

Alistair Jarvis
Chief Executive
Universities UK
Woburn House
20 Tavistock Square
LONDON
WC1H 9HQ

21st February 2018

Dear Alistair

Proposed USS Benefit Changes

As you are aware, like many universities, Kent is facing a difficult situation with regard to the national situation on USS pensions.

We are working hard to mitigate the impact on our students while maintaining high academic standards but, given that we are not free to resolve this issue at a local level, we remain deeply frustrated by the apparent deadlock in discussions at national level.

We agree that the proposals put forward by UCU are unaffordable and, here at Kent, they would add £4.5m to our staff costs, which is not sustainable. However, we also believe there may be opportunities that may provide some basis for renewed discussions with the UCU and we are not clear whether these have yet been explored.

We recognise that there are pressures from the Pensions Regulator and from other member universities to ensure that the scheme has a lower risk profile and that the Joint Negotiating Committee has had to balance the competing views. We all wish to see a sustainable pension scheme that does not require revision every few years, with the uncertainty and disruption that would be brought by this. However, you will recall that we have consistently raised questions over the decision to de-risk the USS investment strategy with UUK and directly with USS.

The areas that I feel might be explored further include:

-whether there is scope for deferring the implementation of the de-risking of the investment strategy, given that it largely drives the increase in the projected deficit. It would make sense to revisit the discussions on risk in an informed and nuanced manner, and to fully consider a range of options including the re-introduction of some element of Defined Benefits into the scheme if investment returns exceed the 2017 assumptions.

-whether there might also be further consultation with employers as to whether some limited additional contribution might be made should the currently proposed changes go ahead.

I hope you will understand that I am writing this letter in the spirit of being helpful and I would be happy to discuss it in person when we meet later this week.

Best wishes

A handwritten signature in black ink, appearing to read 'K. Cox', with a stylized, cursive flourish at the end.

Professor Karen Cox