

## Email from VP Gov to USS Scheme Members

Dear Colleagues,

### USS Update

I last wrote to you at the end of May seeking your input to the latest UUK/UCU Joint Expert Panel (JEP) call for evidence and setting out the three options put forward by the USS Trustee for the finalisation of the 2018 scheme valuation. This letter provides an update on developments since then.

Following discussion at the USS Pensions Communications Group and Court's Planning and Resources Committee, the University confirmed that we would be prepared to support the third of the Trustee's options (Option 3) as providing the closest fit to the recommendations of the first JEP report. This would provide for an aggregate contribution rate of 30.7% for the two years from 1 October 2019 (9.6% member: 21.1% employer), with a further valuation of the scheme planned for 2020.

In confirming our support for Option 3 as the only viable way ahead, we were clear that this could only be a short-term solution to enable the conclusion of the 2018 valuation, and secure the best opportunity for the JEP's second report, due this autumn, to deliver recommendations for the conduct of future valuations and the long-term sustainability of the scheme.

Over the summer, further discussions have taken place between UUK and the USS Trustee around the conditions that the Trustee attached to Option 3 to confirm the employer covenant as "strong". These include proposals for a temporary moratorium on employers leaving the USS, debt monitoring arrangements, and prioritising the USS as a creditor on new secured debt. Whilst further work remains to be done on the detail, the majority of employers, representing over 80% of the active membership, have indicated that they are willing to support this package of covenant-protecting measures and to conclude the valuation in line with Option 3.

UUK have now presented a business case to the Joint Negotiating Committee (JNC) of UUK and UCU, setting out its position in relation to Option 3. This will be discussed at the JNC's next meeting on 20 August. If the JNC can agree this way ahead, it should allow the 2018 valuation to be finalised and the focus to shift to the second JEP report and the longer-term reform of the scheme. If the JNC is not able to reach a decision on 20 August, however, the USS Trustee has indicated that there will be insufficient time to conclude the 2018 valuation ahead of the October increases resulting from the 2017 valuation. These increases would then come into effect automatically from 1 October, meaning contribution rates of 32.9% (22.5% employers: 10.4% members), with further increases to at least 33.7% scheduled from April 2020.

The USS Employers organisation has this week launched an [online calculator](#) which allows scheme members to calculate how much they will pay (before tax) under the proposed

contribution rate of 9.6% of salary, and compare this to the cost of the further increases due under the 2017 valuation, which remain in place until the 2018 valuation is concluded.

I shall write to you again once we have a clearer picture of the way ahead.

Yours sincerely,

Alastair Merrill  
Vice-Principal (Governance)