

Responses to UUK September employer pension consultation on JEP recommendations

1. *Would your institution support the JEP recommendations regarding the 2017 valuation, in overall terms, subject to the acceptance of such position by the USS Trustee (and TPR as appropriate)?*

Answer: We would support the JEP recommendations regarding the 2017 valuation.

For such recommendations to become effective requires them to be accepted by the USS Trustee (and TPR as appropriate). If the USS Trustee requires additional commitments from employers in order to accept the JEP recommendations, it is important that these do not constrain operational and financial flexibility **unduly** or that place **significant** additional short term risks to University employer cash flows (e.g. large and unpredictable trigger contributions).

We consider the JEP proposals could form the basis of a good short term solution to the 2017 pension valuation, but believe that there needs to be continued effort made by all parties to explore potentially more sustainable long term options (such as some form of Collective Defined Contribution / Defined Ambition scheme, or some form of Government involvement) that might provide University employers and staff better value for money and more flexibility. We therefore urge UUK to engage with UCU and the JEP to explore such options urgently.

2. *What further information would you need to provide a final view for question 1?*

Answer: As set out in response to question 1, confirmation of the position of the USS Trustee and TPR in relation to the JEP recommendations. It would also be helpful to have Aon's advice in relation to the JEP's proposals. [To the extent it has not already been provided, a full response to Sam Marsh's criticisms of the approach to Test 1.]

3. *If the recommendations of the JEP were accepted in full by all parties, the outcome would be that existing benefits – minus the employer match of 1% - could be provided at an indicative employer contribution of 20.1% of salary (with a member contribution of 9.1%).*
 - a. *Would you accept employer contributions at that level?*

Answer: Yes – in the short term (which for the avoidance of doubt covers the whole of the inter valuation period up to the date next USS triennial valuation - 31 March 2020 - in the absence of alternative arrangements being implemented). However, as set out in response to question 1, we strongly believe work must continue urgently to explore sustainable alternatives that might provide better value for money for employers and employees and more flexibility for employees.

- b. *If not, what balance of additional risk, higher contributions and/or benefit change would you prefer to see as an outcome?*

Answer: N/A

These responses have been approved by a quorum of members of the Council who are materially unconflicted with regard to USS.