are in lower USS grades. 			
Anticipated impact of proposed reform on non-USS members			
	Positive	Negative	Neutral
Race			*
Disability			*
Gender		*	
<ul style="list-style-type: none"> There is no clear disparity between disabled/non disabled non USS members. There are more female non-members of USS than male and any increase may further deter their membership as they are usually in lower paid jobs. 			

Step 3

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

Group	Action required
BME	Options identified in relevant section
Disabled	Ditto
Male	Ditto
Female	Ditto
Others (state which)	

Step 4

How will the revisions to the USS be monitored in the future and by whom?

- USS should monitor differential uptake by age and equality group against contract status (PT/FT), type (FTC/Perm), length of Scheme membership.
- USS should monitor length of retirement by equality group.
- USS should use appropriate benchmarks including life expectancy data by equality group to understand the application of the policy.
- More data needs to be collated to analyse the affect of women leaving the USS and re- joining after a number of years due to caring for young children, to identify whether the impact of having to rejoin in the CARE scheme differentially affects women. In addition, this should be monitored to establish whether this is a general trend or due to the impact of the pension changes.

Main findings

The EIA has identified that the proposed reforms will impact on all staff, but may adversely impact more on female staff and staff moving between the SAT and USS.