

Mike Birch
Director of Supervision
The Pensions Regulator
Sent by email

9 March 2021

Dear Mike,

Thank you for agreeing to our teleconference on 23 February. You agreed to provide more detail on your thoughts once the USS Trustee had released its Rule 76 report, and I note your letter to the USS Trustee dated 26 February has now been published.

I have copied you into the UUK response to the USS Trustee in which we set out our initial thoughts.

We are particularly concerned about the influence of the Pensions Regulator on the USS Trustee in the build-up to the release of the Rule 76 report. From 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. Given that the Pensions Regulator does not have a formal role in setting employer or employee contributions for the USS, it is vital that you allow the stakeholders enough space to find a solution – rather than imposing any hard constraints ahead of stakeholder discussions and consultation.

While we understand the Pensions Regulator will take what actions it sees fit to protect members' accrued benefits, and the Pension Protection Fund, 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. In particular, if the new pricing leads to widescale industrial action (as opposed to leaving room for a negotiated settlement), then the practical consequence of TPR's input may well be seen to cause what we believe would be unnecessary damage to employers. We also note the conviction and level of detail in your views. When you say that Scenarios 2 and 3 are "at the limit of compliance with legislation", it would be useful if you could share what analysis you have performed, and evidence compiled, to support this view, and whether this can be shared with wider stakeholders.

The voice of universities

Chief Executive
Alistair Jarvis

Universities UK
Woburn House
20 Tavistock Square
London
WC1H 9HQ

telephone
+44 (0)20 7419 4111

twitter
@universitiesuk

email
info@universitiesuk.ac.uk

website
www.universitiesuk.ac.uk

Company limited by
guarantee and registered
In England and Wales
Number 2517018

Registered charity number
1001127

Having said all of this, I was encouraged when we spoke that you saw some room for manoeuvre on the approach if the facts changed (for example, a different covenant support package or new benefit structure). This would be consistent with the USS Trustee's approach to the 2014 valuation. I was also encouraged that you would put some thought into what areas of covenant support would be most beneficial from your perspective.

I have asked colleagues to contact Ben Nelson to arrange a further meeting, and I look forward to discussing this further with you then.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'A. Jarvis', with a long horizontal flourish extending to the right.

Alistair Jarvis
Chief Executive

Enc.