

7 December 2018

Sir David Eastwood  
Chair,  
Universities Superannuation Scheme Limited Trustee Board  
Royal Liverpool Building  
Liverpool  
L3 1PY

c/o [d.eastwood@bham.ac.uk](mailto:d.eastwood@bham.ac.uk)  
[vc@bham.ac.uk](mailto:vc@bham.ac.uk)

Dear Sir David

As one of the stakeholders in the scheme, UCU formally requests that the Board reconsider its current position of refusing to fully implement the report of the Joint Expert Panel (JEP).

In doing so UCU notes and welcomes the fact that, according to USS itself, "whilst the paper considered by the board [on 21st November] put forward a potential position on the JEP proposals, no final decisions were made on the appropriateness of the JEP proposals that would be allowed for in a 2018 valuation."

In particular, UCU ask that the Board looks again at the JEP's unanimous recommendations to postpone de-risking for ten years and to average contribution requirements over two cycles.

The JEP noted that postponing de-risking for ten years would be both "sensible" and consistent with the approach proposed by the Trustee in the September 2017 Technical Provisions. With regard to averaging contributions, JEP's view was that this approach would keep the cost constant for the period rather than it rising and then falling and that it would be inter-generationally fairer than current proposals. UUK have already indicated their willingness to provide greater guarantees to the Trustee in the form of commitments to higher Future Service Contribution rates, increased reliance on the covenant from £10-£13b and an acceptance of the Trustee's use of rule 76.4. In addition there are further on-going discussions regarding still greater commitments. Collectively, these should assure the Trustee of UUK's commitment permitting a return to the September 2017 position.

You will be very aware that the JEP arose from the longest industrial dispute in the history of higher education. The dispute proved highly damaging to USS with it being unable to complete its statutory

requirements to submit the 2017 valuation on time. UCU wishes to avoid a repeat of that dispute and the union welcomes the unanimous recommendations of the JEP as the basis for negotiations. UCU believes avoiding a further damaging dispute will be made considerably and unnecessarily more difficult by rejection by USS of the JEP's recommendations.

UCU also believe that the proposals made by the JEP are consistent with the unique nature of the sector and the shares the view of the independent evaluation of EY Parthenon, that the covenant which underpins the scheme is strong and will remain strong for at least 20 years, and should be viewed as such by the regulator.

Further, its UCU's view that as the JEP indicates, improvements to the scheme's deficit position lends itself to a significant reduction in the proposed deficit recovery contribution requirements that flow from the 2018 valuation. Indeed, we note that were the trustee to implement the JEP proposals in full, there would in fact be a small surplus.

In the light of these representations UCU would ask you and through you the Board to reconsider the preliminary position reached on 21st November in order to endorse an approach which includes no de-risking for ten years and the smoothing of contributions. UCU would then welcome the Board confirming this revised position to the regulator. This is an approach which UCU believe the regulator and other interested parties would welcome given the recent industrial unrest.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'PB', with a large, sweeping flourish underneath.

**Paul Bridge,  
Head of Higher Education**

cc Sir Andrew Cubie, [Andrew@cubie-edinburgh.com](mailto:Andrew@cubie-edinburgh.com)

cc Bill Galvin c/o Julie Roberts, [julie.roberts@uss.co.uk](mailto:julie.roberts@uss.co.uk)

cc Phil Harding, [Philip.Harding@ucl.ac.uk](mailto:Philip.Harding@ucl.ac.uk)

cc Renee Prendergast, [R.Prendergast@qub.ac.uk](mailto:R.Prendergast@qub.ac.uk)