**UUK information gathering, October 2018**

Name of Respondent: Professor Tim Jones

Position: Provost and Vice-Principal

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USS Employer: University of Birmingham

We welcome the completion of the first stage of the JEP review and its contribution to the USS 2017 valuation process. We recognise the efforts of the JEP and its recommendations for a way forward.

The HE sector is facing growing levels of uncertainty over financial sustainability as a result of the review of Post 18 education and funding; Brexit; pay; and pensions. The response to the USS valuation needs to be considered in this context.

In our October 2017 response to the UUK survey of employers, we referenced a need to find a solution to the valuation that provided a balance of affordability of contributions, ongoing benefits and risk. As part of a balanced approach we would see an increase in employer contribution levels from 18 to 20% as the maximum we could sustainably pay without causing material financial strain to the institution which would have consequences for our use of resources, particularly in the context of the considerable sector uncertainty noted above. Our position on this has remained consistent.

Based on the 2017 valuation we stated previously that we saw the overall level of risk being proposed in the valuation approach, and the consequent reliance upon the employer covenant, as appropriate. If employers were to accept higher levels of risk, we would anticipate that the Trustee and the Pension Regulator would require employers to agree to additional measures as part of the employer covenant, such as trigger factors. We would want to understand the additional risk and the associated measures as part of a balanced package. In addition, we would want to assess the potential impact of any proposal on the covenant of the sector and this University, noting the last-man standing nature of the scheme.

We want to avoid the higher and unsustainable employer and employee contributions required by section 76.4 which are to be implemented in April and October 2019 and April 2020. Time is very short if a new set of proposals are to be agreed via the JNC to replace the section 76.4 measures. We welcome the recent suggestion from USS of a March 2018 valuation as a practical way forward. We would also encourage all those involved in USS to work towards longer-term solutions.

This and all our previous responses have been agreed by a sub group of Council established with the delegated authority to approve submissions in relation to the 2017 USS valuation.