

Wednesday, 17 March 2021

Dear Professor Cox,

Re: 2020 USS Pensions Valuation

As we are sure you will know, on the 10th March 2021 the [UUK wrote to the USS Trustees](#) requesting a review of the 2020 actuarial valuation, and stating that, we have not received strong or clear justification for the very high pricing decisions – and, as such, employers are very concerned that the scheme is facing an unnecessary and unjustified level of reform. The valuation sets an unjustified, unevidenced and unaffordable maximum contribution rates of up to 49.6% to maintain current benefits.

UUK also [wrote to The Pensions Regulator \(TPR\)](#), questioning its influence on the valuation. This letter followed the release of the results of the 2020 valuation, taken from a snapshot during the most significant financial downturn of the Covid-19 period so far, and which alleged that the scheme was in a much worse condition than it had been in previous valuations. In this second letter, the UUK wrote that '[f]rom the information provided by the USS Trustee, this has moved the pricing into a range where no proportionate or justifiable outcome can be reached for the valuation'. As a result, Alistair Jarvis rightly emphasised the importance of allowing pension stakeholders the 'space to find a solution,' rather than having TPR imposing constraints on the process in advance. Importantly UUK highlights that 'we have seen little evidence to date that there is focus on your statutory objective of minimising any adverse impact on the sustainable growth of employers' and again asks for evidence and analysis.

The University of Kent UCU branch officers are glad to have read in Alison Ross-Green's email of 4th March 2021 that the Executive Group appreciates how [unaffordable the contribution rates](#) suggested in the 2020 valuation are, both to members of staff and institutions. Such exorbitant rates are highly likely to lead to drop-outs (both of staff and institutions), and thereby contribute risk to the USS themselves. We are also glad to read that the 'UUK will be engaging immediately with the USS on our behalf to scrutinise and fully understand the basis for the proposals'. We welcome any effort to understand and move beyond the valuation, its multiple shortcomings and lack of evidence and justification.

In particular, we note the likely effects that any changes to contributions will likely have on junior colleagues. Not only are junior colleagues least likely to be able to afford the raised contribution rates, but it seems that the USS Trustees are keen to comment on areas outside their remit, and envisage more structural changes to the programme that would further disadvantage junior colleagues. For example, in a [Valuation Update on 10th March 2021](#), Dame Kate Barker called for employers to consider moving away from a one-size-fits-all approach to pension provision. This is a mis-representation of the scheme, which is not and has never been one-size-fits all, and conflates the very high minimum contribution rates with the illusion of choice. Furthermore, she heavily implied that junior colleagues be satisfied with a defined contribution system, in place of the current defined benefit scheme. Branch officers denounce any attempt to create a two-tier

pensions system: as pensions are a form of deferred income for workers, such a move would create an unacceptable two-tier system of employment.

Whilst, in previous years, the UCU and UUK have not seen eye-to-eye on issues related to issues, it seems that employers and the Union are, in relation to the pensions dispute, united in a common goal. Indeed, in an email on 12th March 2021, Jo Grady wrote that 'UCU has been demanding changes to USS's fundamentally flawed 2020 valuation methodology as it risks destroying a healthy pension scheme. We welcome today's statement from employers, which shows they have been listening to UCU's concerns. But we need employers to continue working with us to get the best possible outcome for our members'.

In the spirit of that agreement, and as a first step in working together for the best possible outcome, we would like to suggest writing a joint statement that calls for a review of the 2020 valuation and for the USS to provide evidence and justification such that it is possible to independently check their calculations. We believe that, whilst UUK and UCU HQ are more directly involved in negotiations, as local stakeholders it is nevertheless important to clearly voice our disapproval of the current process and add our voices to the growing chorus of those calling for its revision. In addition to a joint response, we would like to call your attention to a November 2019 [FT editorial article that called for an independent inquiry](#) to scrutinise all key players including TPR. As a representative of the University of Kent, we would like you to consider also adding your voice to this call.

We hope you will consider these suggestions and look forward to hearing your thoughts.

With best wishes,

The University of Kent UCU Branch Officers