USS Review Working Group

UUK – information on USS Trustee's proposal under Rule 76.4

The University's Council has established the USS Review Working Group ("the Group"). One of the roles of the Group is to respond to consultations from Universities UK on behalf of the University of Oxford.

The Group met on 17 July 2018 to consider, amongst other matters, the confidential Briefing paper for USS Employers from UUK on the USS Trustee's proposal under Rule 76.4. The paper set out 7 areas UUK would welcome employers' views on the proposed approach.

The proposed response drafted by the Group on behalf of the University submitted to UUK is as follows:

1. Ability of employers to make higher contributions
2. Phasing of contribution increases – 21% 2019/20, then 24.9% in 2020/21

Based on a review of high level financial analysis, the University could afford to pay the proposed increases in contributions in the short term but these additional costs would require difficult decisions involving financial priorities to be made by departments, faculties and the appropriate University committees and Council.

In the longer term the University would require further details and analysis on the consequential impact and so is unable to comment at this time on the longer-term ability to sustain contributions at a higher level.

3. Phasing of employer contributions in 2019 /20 – 19.5% for six months from April 2019, 22.5% from October 2019

The University had no strong preference for implementing a phased approach. A phased approach would add unnecessary complexity (both communications and administrative). In contrast, phasing would be more cash flow beneficial to the University in the very short-term. The phasing may allow time for any changes that might result from the JEP/JNC process to be adopted.

4. Impact of higher contributions on members:

2019/20 8.8% for six months from April 2019, 10.4% from October 2019, followed by 11.7% from April 2020

Phasing could be beneficial as it would allow members to plan for the stepped increase and allow members to assess the impact on their personal finances over the short-term.

The University felt increased contributions may lead to increased member opt-out rates particularly for those earlier in their careers and on fixed term contracts. This was likely to be a small effect and the majority would pay the increase, although it had limited data available to support this view.

.

,

5. Removal of employer contribution on salary above the threshold (Rule 76.5)

The University would prefer to maintain employer contributions above the salary threshold as this would maintain the same standard of pension provision for those currently earning above the threshold.

6. Broader implication of materially higher employer contributions *The University agreed it was premature to consider the broader implications around collective support at this stage.*	
7. 12 month implementation period *The University did not have a strong view on the implementation period for any scheme changes but noted having clarity over timescales was important.*	