Universities Superannuation Scheme

2023 Actuarial valuation: employer consultation in respect of proposals made by the Joint Negotiating Committee

Report on consultation responses

17 January 2024

This report has been prepared by the USS Executive for the sole and exclusive benefit of the USS Trustee Board and the Joint Negotiating Committee. It is intended to provide a summary of the main sentiments and themes arising out of the responses submitted by or on behalf of affected employees during the statutory employer consultation period. The views expressed within the report do not necessarily reflect the views of all affected employees.

We do not accept any liability if this report is used for an alternative purpose from that which is intended, nor to any third party in respect of this report.

1. Executive summary

- This document has been prepared by the USS Executive and summarises the responses from the statutory employer consultation which ran between 25 September 2023 and 24 November 2023 for most employers[1].
- The obligation to consult with affected employees[2] and representatives before a decision is made to make prescribed 'listed changes' to an occupational pension scheme is set out under the Consultation Regulations. The JNC's package of proposed benefit changes to re-introduce the pre-April 2022 benefits with effect from 1 April 2024 (see appendix 1) includes one listed change (the change to the level of the salary threshold).
- UUK, in collaboration with UCU, wished for all of the proposed benefit changes to be included in the consultation, and not only the listed change.
- The consultation was comprised of 5 questions, which are included in full in section 3 of this report and are summarised below.
- In total, 3760 individual responses were received from affected employees, which compares to 216,465 total active members as at 31 March 2023, the date of the latest USS Annual Report and Accounts. The Trustee has read every response received and this report summarises the main sentiments and themes arising.
- 6 responses were submitted by representatives or unions.

Each affected employee response was analysed by question, giving outcomes on a question-by-question basis (not totalled across all questions), allowing for detailed analysis of each element included in the consultation. The themes which were most common across more than one question related to a desire for some restoration / "compensation" for the lower benefits accrued in 2022-24, and use of some or all of the suggest response which UCU published to support affected members in responding to the consultation (see

[1] Two had closure dates of 19 and 23 December.
[2] This includes active members and prospective members (i.e. those who are not active but are eligible to join the scheme).

appendix 4).

The main sentiments and themes arising out of the consultation responses, by question, are as follows.

- **Q1 asked for comments or suggestions on the proposed change to increase the level of the salary threshold (a listed change) from £41,004 to between £66,440 and £73,040[3] which increases in line with official increases, currently CPI, to a higher cap**. Of the responses provided to this question[4], 98% expressed a positive sentiment.
- **Q2 asked for comments or suggestions on the proposed change to increase the accrual rate from 1/85 of salary each year and 3/85 of salary as a lump sum to 1/75 and 3/75 respectively.** Of the responses provided to this question, 96% expressed a positive sentiment.
- **Q3 asked for comments or suggestions on the proposed higher inflation cap on future pension increases.** Of the responses provided to this question, 94% expressed a positive sentiment.
- **Q4 asked for any alternative suggestions or comments.** Responses submitted to this question ranged from comments on the proposals (24% of comments noting that they would rather pay higher/same/different contributions), to 16% of comments asking for restoration of, or "compensation" for, the lower benefits built up between 2022-24.
- **Q5 asked for comments or suggestions on the member/employer share of the 20% allocation of contributions on salary above the salary threshold to the DC part of the scheme, the USS Investment Builder.** Of the responses provided to this question, 70% expressed a positive sentiment.

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[3] The proposal would broadly put the salary threshold at the level it would have been where it not for the 1 April 2022 benefit changes. At the time of writing the consultation questions, the exact level was not known, but it is now anticipated to be £70,308 (although this will be confirmed once the relevant statutory order has been published).
[4] Not including 'nil return' responses, see section 3.7

The Executive provides this report to the Trustee Board so that the views of affected employees and representatives on the proposals can be considered before a final decision is made regarding whether to propose any modifications to the listed change.

The JNC is provided with the report from the Trustee so that it can consider whether it wishes to propose any modifications to the proposed benefit changes that were consulted on.

2. Background to the consultation

2.1 Consultation regulations

The obligation on relevant employers[5] to consult with affected employees and representatives (broadly, active members of the scheme and those who are eligible to join), before a decision to make prescribed 'listed changes' to an occupational pension scheme can be taken, is set out under the Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006 (as amended for Multi-employer Schemes) (the "Consultation Regulations"). The JNC's package of proposed benefit changes, agreed by the JNC for consultation on 15 May 2023 and formally recommended to the Trustee by the JNC on 30 October 2023 included a change to the salary threshold which is a listed change and therefore triggered the requirement for a consultation. The JNC's recommendation was subject to the outcome of this consultation.

The Consultation Regulations require that employers must consult with affected employees and their representatives for a period of at least 60 days. The USS employer consultation period ran from 25 September to 24 November.[6]

Although the obligation to consult lies with employers, the Trustee also has obligations under the Consultation Regulations[7] as the party which has the power to amend the scheme rules to make a listed change affecting the scheme. These obligations include the Trustee taking reasonable steps following the consultation to satisfy itself that the consultation was carried out in accordance with the Consultation Regulations and to consider the responses received during the consultation before making its decision as to whether or not to propose any modifications to the proposed benefit changes to the listed change.

[5] The Consultation Regulations apply to employers of 50 or more GB employees although all employers were encouraged to consult.
[6] Two employers began consultation later than 25 September 2023 and will finish consultation as agreed on 19 and 23 December 2023, so that they consult for 60 days.
[7] See regulation 3(1) and 6(1) of the Consultation Regulations.

2.2 Consulting with affected employees and representatives

Affected employees and their representatives were issued with the statutory consultation notice by employers by email, or by paper/accessible copy, prior to the start of the consultation period. The statutory consultation notice included information describing the listed and non-listed changes and what the effect of such changes would be on the scheme and its affected employees and included other relevant background information e.g. the reasons why the changes had been proposed. The notice also indicated the timescales on which the changes were proposed to be introduced.

The consultation was supported by a dedicated consultation website with further supporting information, including a modeller individuals could use to gauge the potential impact of the proposed changes to benefits, discrete factsheets on specific elements of the JNC’s package of recommended changes and FAQs.

Consultation responses could be submitted via the consultation website (which set out the proposals in the form of questions on different aspects of the proposal with unlimited free-text answer boxes). Responses submitted on the consultation website were available to the individual’s employer and the Trustee. Any responses provided directly to employers were forwarded on to the Trustee. Responses were by default anonymous, although individuals could choose to share their details if they wished.

3. Consultation responses

This consultation is not a vote on the relevant proposals, nor does it require that agreement to the changes of those consulted must be obtained. The Consultation Regulations require that a consultation be carried out ‘in a spirit of co-operation, taking account of the interests of both sides’. Affected employees and their representatives must be allowed to make any comments they wish in relation to the proposal to make a listed change to the scheme.

To help individuals understand and specifically address the key aspects of the proposals, the consultation was constructed as a series of questions which addressed each of the key elements. Affected employees were given access to a dedicated website with supporting information and a login area beyond which they could leave their feedback, although they could also pass written or oral feedback directly to their employer, who would in turn upload it to the website for Trustee access.

The response areas for each question allowed free text (including blank) responses and were of unlimited length – this approach, and the inclusion of a general question, ensured individuals could leave any response on any aspect of the proposals, or in relation to any other points they wanted to make.

In this section, comments that constituted 4% or more of responses to a question are drawn out as themes. Comments that constituted 1% or more but less than 4% of responses to a question are summarised in a table. These percentages are applied within each individual question, and are based on the number of responses to that particular question.

3.1 Question 1: Salary threshold increase (listed change)

You build up benefits in the defined benefit part of the scheme, the USS Retirement Income Builder, on your salary up to the salary threshold. If you earn above the salary threshold, you'll contribute to the defined contribution part of the scheme, the USS Investment Builder too.

From 1 April 2022, the salary threshold was reduced from £59,883.65 to £40,000, and the inflation cap on the annual increases applying to that threshold was changed from 10% to 2.5% (as described below). If the April 2022 changes had not taken place, it is likely that the salary threshold would currently be around £66,400.

At the moment the salary threshold is £41,004 and it increases every year in line with Consumer Price Index (CPI) inflation to a maximum level capped at 2.5%.

It's proposed that, from 1 April 2024, the salary threshold increases to between £66,400 and £73,040 (the final level to be determined by the rate of CPI inflation to September 2023) and that annual increases continue in line with CPI inflation but to a higher cap of 10%, applied as follows:

- Where CPI inflation is 5% or less, the increase is matched.
- Where CPI inflation is more than 5% but less than 15%, the increase will be 5% plus half of the percentage increase above 5%.
- Where CPI inflation is 15% or more, the increase applied shall be 10%.

This change would broadly put the salary threshold at the level it would have been were it not for the 1 April 2022 change, and would mean that a greater proportion of benefits is built up in the defined benefit part of the scheme, the USS Retirement Income Builder, for affected employees whose salary is higher than the current salary threshold. This also means that these affected employees would build up less savings in the defined contribution part of the scheme, the USS Investment Builder. If a member's salary is below the current salary threshold, the increase to the salary threshold will not impact that member's benefits.

Do you have any comments or suggestions in relation to this part of the proposals?

88% of the consultation respondents provided a response to Q1, (excluding nil comment responses, see section 3.7). The responses are summarised in the table below:

Table 3.1.1 Salary threshold increase (listed change) summary

Details of responses	Statistics
Total number of submissions	**3,760**
Nil returns[8]	438
Number of responses analysed	**3,322**
- Positive sentiment	98%
- Negative sentiment	2%

The themes for Q1 are split by the comments received on the question itself and comments received around the question – which are summarised below.

Overall sentiment

98% (3,006) of responses to Q1 expressed positive sentiment

The overwhelming majority of responses were short responses such as *"I support the proposals… "I approve of the proposed changes…"* with some affected employees choosing to quote some of the question in their reply:

"*I support the changes proposed, in particular: - to increase salary threshold to between £66,400 and £73,040 - annual increases to continue in line with CPI inflation and to a higher cap of 10%"*

2% (77) of responses to Q1 expressed negative sentiment

2% of respondents to Q1, expressed a negative sentiment in response to Q1.

"I am against these changes. Defined benefits are costly and difficult to sustain in the long run depending on how investments perform. They often require adjustments that put an unfair burden on new subscribers vs. current beneficiaries. Also, salaries have barely changed in the last years for university employees so it is not particularly sensible to drive

[8] This includes blank responses (as not every respondent answered all questions), or 'no comment', 'no', 'N/A' or similar.

these up with inflation. I believe proportionally more should be put in the investment builder instead."

Increase to the level of the Salary threshold sentiment

88% (2,909) of respondents to this question specifically expressed positive sentiment regarding the first part of Q1, which is in relation to the level of the salary threshold. 1.5% (50) expressed negative sentiment.

While most affected employees supported this change, there were several comments/suggestions related to the threshold.

"I believe the salary threshold should be as high as possible and increase yearly, in line with inflation."

"I'd like to see the salary threshold go through a staggered uplift over the next 5 years rather than the immediate uplift to approx. £66K"

Inflation cap on increases to the salary threshold sentiment

86% (2,848) of respondents to this question specifically expressed positive sentiment regarding the second part of Q1, which is in relation to the inflation capping on increases to the salary threshold. 1.7% (58) expressed negative sentiment.

Affected employees who did comment on the inflation cap were varied, but common themes included increasing the salary threshold in line with inflation, concerns about the impact of a low cap on pensions and removing the cap entirely.

"*I can't see a justification for not increasing the salary threshold annually by the same as CPI inflation, whatever it is."*

"*I agree with this, especially the CPI linked increase in the salary threshold. The current 2.5% cap is effectively eroding the DB element of our pension at an alarming rate."*

As noted above, most affected employees chose to comment on approving the overall proposal rather than on the inflation cap specifically.

Themes

Themes that were included in 4% or more responses to this question are included below.

Prefer defined benefit (DB) to defined contribution (DC)

10.7% of respondents to this question (357) made comments comparing the value of the USS Retirement Income Builder (the defined benefit part) to the value of the USS Investment Builder (the defined contribution part), expressing a preference for DB benefits. This theme includes those who expressed a desire for full DB benefits, with no salary threshold.

"I have no wish to speculate via a DC pot in USS and think that lots of other affected employees are the same. It is the illusion of greater choice, when the fact is that most affected employees do not have the desire or capacity to manage investments in this way. (I know there is a 'do it for me' option, but I want USS to manage the funds appropriately to guarantee DB.) I therefore support the change to have a greater proportion of benefits in DB. To me it begs the question of why there is a DC component at all, which seems to now complicate the scheme, and they will be smaller and of little value. I have a small DC pot that I have no real desire for and wonder if it's possible to convert to DB."

"I support this proposal. I value defined benefits more because of the guaranteed retirement income and would like USS to explore restoring a full DB pension."

Future security/planning risk

7.2% of respondents to this question (240) made comments tying increasing the salary threshold to the value that affected employees place in having a guaranteed income/future security in retirement.

"In my view, workers need a guaranteed retirement income so increasing the salary threshold in line with inflation is important, especially for my younger colleagues."

"It is important for staff to have a guaranteed retirement income so increasing the salary threshold in line with inflation is extremely important to help people plan for a secure retirement."

Valuation commentary

5% of respondents to this question (167) made comments on the wider valuation and approach. The main message coming through from these comments was a feeling that the benefit changes coming out of the 2020 valuation shouldn't have happened, and/or that the 2020 valuation, or more general valuation approach, was flawed.

"The changes made to our pension were poorly evidenced and forced through without member support, leading to huge disruption, loss of morale and stress in an already stressed workplace. Shame on you. I support the proposed changes - reverting to the pre-April 2022 levels - to the defined benefit/defined contribution threshold."

"What a relief! But was this whole disruptive episode necessary?"

Link to wider academic sector/salaries

4.5% of respondents to this question (151) made comments on salary scales, and the importance of a pension in academia/higher education, including in relation to retention and career progression.

"*I would agree with this. It may be worthwhile looking at pegging the threshold to a spine point rather than an absolute number, but that is the only suggestion I would make."*

"*I'm in favour of this proposal, which is more secure for almost all normal working academics, the exceptions being those at Reader or Professorial level"*

UCU suggested response

4.5% (150) of responses to this question made comments using all or part of UCU's suggested response (see appendix 4). The themes in this suggested response are counted in the separate themes mentioned in this section.

"*1. In my view, workers need a guaranteed retirement income so increasing the salary threshold in line with inflation is vital if workers are to plan for a secure retirement.*

2. I value a defined benefits pension more highly, as do other workers. A more secure pension will help the sector attract and retain workers.

3. Workers benefit from the security of a guaranteed retirement income. Improving the uprating of the salary threshold, so it is not capped at 2.5% in a period of high inflation, is vital if workers are to plan for a secure retirement income. Having an agreed mechanism to uprate the threshold takes the pressure out of bargaining for improvements.

4. I think at my workplace, the wish to avoid a move from DB to DC pension may have impacted promotion applications and job movements.

5. Like me, many scheme affected employees have neither the time nor financial acumen to manage the defined contribution pot in my pension. This change is a good idea.

6. Affected employees like me, who were caught by the cut in threshold but who will now only contribute to a DB pot, are going to be unhappy to have been left with this small DC pot. Can we convert it to DB?

7. While I am happy to see a higher threshold for splitting contributions between DB & DC, why does USS not explore restoring a full DB pension? This greater security in retirement would be very welcome.

8. DC pots are of value if large and if acquired and accumulating from an early stage in one's career. The entry level salary grades, and the average age of starting employment in the University sector, therefore do not make DC attractive."

Benefits for 2022-24

4% of respondents to this question (132) made comments relating to the lower benefits for 2022-24, asking for restoration or "compensation".

"I would like this backdated to undo the 2022 changes."

"I support the changes described above. Moreover, it would be fair to find a way to compensate employees for the loss they experienced from 1 April 2022 to 1 April 2024."

Table 3.1.2 Salary threshold increase (listed change) – Themes that occurred in 1% or more but less than 4% of responses to this question

Theme	***% and number of responses***
Comments on the impact of inflation on benefits	*2.3% (76)*
Desire to convert the DC pot into DB benefits	*2.7% (91)*
Comments on equality and/or fairness of design, including across salary, gender, generational	*1.7% (57)*
Desire for the future of the scheme to be stable and/or sustainable	*1.1% (36)*
Desire for greater DC flexibility	*1% (34)*

3.2 Question 2: Accrual rate increase

In the defined benefit part of the scheme, the USS Retirement Income Builder, you build up benefits at a rate of 1/85 of salary each year (up to the salary threshold) and 3/85 of salary as a lump sum you get on retirement. It's proposed that, for benefits built up from 1 April 2024, the accrual rate will increase to 1/75 of salary and 3/75 of salary for the lump sum. This change would re-introduce the accrual rate that was in place before 1 April 2022, and would mean that a higher rate of benefits would be built up in the defined benefit part of the scheme, the USS Retirement Income Builder, than now. Do you have any comments or suggestions in relation to this part of the proposals?

93% of the consultation respondents provided a response to Q2, (excluding nil comment responses, see section 3.7). The responses are summarised in the table below:

Table 3.2.1 Accrual rate increase – summary

Details	**Statistics**
Total number of submissions	**3,760**
Nil returns	257
Number of responses analysed	**3,503**
- General sentiment: positive/accept	96%
- General sentiment: negative/decline	4%

Overall sentiment

96% (3,377) of responses to Q2 expressed positive sentiment

As with question one, most affected employee responses were short sentence responses such as *"I support the proposed changes to the accrual rates… I support this change…I am happy with this change."*

And as with Q1, some affected employees chose to quote the proposal in their answer. "*"I support the proposed increase in the accrual rate to 1/75 of salary and 3/75 of salary for the lump sum."*

4% (126) of responses to Q2 expressed negative sentiment

4% of respondents to Q2, expressed a negative sentiment, for example, *"This is a very low accrual rate compared to comparable schemes. This should be looked at again to improve benefits."*

Themes

Themes that were included in 4% or more responses to this question are included below.

UCU suggested response

4% (140) of responses to this question made comments using all or part of UCU's suggested response (see appendix 4). The themes in this suggested response are counted in the separate themes mentioned in this section.

"1. I support an increase in the accrual rate and in particular in how this increases the lump sum. 2. While I am happy that the accrual rate is returning to 2022 levels, why is it not being improved further? 3. TPS allows for affected employees to elect faster accrual of up to 1/45. Might similar arrangements be made for USS, after all these are pension schemes in the same sector? 4. Are USS and the UCU SWG negotiators exploring a better accrual rate? The local government pension scheme (LGPS), for example, accrues at 1/49 and the NHS at 1/54, so an accrual of 1/75 still looks poor."

Table 3.2.2 - Accrual rate increase - Themes that occurred in 1% or more but less than 4% of responses to this question

Theme	***% and number of responses***
Benefits for 2022-24	*3.7% (131)*
Accrual rate level, often with a preference for a further improved rate and with some making comparisons to schemes such as Teachers' Pension Scheme (TPS), the NHS Pension Scheme (NHSPS), and local government pension schemes (LGPS).	*3.5% (121)*
Comments on the valuations, mainly that the benefit changes coming out of the 2020 valuation shouldn't have happened	*1.5% (54)*

Question 3: capping pre- and post-retirement increases at 2.5% each year

In the defined benefit part of the scheme, the USS Retirement Income Builder, the benefits you build up each year are "banked" and increased before and after retirement in line with Consumer Price index (CPI) inflation subject to a cap of 2.5% (deferred to 1 April 2026 but applying to benefits built up from 1 April 2022). It's proposed that the cap increases to a maximum of 10%, to be applied as follows to benefits built up from 1 April 2022: • Where CPI inflation is 5% or less, the increase is matched. • Where CPI inflation is more than 5% but less than 15%, the increase will be 5% plus half of the percentage increase above 5%. • Where CPI inflation is 15% or more, the increase applied shall be 10%. This change would re-introduce the cap on increases that was in place before 1 April 2022, and would mean that the greater benefits built up in the defined benefit part of the scheme, the USS Retirement Income Builder, would have a higher rate of inflation protection applied to them, if inflation is higher than 2.5%. Do you have any comments or suggestions in relation to this part of the proposals?

84% of the consultation respondents provided a response to Q3, (excluding nil comment responses, see section 3.7). The responses are summarised in the table below:

Table 3.3.1 Inflation cap increase – summary

Details	**Statistics**
Total number of submissions	**3,760**
Nil returns	618
Number of responses analysed	3,142
- General sentiment: positive/accept	94%
- General sentiment: negative/decline	6%

Overall sentiment

94% (2,946) of responses to Q3 expressed positive sentiment

As with questions one and two, most affected employee responses were short sentence responses such as *"I support this change" "I agree" "I support the proposed changes" "I support increasing the cap on future pension increases."*

And as with questions 1 and 2, some affected employees chose to quote the proposal in their answer. "*I support a return to the cap on increases that was in place before 1 April 2022, to a maximum of 10%."*

6% (196) of responses to Q3 expressed negative sentiment

"Again, I don't see how USS affected employees are better placed than USS itself to deal with this risk and why e.g. 100% of the risk of inflation rising above 15% is borne by affected employees."

Themes

Themes that were included in 4% or more responses to this question are included below.

Suggests there should be no cap

11.8% of responses to this question (371) commented that they would prefer no cap on increases.

"I would prefer that the cap on CPI-based increases to salary threshold be removed, but otherwise support this part of the proposals."

"Recent inflation rates have shown how even the 10% cap can erode pension value, ideally this cap would be removed."

"As a minimum I support this change back to pre April 2022 position. It would however, be better if the cap was removed so that inflation does not erode contributions and benefits. Any erosion of benefits makes it more difficult to plan for retirement."

UCU suggested response

4.7% of responses to this question (149) made a comment using all or part of UCU's suggested response (see appendix 4). The themes in this suggested response are counted in the separate themes mentioned in this section.

1. I support an increase in the uprating of inflation protection. Recent events have shown that capping at 2.5% would mean benefits could be significantly eroded, and income in retirement will by no means match the value of the contributions when made. 2. Retirees are vulnerable to inflation, as by default they cannot earn more money when living costs rise. I am very relieved to see protection being restored to 2022 levels. 3. I support a return to the soft cap. I was very worried about losing the real value of my retirement benefits. 4. While I am happy that the soft cap on benefits is returning to 2022 levels, why is it not being improved further? 5. If NHS pensions are protected by inflation indexation of CPI +1.5% and TPS affected employees in education have pension indexed by CPI +1.6%, why are we not offered better protection for retirement benefits? 6. Are USS and the UCU SWG negotiators exploring better protection of benefits from inflation?

Table 3.3.2 Inflation rate increase – Themes that occurred in between 1% or more but less than 4% of responses to this question

Themes	Percentage and number of responses
Comments on valuations, mainly that the benefit changes coming out of the 2020 valuation shouldn’t have happened	2.3% (72)
Comments on the impact of inflation on benefits	1.7% (52)

Question 4: any alternative suggestions

4. Do you have any alternative suggestions?

42% of the consultation respondents provided a response to Q4, (excluding nil comment responses, see section 3.7), fewer than the first three questions. The responses are summarised in the table below:

Table 3.4.1 Do you have any alternative suggestions summary

Details	Statistics
Total number of submissions	**3760**
Nil returns	2170
Number of responses analysed	**1590**
- General sentiment: non-negative sentiment	72%
- General sentiment: negative/decline	28%

Overall sentiment

72% (1,144) of responses to Q4 expressed a non-negative sentiment[9]

General comments included short supportive comments on the changes, for example.

"*I strongly support all the proposals…" "agreed", "I support the changes to the USS Pension scheme"* and

"No, I don't. The proposed changes all seem very beneficial and have made me less worried about the state of my pension than the proposals from 2022. I hope they can all be implemented as set out."

28% (446) of responses to Q4 expressed negative sentiment

Responses to Q4 included "*Please try to avoid such drastic changes to the scheme based on a single, disputed, valuation*", "*Why did it take so long for USS to see sense and reverse these unjustified changes?"* and

[9] While other questions used 'positive' as an analysis tag, Q4 used 'non-negative' because of the broader nature of the responses to this question, given the openness of the question being less focussed on a specific benefit element.

“*No, I'm pleased to see that sense has prevailed. It is intensely frustrating that the sector has had to go through so much pain to reach this point.”*

Themes

Themes that were included in 4% or more responses to this question are included below.

Stability and/or sustainability of the scheme

27.7% (440) of respondents to this question made comments expressing that the future of the scheme, including benefits and contribution levels, be stable and sustainable. See above for an illustrative quote.

16.8% (267) of respondents to this question linked stability and/or sustainability with a preference for contribution rates to not be lowered/lowered less.

Preference for contribution rates not to be lowered/lowered less

25.4% (404) of respondents to this question made comments expressing a preference that contribution rates are not lowered or lowered less, often in the belief that doing so would provide more stability and/or sustainability for the scheme.

“As described above, consideration should be given to having slightly higher contributions if those would permit benefits to be more comprehensively secured against inflation. The rules should also be drafted such that caps are waived if the scheme is able to afford them. This is especially important for the cap on future pension increases, because as currently written, it appears that one year of 15% inflation would reduce the value of our pensions by 5% in perpetuity.”

“I would like to express support for the idea that contributions should be set above the minimum level needed for short-term sustainability of the scheme. We don't want to find ourselves in the position of having benefits cut again 5 years from now, so it seems prudent to maintain a slightly higher contribution rate with the aim of building a surplus to insulate against future economic shocks”.

Benefits for 2022-24

17.4% (276) of respondents to this question made comments relating to the lower benefits for 2022-24, asking for restoration or “compensation”.

Valuation commentary

11.1% (177) of respondents to this question made comments on the wider valuation and approach. The main message coming through from these comments was a feeling that the benefit changes coming out of the 2020 valuation shouldn't have happened, and/or that the 2020 valuation, or more general valuation approach, was flawed.

Inflation / increases cap

6.5% (104) of respondents to this question made a comment about inflation and/or the increases cap, mainly stating the importance of inflation-proofing.

"Anything which could future-proof against very high periods of inflation would be welcome. The proposed changes only offer limited protection during periods when the CPI is very high."

Trust, governance, and transparency

6.1% (97) of respondents to this question made comments relating to the governance of the scheme, including a feeling of lack of trust and/or transparency.

"I only have a pension because every says I have to. I don't understand them, I don't trust them, I don't trust anyone who holds my money and says they are doing it for my benefit."

Transfer of employer representative

5.3% (85) of respondents to this question made comments in opposition to the transfer of role as employer representative in the scheme from UUK to UCEA.

"I am concerned to read that UUK may transfer negotiation of pensions to UCEA

Contributions should be lowered

5% (80) of respondents to this question commented that contributions should be lowered.

"No - I support the proposals and also agree that the contributions should be lowered."

Accrual rate level

4.4% (70) of respondents to this question made comments on the level of the accrual rate, with a preference for a further improved rate and with some making comparisons to schemes such as Teachers' Pension Scheme (TPS), the NHS Pension Scheme (NHSPS), and local government pension schemes (LGPS).

3.4.2 Alternative suggestions - Themes that occurred in 1% or more but less than 4% of responses to this question

Theme	**% and number of responses**
Desire for some form of low cost option	4% (63)
Comments on equality and/or fairness of design, including across salary, gender, generational	4% (63)
Comparison with TPS/NHS/LGPS	3.8% (60)
Desire for fully DB benefits	3.3% (53)
Desire to bring back 'the match[10]'	2.8% (45)
Desire to change the cost share ratio, so that members benefit more from a reduction in the overall contribution rate	2.8% (44)
UCU suggested response (all or part)	2.6% (42)
Desire for greater flexibility, including choice of how to increase benefits, having a choice of DC only, and more flexible benefit options	2.5% (39)
A range of comments on the level of the salary threshold, including a desire for it to be higher, or lower perhaps in exchange for an improvement in another element of the proposal (such as accrual rate)	2.2% (35)

[10] From 1 October 2016 to 1 April 2019, where a member opted to pay a voluntary DC contribution of 1% of salary, another 1% was matched by the employer.

Question 5: Employer and member share of the 20% contributions above the salary threshold to the defined contribution (DC) part of the scheme, the USS Investment Builder

> Currently, 20% of your salary above the salary threshold (8% from your contribution above the salary threshold and 12% from your employer) is paid in to the defined contribution part of the scheme, your USS Investment Builder.
> Whilst it is proposed that the overall 20% of salary above the salary threshold to the USS Investment Builder remains unchanged, the JNC will confirm, later in the year, whether the proposed share of member and employer contributions within that 20% will change. The JNC will determine this share of contributions into the DC part of the scheme, the USS Investment Builder based upon the overall rate determined by the Trustee for the benefits proposed.
>
> **Do you have any comments or suggestions in relation to this part of the proposals?**

46% of the consultation respondents provided a response to Q5, (excluding nil comment responses, see section 3.7). The responses are summarised in the table below:

Table 3.5.1 Employer and member share of the 20% contributions above the salary threshold to the defined contribution (DC) part of the scheme, the USS Investment Builder – summary

Details	Statistics
Total number of submissions	**3,760**
Nil returns	2,015
Number of responses analysed	**1,745**
General sentiment: positive/accept	**70%**
General sentiment: negative/decline	**30%**

Overall sentiment

70% (1,215) of responses to Q5 expressed a positive sentiment

As with question 4, fewer affected employees responded to question 5 than the first three questions. General comments included short supportive comments on the changes, for example.

"*I agree." "This is fine." "I am happy with this change."*

"I agree with the proposal that the share of 20% contributions above salary threshold should be reviewed by JNC & Trustees."

54% (937) specifically expressed positive sentiment on the DC contribution share potentially changing:

"*This seems sensible as a proposal providing there is no detriment to the employee." "I would like to see a bigger share of the pension being paid by the employer. Currently it is 60:40 but other pension schemes typically have a ratio closer to 70:30. This would again help increase take-home pay for employees."*

8.5% (148) of responses to this question also commented more generally on contributions to DC on salary in excess of the salary threshold.

"Given that the DB section contributions will be reduced to 20.6% I am in favour of keeping the DC section contribution rate at 20%, but mapping across the contribution proportions from employee/employer from the DB section to equalise the sections. It doesn't make sense to me why there is such a marked difference in contribution rates and proportions between the two sections.

30% (530) of responses to Q5 expressed a negative sentiment

For example:

"*I very strongly indeed support my employer continuing to no less than 12% in contribution to my pension. I am against changing this, and to be clear I am dead against myself being made to pay a greater proportion of the overall 20%."*

Themes

Themes that were included in 4% or more responses to this question are included below.

Desire for a full DB scheme

15.8% (275) of respondents to this question suggested a full defined benefit scheme, with no salary threshold.

“I would just like to see the restoration of the full DB scheme in order to have more predictable security in retirement.”

“I see no gain to me from the introduction of a DC component, and would welcome its complete rollback. A DC component shifts the risk from the employer to the employee. Therefore, if a DC component is to be kept, I would want in exchange the employer to contribute more to it than the usual split for every pound I put in, and not less, as appears to be the case here.”

Ethical investments

5.0% (88) of respondents to this question affected employees commented with a preference for ethical investments.

“Can options for DC funds be improved so that I am confident I am only supporting ethical investments? Can the default for the DC funds be the ethical option?”

3.5.2 Employer and member share of the 20% contributions above the salary threshold – Themes that occurred in 1% or more but less than 4% of responses to this question

Theme	Percentage and number of responses
UCU suggested response (all or part)	3.6% (63)
Desire for greater flexibility, including choice of how to buy more DB benefits, reduce DC, and asking USS to provide more flexible benefit options	1.9% (34)
Preference for contribution rates not to be lowered/lowered less	1.7% (29)
Desire to bring back ‘the match’	1.4% (24)

3.6 Union and member representative responses

Recognised Trade Unions and elected member representatives could submit responses directly to employers. Where employers uploaded Union responses (via letter, email and through employer/union meetings) they have been attached in Appendix 5.

UCU published a suggested response for affected employees. This is provided for information in Appendix 4.

3.7 Nil returns

Each question also received several nil returns – some individuals chose to answer “no”, “no comment”, “N/A” or similar, while others left blank answers. Not every individual responded to all the questions, with some choosing to focus on specific questions or just provide a single general response.

The numbers of these responses are set out in the table in Appendix 3.

APPENDICES

APPENDIX 1: THE PROPOSALS

Extract from Notice of statutory consultation by employers in relation to universities superannuation scheme

Summary of the JNC's proposed changes

The JNC has proposed improvements to your benefits. The changes would see the pre-April 2022 benefit structure re-introduced with effect from 1 April 2024. The JNC has proposed the following:

1. Salary threshold increase

It is proposed that the salary threshold will increase from the current level of £41,004 to within the range of £66,400 to £73,040 with effect from 1 April 2024 (the threshold applied will be determined by the annual rate of CPI inflation to September 2023). This means benefit in the defined benefit part of the scheme, your USS Retirement Income Builder, will be based on your salary up to that new threshold for the 2024/25 year.

The salary threshold would continue to be increased annually in line with inflation (subject to a cap) and it is proposed that the cap increases from 2.5% to a maximum of 10% for benefits built up from 1 April 2022, with the increases applying as follows:

- Where inflation (currently CPI) is 5% or less, the increase would be matched.
- Where CPI is more than 5% but less than 15%, the increase would be 5% plus half of the percentage increase over 5%.
- Where CPI is 15% or more, the increase applied would be 10%.

2. A higher accrual rate for your defined benefits

It is proposed that the rate at which you build benefits in the defined benefit part of the scheme, the USS Retirement Income Builder, will increase as follows:

- Currently, you get 1/85 of salary (up to the salary threshold) in defined benefit pension each year and 3/85 as a lump sum on retirement.
- It is proposed to increase this to 1/75 pension and a 3/75 lump sum respectively.

3. **Higher cap for future pension increases**

It is proposed that the cap on increases to benefits built up from 1 April 2022 goes up from 2.5% to a maximum of 10% (before and after retirement) to take into account inflation. This increase will be capped as follows:

- Where inflation (currently CPI) is 5% or less, the increase would be matched.
- Where CPI is more than 5% but less than 15%, the increase would be 5% plus half of the percentage increase over 5%.
- Where CPI is 15% or more, the increase applied would be 10%.

APPENDIX 2: CONSULTATION STATISTICS

Table A2.1 - Total responses submitted to the Trustee by all parties:

Total number of submissions	Statistics
Affected employees	3,760
Trade Unions / Elected representatives	6

Scheme active affected employees 31/03/2023: 216,465
Affected employee respondents equivalent to c2% of active membership (although not a like for like comparison, as affected employees includes those eligible for, but not active in, the scheme).

Table A2.1 - Total responses received by employers from affected employees and their representatives, listed by employer type

Description of employer type	Number
Pre-92 Universities	3,571
Post-92 Universities	25
Colleges	58
Non-Higher Education Institutions	100
Total:	**3,754**

APPENDIX 3: RESPONSE SUMMARY

Summarised below is the number of responses received and the high level of analysis of each by question. Some responses were neutral, so are not reflected in the positive/non-negative or negative statistics.

Table A3.1 – Analysis of responses – high level summary

Question Number	Subject	Total	Nil return	Net / Response rate	Positive/non-negative	Negative
1	Salary Threshold	3,760	438	3322/ 88%	98%	2%
2	Accrual Rate	3,760	257	3503/ 93%	96%	4%
3	Inflation Cap	3,760	618	3142/ 84%	94%	6%
4	Alternative suggestions	3,760	2170	1590/ 42%	72%	28%
5	DC contribution share	3,760	2015	1745/ 46%	70%	30%

APPENDIX 4: UCU SUGGESTED RESPONSE TEMPLATE USED BY AFFECTED EMPLOYEES

The following is wording taken from a Word document produced by the UCU to support affected employees in submitting a response to the consultation.

UCU recognises that many scheme affected employees will formulate their own responses to this question. However, some scheme affected employees may welcome some suggestions of points to consider. All submissions will carry more weight if expressed in the member's own words.

Question 1 Salary Threshold Increase

1. In my view, workers need a guaranteed retirement income so increasing the salary threshold in line with inflation is vital if workers are to plan for a secure retirement.

2. I value a defined benefits pension more highly, as do other workers. A more secure pension will help the sector attract and retain workers.

3. Workers benefit from the security of a guaranteed retirement income. Improving the uprating of the salary threshold, so it is not capped at 2.5% in a period of high inflation, is vital if workers are to plan for a secure retirement income. Having an agreed mechanism to uprate the threshold takes the pressure out of bargaining for improvements.

4. I think at my workplace, the wish to avoid a move from DB to DC pension may have impacted promotion applications and job movements.

5. Like me, many scheme affected employees have neither the time nor financial acumen to manage the defined contribution pot in my pension. This change is a good idea.

6. Affected employees like me, who were caught by the cut in threshold but who will now only contribute to a DB pot, are going to be unhappy to have been left with this small DC pot. Can we convert it to DB?

7. While I am happy to see a higher threshold for splitting contributions between DB & DC, why does USS not explore restoring a full DB pension? This greater security in retirement would be very welcome.

8. DC pots are of value if large and if acquired and accumulating from an early stage in one's career. The entry level salary grades, and the *average age of starting employment in the University sector, therefore do not make DC attractive.*

Question 2 Accrual rate increase

UCU recognises that many scheme affected employees will formulate their own responses to this question. However, some scheme affected employees may welcome some suggestions of points to consider. All submissions will carry more weight if expressed in the member's own words.

1. I fully support an increase in the accrual rate.

2. I support an increase in the accrual rate and in particular in how this increases the lump sum.

3. While I am happy that the accrual rate is returning to 2022 levels, why is it not being improved further?

4. I have colleagues in the TPS scheme. If TPS has an accrual rate of 1/57, why is the accrual in USS still so low?

5. TPS allows for affected employees to elect faster accrual of up to 1/45. Might similar arrangements be made for USS, after all these are pension schemes in the same sector?

6. Are USS and the UCU SWG negotiators exploring a better accrual rate? The local government pension scheme (LGPS), for example, accrues at 1/49 and the NHS at 1/54, so an accrual of 1/75 still looks poor.

3. Higher cap on future pension increases

UCU recognises that many scheme affected employees will formulate their own responses to this question. However, some scheme affected employees may welcome some suggestions of points to consider. All submissions will carry more weight if expressed in the member's own words.

1. *I support an increase in the uprating of inflation protection. Recent events have shown that capping at 2.5% would mean benefits could be significantly eroded, and income in retirement will by no means match the value of the contributions when made.*

2. Retirees are vulnerable to inflation, as by default they cannot earn more money when living costs rise. I am very relieved to see protection being restored to 2022 levels.

3. I support a return to the soft cap. I was very worried about losing the real value of my retirement benefits.

4. While I am happy that the soft cap on benefits is returning to 2022 levels, why is it not being improved further?

5. If NHS pensions are protected by inflation indexation of CPI +1.5% and TPS affected employees in education have pension indexed by CPI +1.6%, why are we not offered better protection for retirement benefits?

6. Are USS and the UCU SWG negotiators exploring better protection of benefits from inflation?

4. Do you have any alternative suggestions?

UCU recognises that many scheme affected employees will formulate their own responses to this question. However, some scheme affected employees may welcome some suggestions of points to consider. You may wish to make suggestions on pension contribution rates, the "demonstrable sustainability" of USS, USS management costs, the scheme's investment strategy and/or the valuation methodology All submissions will carry more weight if expressed in the member's own words.

1. I am worried about contribution rates. The current rate is extremely high and so I welcome lower rates for both me and the employer, but we need to pick a combined contribution rate which is sustainable over the medium term and long term. USS published data on stability which is discussed in a ***document by the UUK actuary, AON****, which reports that a rate of 20.6% has a good chance of requiring higher contributions by the next valuation. Choosing a combined rate that low could be irresponsible, as parties will then be haggling over whether we need higher contributions, lower benefits or both. All parties would benefit from stability, so the combined rate should be around 25%. That is still lower than what we pay now.*

2. I want better benefits and to pay less than 9.8% of my salary but the proposed combined contribution rate looks too low. Let's not set things up so we could be back in dispute in 3-6 years.

*3. A joint statement on USS, **earlier this year from UCU and UUK** called for "demonstrably sustainable" contribution rates. It is more important to me to get decent retirement benefits for the long-term than it is to save a little money each month. I'd pay more than the suggested employees' share of 6.1% of the total 20.6% for peace of mind.*

4. I think employees should be paying a smaller share of the combined pension contribution. If the notional scheme surplus is retained, employees can sustainably pay lower contributions. Don't let employers pay any less on the back of the current notional scheme surplus. 5. In my view, the employers drove the cut in benefits and they should pay to get us back decent benefits at a price workers can afford. Can we adjust the historic split of contributions which has always been 70:30 (with minor changes split 65/35), so that workers pay less?
6. A simple solution for the restoration of benefits and the recovery of what was lost during 2022-24 is required. We want security as quickly as possible and to pay USS as little as possible to manage the process.

7. I'd like to pay at least the same amount as currently and see better retirement benefits. Are the SWG and USS considering improving benefits? I'd like to see a higher accrual rate/more going into a DB pension/better inflation protection/all these. If TPS affected employees have a better pension, why can't we?

8. I understand that this valuation and this round of negotiations have considered a limited range of issues to allow for a rapid restoration of benefits. However, I would like the next round of negotiations to consider improved benefits. Our pension benefits compare poorly against workers in local government, the NHS and even TPS affected employees in Higher Education. Please explore offering better benefits.

9. The recent rapid rise in interest rates has led to the notional surplus in USS, but we must be cautious. I think our investment portfolio is too risk averse. I worry that the weight of gilts reduces the medium- to long-term growth of assets and could leave us open to another notional deficit if rates plummet again. Contribution rates must be higher than 20.6% until we change investment strategy, if we are to avoid the risk of further swings from surplus to deficit and back.

10. I am looking forward to a plan to develop a low cost option for this pension scheme, which might help casualised workers in Higher Education. However, I am really worried that UUK will use this as an opportunity to introduce a low value DC option which while amplify existing inequalities. I hope this work will consider how affected employees can benefit from a DB scheme through, for example, tiered *contributions or other scheme designs. I hope to see careful consideration and information about that work emerge once the valuation methodology is fixed and the governance reform concluded.*

11. Cutting contribution rates sounds great but it benefits employers much more than us employees, as they get 2/3 of the saving. I want better benefits or to pay a lower split of contributions, rather than helping out employers.

12. During a recent UCU presentation on pensions, someone mentioned a "corridor" for contribution rates. I'd like to see some mechanism to help to lower volatility in contribution rates.

13. Before lower contribution rates I want to see compensation or recovery of what affected employees lost between 2022-24. UCU consistently argued that the USS valuation made in 2020 was driven by the impact of Covid on markets and that the deficit was "notional", but our benefits were cut. That's guaranteed pension we lost and we lost wages taking action to win it back. I think affected employees need to see some level of recovery or compensation for this loss before contributions are lowered.

14. This notional surplus is affected employees' money, it is deferred salary. It should be used to compensate affected employees for the unnecessary cuts in benefits, rather than used to guarantee stability while contribution rates, predominantly benefiting employers, are cut.

15. I'd like to see contribution rates maintained while there is some effort to deal with intergenerational unfairness. Some older USS affected employees may have final salary pots and career average DB pots, while younger affected employees have only a limited amount of career average DB pension. That means younger affected employees will enjoy a poorer standard of living in retirement, which is not fair. Please try to find a solution for this.

16. I understand that USS is an open DB scheme which is cash rich, i.e.: more comes in in payments than must be paid out. If contribution rates are currently a little higher than necessary, can we use this to offer compensation for the cuts? It looks as if £125M is "over paid" each month, which gives us a pot of £1.5bn in a single year for compensation. That still leaves the notional surplus to ensure we do not swing back to a notional deficit in 2026.

17. I have heard that UUK will hand over responsibility for negotiating with UCU on USS to UCEA. Given how they respond to UCU claims on pay and conditions, I think this is a terrible idea.

5. Contributions above the salary threshold to the defined contribution (DC) part of the scheme, the USS Investment Builder Do you have any comments or suggestions in relation to this part of the proposals?

UCU recognises that many scheme affected employees will formulate their own responses to this question. However, some scheme affected employees may welcome some suggestions of points to consider. All submissions will carry more weight if expressed in the member's own words.

1. I am happy with this size payment into my DC pot and with the split of contributions between me and the employer.

2. I am happy with this size payment into my DC pot but I want the employer to pay more. If the usual split (for DB) has always been 70:30 (with small changes split 65/35), why is this not mirrored here?

3. I just want a DB pension as this is far more predictable and would help me plan for retirement. I want to see work by negotiators to further increase the DB/DC threshold or to end DC altogether.

4. Can options for DC funds be improved so that I am confident I am only supporting ethical investments?

5. Can the default for the DC funds be the ethical option?

6. Can I use my DC pot to buy more DB pension? That would give me a more secure retirement.

7. If employers will get so much more benefit from the likely contribution rate cut, I think they should contribute more to the DC pot than 60%.

APPENDIX 5: RECOGNISED TRADE UNION AND ELECTED REPRESENTATIVE RESPONSES

University and College Union (UCU) branches

1. Imperial College, London

Imperial UCU fully supports all three of the JNC's proposed changes, and would like to stress that UCU remains committed to the Defined Benefit (DB) pensions. We note the comments by the Provost during the October 2023 “In conversation with the President” - after summarising the recent agreement to restore USS benefits to their pre-2022 levels, Professor Walmsley went on to suggest that, in relation to the future of the scheme, “Defined Benefits alone are unlikely to be the way forward.” While we share the view that the USS scheme requires both a new methodology and a new governance, UCU wishes that the DB element continue to be provided. The trustee believes that the current contributions – far lower than for other pension schemes at Imperial – are sustainable in the medium term, and there is a sustainability working party to ensure that the current scheme remains sustainable. Any abandonment of DB would constitute a significant change to terms and conditions of employment and so would need to be negotiated with UCU.

We are concerned to hear that take up of the USS pension is not universal, however, we strongly oppose a two-tiered solution. Any two-tiered scheme is likely to provide a cheaper, inferior pension, most likely taken up by those on lower salaries (predominantly those earlier in their career); this would further entrench the generational unfairness that has characterised changes in the USS pension over the last 15 years.

2. Keele University

1. We support the change.
2. We support the change.
3. We support the change.
4. No alternative suggestions.
5. No comments.

3. **University of Southampton**

Southampton UCU believes that our members are very supportive of the changes proposed. We are proud that because of the mobilisation and sacrifices of UCU members at Southampton and nationally, the significant retrenchment made to our pensions will be reversed by 1 April 2024. However, the Branch Executive Committee remains concerned that the way in which our pension is managed has led to very large swings in valuations and reactionary increases in contributions and reductions in benefits over the past several years. We believe there is more negotiation and vigilance needed on this in future.

4. **University of Exeter**

MONTHLY HR – TRADE UNION MEETING, Tuesday 17 October 2023

1. Notes of meeting The notes of the meeting held on 26 September 2023 were approved.

2. USS Consultation Andrew Johnson gave a presentation on the USS 2023 Consultation as follows:

• Recap of the current USS scheme: USS is a hybrid scheme made up of the 'income builder' (defined benefit scheme; DB) and 'investment builder' (defined contribution scheme; DC). There is a legal requirement for the DB scheme to be valued every three years. The last valuation was 'as at March 2020' and the next valuation will be 'as at March 2023'. The valuation is a comprehensive assessment of the DB scheme financial position with the whole package of benefits included.

• Current USS benefits: Benefits are accrued in the DB section of the scheme up to the salary threshold of £40,000 Above the salary threshold of £40,000, benefits accrue in the DC section of the scheme. DB accrual of benefits: 1/85th of salary (up to salary threshold) per year (+ retirement lump sum) Contribution into DC savings: 20% of salary above salary threshold (8% staff +12% employer)

• Current Contribution Rates The combined contribution rate is 31.4% of pensionable salary. From employees: 9.8% staff (+ tax relief) From employers: 21.6% employers

• 2023 Valuation timeline

• Valuation outcomes: At 31 March 2023, USS has a funding surplus of around £7.4bn, around 111% funded The combined member and employer contribution rate required to fund the current benefits provided by USS would reduce from the 31.4% to 16.2% The proposal is for a combined contribution rate of 20.6%, made up of employer contribution of 14.5% and employee of 6.1% used to fund a reversion of benefits to their position prior to the changes made following the last valuation. There have been significant changes in the economy since the last valuation – over 10 years of declining interest rates have reversed (reduced the value of the scheme's liabilities). At the same time, the cost of making new pension promises – the 'future service cost' – has fallen because the price of assets required to back those promises has reduced, which means we can expect to make greater returns on those assets in future.

• Technical Provisions The USS trustee consultation with UUK (the representative body for employers) on technical provisions is now closed.

• 2023 Member Consultation Consultation with scheme members commenced on 25 September, closing on 24 November. USS members at the University of Exeter have received an email from the Director of HR and Chief Financial Officer with the formal notice of the consultation and information on the proposals More information can be found at https://ussconsultation2023.co.uk/members. It is possible for members to use the modelling tool on this website to understand how the changes could impact them. Views given on the consultation website are anonymous. Members have been asked for comments on the following:

• whether the salary threshold should increase (from £40K to £66K);

• whether the accrual rate should increase (from 1/85 to 1/75);

• the higher cap on DB benefits increases; and

• the member/employer share for 20% DC contributions (currently 8% employee, 12% employer). The University is seeking views from the Trade Unions on these proposals. Members' responses (and the notes of this meeting) will be considered before a final decision of changes to benefits is made by the Trustee based on JNC recommendations. The proposed changes to changes are expected to come into effect in April 2024.

• Benefit Augmentation Proposal This is subject to separate consultation processes by both UCU and UUK. The proposal is to provide a one off DB augmentation to be funded from the £7 billion surplus. The Pensions

Officer for UCU confirmed that there has been an online consultation of UCU members on the benefits of augmentation. UCU is encouraging members to vote to accept this. In response to a question from the Unison representative Alison Rose confirmed that the 1% AVC was stopped in 2018 and is not being considered for reinstatement. The Pensions Officer for UCU confirmed that Exeter UCU would support the combined contribution rate being higher than 20.6% for to ensure future stability and to protect against a technical provisions deficit in the future. Andrew Johnson agreed to report this through to UEB as part of the outcome for consultation. The Pensions Officer for UCU also requested a joint statement stating that both sides are committed to retaining benefits as they are on same cost sharing mechanism. Andrew Johnson indicated that this can be included in future conversations around the joint statement, but it would be challenging for the University to make commitments in 2023 for what might happen in 3 or more years time.

5. University of Manchester

Pertinent points in relation to the consultation:

· Concern re contribution rate being too low, which will likely lead to future contribution and/ or benefit changes

· Concern re level of inflation proofing for pension increases

6. University of Stirling

Q1.Salary threshold increase

Stirling UCU branch approves of this return to previous benefits. We note that UCU representatives on JEP have always maintained that DB at previous levels was affordable, opposed the reduction in the threshold and underwent an extremely costly strike in defence of these arguments. Given that USS now accepts that there was no problem with affordability, UCU Stirling requests that the question of pay restoration on this point is explored.

We note, too, that an agreement around restoration of lost DB benefits has since been reached with 91% of UCU members nationally supporting this.

Q2.Accrual rate increase

Once again, UCU Stirling supports the restoration of accrual rates, but again notes that our position has always been that the Pre-2022 benefits were affordable. Since we have been proven by events to be correct, employers should look at compensating staff who took strike action using their savings from lower contributions.

Q3.Higher cap on future pension increases

We support full index-linking of pensions in the retirement income builder. The proposed steps are an improvement, but given recent volatility in inflation rates, the affordability of full linking should be explored.

Q4.Do you have any alternative suggestions?

These questions do not explore the crucial question of what should happen to the money saved by employers when contribution rates are lowered. UCU Stirling is ambivalent about the reduction in Staff contribution rates- we acknowledge that this represents a de facto pay increase. However, we are aware that neither university employers associations nor any individual institutions have outlined how they will save the money saved by lower contribution rates.

UCU Stirling believes that this money is a committed staff cost. If it is not going to be used to increase pension benefits (which seems impossible given recent national agreements) then employers should commit (either collectively or individually) to using these savings to help restore some of the real-terms pay erosion that staff have seen since 2008

Question 5

20% on a 2:3 employee/ employer ratio is in line with other cost sharing arrangements in the scheme. If the 20% is to remain unchanged, then there is no reason to alter this ratio. If any reduction is to be made in employer contributions, then it must be explained how this money will be reallocated elsewhere in the scheme (or in enhanced Staff pay) -this change cannot just be a pre-text for employers to lower contributions and bank the [sic]

APPENDIX 6: OVERVIEW OF ANALYSIS APPROACH

The consultation requirements state that affected employees and their representatives must be able to give their views on the proposals. The consultation was constructed as a series of questions on the proposed benefit changes to help individuals understand and specifically address the key aspects of the proposals.

All questions allowed a free text response and were of unlimited length – this approach and the inclusion of a general question 4, ensured respondents could leave any response they wished.

The Trustee, via the consultation team, could see and review all responses received via the website.

Employers accessed their own employees' responses via the employers' consultation website, and employees could also provide responses directly to their employer – the employer was required to forward to the Trustee any responses which were received directly from employees (oral or written) and confirm if they had not received any responses. Employers could also upload to the website any responses received from an appropriate Union or member representative and could also upload to the Trustee their own views on the proposals, having read their employees' feedback.

The Trustee downloaded the responses regularly over the period of the consultation. Each response was individually analysed by question with central tracking of response, download and individual question analysis numbers.

The following process was then followed:

For each question a first sift was done to identify if that question had not received a response (either blank responses, or those which consisted of "n/a", "no comment" etc). These responses were not analysed but their numbers were recorded.

If the question had received a response, that response was then read.

Where the response addressed that question:

Firstly, the general sentiment of that response (primarily whether the proposal is agreeable or not agreeable to that individual) was recorded as positive/negative;

The detail of the response was then considered to identify:

Which element(s) of the proposal were particularly more- or less-favoured (if any);

The reason(s) for that position (if possible); and

Views on any alternative proposal(s) or approaches which might be acceptable.

All responses were submitted anonymously unless the individual chose to make their details known.

A layer of assurance was added by carrying out a peer review. In this review, the team put forward a sample of responses for each question, which were then analysed by another member of the team, and a comparison of the original and reviewer analysis took place so as to ensure consistency.