Dear Colleagues,

Our Pension Communications Group felt that it would be timely to provide an update on recent developments with the USS Scheme, following my previous email update on 16 September. The 2018 valuation has now formally concluded, and scheme members will have received letters outlining the new contribution rates that came into effect from 1 October. Associated correspondence has been posted on the University’s Pension Webpage.

The ballot for industrial action over USS runs until the end of October, with UCU’s position 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. In these circumstances, employers would be obliged to take steps to ensure contributions at a minimum level of 22.7%. UUK’s position is that the existing cost-sharing arrangements set out in the Scheme Rules should continue to apply.

The conclusion of the 2018 valuation avoids the higher levels of contribution rates that the Trustee would otherwise have been able to impose under Scheme Rule 76.4 if no agreement had been reached. As we have consistently maintained, the 2018 valuation can only be a short-term solution, and the focus must now shift to preparations for the 2020 valuation. The Trustee has reiterated its view that the scheme is close to what it considers to be the maximum level of acceptable risk.

It remains our hope that the second report from the UCU/UUK Joint Expert Panel (JEP) will produce viable recommendations on the way forward that can be incorporated into the valuation process. This report is not now expected before the end of this month, and the University’s position remains that the approach to the next valuation must be guided by the JEP’s recommendations if the longstanding issues around scheme governance and sustainability are to be addressed. We are ready to work with all parties towards that end.

Finally, a copy of a letter from the Trustee Board relating to the removal of one of its members has also been placed on the University’s Pension webpage.

Yours sincerely,

Alastair Merrill
Vice-Principal (Governance)