

USSEmployers

RESPONSE FORM

THE USS 2020 VALUATION

A short consultation by Universities UK on potential modifications to the indicative outcome to the 2020 valuation

Closing date: 5 July 2021

MAKING YOUR RESPONSE TO THE CONSULTATION

Responses should be provided on behalf of the employer, and the involvement of governing body and/or leadership body is encouraged.

Please send the response from your institution to pensions@universitiesuk.ac.uk by Monday 5 July 2021

Of the two options below (Option A or Option B), which would be your preference? Please mark 'X' in the relevant box.

OPTION A PREFERENCE

Accept the USS Trustee's counter proposal and provide backing for the modified outcome (including the 10% threshold for pari-passu security, and no gap between the ending of the current short-term moratorium and the commencement of the rolling 20-year moratorium) and continue discussions with the USS Trustee to find a way that the 0.5% difference can be bridged in a way which might be acceptable.

Over the weeks ahead we would engage further with the USS Trustee, employers and UCU on the options to address the additional 0.5% in contributions. This could for example involve further adjustments to the USS Trustee's assumptions, adjustments to the proposed benefits package, accept higher contributions or changes to the plan for implementation. Given the need for further exploration, it is too early to specify the particular approach at this stage.

OPTION B PREFERENCE

Oppose the counter proposal from the USS Trustee as the covenant support package proposed (see letter from USS Trustee dated 3 June 2021) is not acceptable, and prepare alternative approaches.

If option B is your preference, this will involve consideration of the options set out in section 3(B) above, or paying the required additional contributions of c4% (split 65% employer and 35% employee).

We would be grateful if you would set out your preferred feasible alternative that could commend majority employer support and acceptance by the USS Trustee. Please do this in box 1 below:

1. If option B is preferred, please set out any feasible alternative that could commend majority employer support and acceptance by the USS Trustee.

2. Please write any other comments in the box below.

The University's response to the previous consultation by UUK about its alternative proposal set out our position ("the only circumstances in which we could potentially support changes along the lines of the UUK alternative proposal would be as a short-term interim arrangement in order to pave the way for a superior and sustainable long-term solution") and this has not changed. Any proposal that involves a significant reduction in benefits, and possibly an increase in contributions as well, against the backdrop of highly prudent valuation assumptions and with covenant strengthening measures that introduce additional bureaucracy and potential limits to the borrowing freedom of the University can only be tolerated as an interim position to facilitate the active exploration and development of a longer term and better value solution.

Accordingly we could respond positively to Option A if and only if this is combined with (i) the immediate constitution of a properly resourced working group to consider Conditional Indexation; (ii) a published timetable and milestones underpinning the group's work; (iii) a timetable and terms of reference for a working group exploring governance reform. In addition to these other alternative solutions (hybrid, CDC) should be explored by a separate working group in order to generate a fuller picture of all the possibilities.

If these wishes are understood and accommodated then the University is prepared to support an increase in contributions of 0.5%

PLEASE CONFIRM IF YOUR ORGANISATION'S GOVERNING BODY HAS BEEN CONSULTED:

The University of Oxford Council has been consulted on this response.

RESPONSE SUBMITTED BY:

NAME: Anne Trefethen

POSITION: Pro-Vice Chancellor

ON BEHALF OF:

INSTITUTION:
University of Oxford

Please send your completed form to: pensions@universitiesuk.ac.uk by Monday 5 July 2021

Thank you for taking the time to respond to this consultation.

USSEmployers

Website: www.ussemployers.org.uk

Email: pensions@universitiesuk.ac.uk

Twitter: [@USSEmployers](https://twitter.com/USSEmployers)