Dear Colleagues,

**USS Update**

With the ballot for industrial action on USS currently underway, the USS Pension Communications Group felt that it would be helpful to provide some background briefing for scheme members. An excellent summary of the history of the current USS dispute was published on Wonkhe last week, and a link to it can be found [here](https://www.wonkhe.com/) or on the University Pensions Webpage.

The current situation is that the Trustee’s “Option3” for the conclusion of the 2018 valuation will come into effect on 1 October. This provides for the continuation of the current level of scheme benefits; an aggregate contribution rate of 30.7% for the two years from 1 October 2019 (9.6% member: 21.1% employer); a further valuation of the scheme in 2020; and a “backstop” contribution rate of 34.7% from October 2021 should the 2020 valuation fail to reach agreement. UCU’s position is that of “no detriment”, calling for scheme members’ contributions to revert to the pre-April 2019 figure of 8%, and for employers to bear all additional costs of providing the current level of scheme benefits. UCU therefore rejected the proposal for Option 3.

UCU also rejected a compromise offered by UUK that employers provide an additional 0.5% for two years (subject to consultation) in return for UCU agreeing not to proceed with the planned ballot for industrial action in relation to USS. This would have aligned scheme members’ contributions with the 9.1% contribution level envisaged by the first JEP report (which both sides had accepted). UCU maintained that this compromise was unacceptable because it was conditional on a two-year moratorium on any industrial action: UUK have denied that this was the case.

The University’s position has been developed through consultation with scheme members and the USS Pensions Communications Group. We are prepared to support Option 3 and the new contribution rates of 30.7% until October 2021, but we are clear that this can only be a short-term solution - to allow the conclusion of the 2018 valuation and to avoid the larger increases that the USS Trustee would otherwise have been able to impose (under Scheme rule 76.4) if no agreement had been reached. These would have meant a total of 32.9% from October and at least 33.7% from April 2020.

By allowing for a fresh valuation in 2020, we believe that Option 3 also allows the best opportunity for the second report of the Joint Expert Panel, due to be published this autumn, to deliver recommendations for the conduct of future valuations and the long-term governance and sustainability of the scheme. We continue to stress that the approach to the next valuation must be guided by the recommendations from the JEP’s second report if the longstanding issues around scheme governance and sustainability are to be addressed.

Further information can be found on the [UCU](https://www.ucu.org.uk/) and [UUK](https://www.uuk.ac.uk/) websites, as well as on the University’s Pensions Webpage.

Kind regards,
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