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Dear Stuart

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Re consultation on the indicative outcomes of the Valuation due 24 May 2021

Thank you for all the information provided. Our responses on behalf of the trustees and management are detailed below.

Our trustees are concerned that every option on the table appears to be a poor deal for members and employers.

We are concerned that there appear to be valid criticisms of the USS valuation methodology and the USS chair has been remiss in rejecting the UUK request to conduct a formal review of the assumptions.

We have not completed the detailed questionnaire which appears to be asking us to choose from various options, with flawed methodology or assumptions. Yet again there are not enough options on the table to be able to make informed choices. We fully understand that the covenant support needs to strengthen, and that changes to future benefits are almost certainly inevitable.

Our membership of the scheme is insignificant overall, having only four members.

Therefore we are particularly concerned about the prospect of a 20 year rolling moratorium, which is a very long time period, for a small dynamic organisation, and a Section 75 debt which is for an organisation our size, a very large significant contingent liability, that affects our reserves planning, and our whole strategic direction.

Our size means we do not have the resources to fully interpret detailed actuarial reports and scenarios.

It does not seem appropriate for us to comment on the secured debt elements to the covenant strengthening as we do not have any debt, and in any case are likely to be under the de-minimis limit when defined.

We do agree that the contribution levels for employees and employers are already around the maximum sustainable. We believe that the assumptions and methodology need to be reviewed, and hope the covenant can be strengthened enough to keep contributions at this level.

We are concerned about affordability of pensions for new members so would welcome some flexibility/lower cost pension plans for members, but we do not have the expertise to suggest what these may be.

If all avenues are exhausted then we accept that there may need to be changes to the hybrid benefit structure, which we broadly support. However we would like more details about the options and financial impact on pensions for our four members, and the large number of USS members in our wider academic community. We would need more clarification before we could comment on the conditional indexation or other conditional benefit models mentioned.

In light of recent criticisms by unions and in the press, regarding the valuation methodology and responses from the Trustee, we support the calls in the press for a post valuation governance review.

A handwritten signature in black ink that reads "Sally Hardy". The signature is written in a cursive style with a long, sweeping tail on the letter 'y'.

Sally Hardy  
Chief Executive officer and Company Secretary