University of Sheffield (UoS) Universities Superannuation Scheme (USS) Working Group

Meeting 14 August 12:15pm

Crucible Room, Level 6 The Arts Tower

Attendees:
Professor Mike Hounslow, Vice-President & Head of Faculty of Engineering
Ian Wright, Deputy Director of HR
Suzanne Duke, Head of Reward
Dr Jo Grady, Senior Lecturer, Management School / UCU Pensions Officer
Dr Sam Marsh, University Teacher, School of Maths & Statistics / UCU Branch President
Laura Carter, Deputy Pensions Manager (taking notes)

Apologies:
Robert Hebblethwaite, Assistant Director of Finance
Other members to join as staff representatives once identified

Meeting Notes

1. Welcome and introductions

Ian Wright gave background to the formation of the group. The purpose was to collectively aid the University’s understanding of matters relating to the USS pension scheme, and inform its response to employer consultations in a way that is evidence-based and representative of both scheme members and the University.

The group will report periodically to the Joint Unions Campus Committee (JUCC) and provide updates to the University Executive Board (UEB) and the President and Vice-Chancellor.

The aim was to ensure the group was open and transparent. Information from the group would be made available on the University web pages.

2. Agree Terms of Reference

The terms of reference were circulated to the group for their agreement.

It was noted Professor Hounslow had been invited to the group as a representative of UEB.

It was noted that there had been invitations for expressions of interest for staff representatives. As at the closing date there had been two expressions of interest.

Two of the representatives that had served on the group back in 2017, when the process had begun had also expressed an interest in continuing to participate in the group. It would now be for the campus unions to select the four staff representatives.
3. **Background and Key Issues**

The background to the need for the valuation was discussed and how this impacted on the UoS and its members which number in excess of 5000.

The key areas of concern include:
- Test 1 – trying to understand the rationale for it, what behaviours it drives in relation to the level of risk carried in investments and whether in itself it contributed to the problem
- Cash flows in the scheme
- Levels of risk employers are prepared to take

It was noted the Joint Expert Panel (JEP) had been created, as an independently operating group to analyse the basis used for the triennial valuation.

In the meantime, USS were obliged by the Scheme Rules to address the current deficit in line with timescales imposed by the Pensions Regulator. This had led to the implementation of Rule 76, which was introduced under the changes in 2011 and refined in 2014. Rule 76 implemented cost sharing with 65 percent of the cost being borne by the employer and 35 percent by the member. In addition, the implementation of this Rule from 1 April 2019 would mean the removal of the 1% match.

The group discussed the issues surrounding the appetite for risk from the view of both employer and member.

Further discussion was held around the role of the Scheme actuary and assumptions in a valuation process.

The group further discussed the historical importance of defined benefits schemes versus defined contributions schemes in reference to the UK, attitude to risk, and differing views in other countries such as Australia and the United States. The staff representatives explained why they believed defined benefit schemes were considered to be greatly preferable to defined contribution schemes by members.

4. **Anticipated timeline**

A consultation would begin from 3 September 2018 and run for sixty days.

Any changes to contributions would be effective from 1 April 2019.

5. **Any other business**

The group were asked to consider how communications to members may be improved to ensure full engagement in the valuation and consultation process.

6. **Next Meeting**

The group proposed the next full meeting would be held on 8 October 2018.

The group also suggested a meeting excluding Professor Houslow (due to availability) should be held in mid-September in order to ensure the four staff representatives were brought up to speed in advance of the next meeting.