

Paul Bridge
Head of Higher Education
University and College Union
Carlow Street
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By email: pbridge@ucu.org.uk

7 September 2021

Dear Paul,

UCU proposed outcome to the USS 2020 actuarial valuation

I am writing following recent discussions on the USS 2020 actuarial valuation and specifically in relation to the recent UCU press statement following the USS Joint Negotiation Committee's (JNC) decision in support of the UUK package of proposed changes to the scheme.

In your press statement reference was made to UCU proposals and some headline details were provided as notes to editors, as well as some inaccuracies on the UUK proposal (for example, you incorrectly stated there would be no flexible option) which I will come back to later. Whilst we had some encouraging dialogue during the recent JNC discussion with UCU colleagues, there was no UCU proposal put forward for decision at the JNC.

During the discussions we found it encouraging that some of the UCU JNC team wished to discuss reforms to the scheme in order to manage costs and contribution rates, but also to retain a significant and valuable element of defined benefits, and indeed, it was also good to see that the benefits reform ideas suggested by some of the UCU team were very closely aligned to the employer package put forward by UUK – albeit this does not appear to have universal support of UCU JNC members.

Given the information contained in your press statement I thought it appropriate to write to you to confirm that if UCU have now decided that you do indeed have an agreed proposal that you would wish to bring forward, we would be willing, if you wished us to do so, to take this to employers to seek views. This includes the question of whether the final, enhanced covenant support package which supports the UUK proposal could also support any UCU proposal, on which again we have made clear that we would be very willing to take the question to employers should a proposal be presented. These were the clear and unambiguous offers we repeatedly made during JNC discussions, but we do still need confirmation of your proposal and

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your permission to share it more widely with employers in order to gain any further mandate for negotiations. You will also appreciate that we did again ask the UCU JNC team whether you wished to bring a proposal forward for us to share following the recent UCU press release, but we are as yet to receive a response.

As I write, I would also wish to reaffirm that flexible and lower cost options for members are very much part of the employer package of reforms agreed by the JNC – and we would wish to consider these options as expediently as possible. It is again encouraging that both UUK and UCU have been developing ideas in this space and you will know our preference is to bring these ideas together through a combined workstream, together with the USS Trustee, and consider viable options which best meet the needs of eligible members of the scheme. There remains an open invitation for UCU to participate in the workgroup and it is our preference that options can be jointly developed and then taken to employees and employers for consideration.

Similarly, we are also keen to continue work on exploring alternative benefit designs, such as Conditional indexation. We know that this work is in many ways ground-breaking, and will likely require legislative changes to implement. Again, we believe this is a working group best served with representatives from UUK, UCU and the USS Trustee, and we would hope we can continue from early discussions in this area as soon as possible and notwithstanding any differences our communities may have in other aspects of the valuation.

I look forward to hearing from you, and perhaps ahead of your Higher Education Sector Conference which I understand is scheduled to take place later this week.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'SMcLean', with a stylized flourish at the end.

Stuart McLean
Head of Pensions