

UNIVERSITY OF ABERDEEN
POLICY AND RESOURCES COMMITTEE

MINUTES OF TELECONFERENCE HELD ON 21 FEBRUARY 2020

Present: Anne Minto (Chair *by teleconference*), Nuala Booth, Karl Leydecker, Gary McRae (*by teleconference*), Lyndsay Menzies (*by teleconference*), Cecilia Wallback, David Watts (*by teleconference*) and Neil Vargesson (*by teleconference*); with David Beattie, Craig Sheritt and Ruth MacLure (Clerk).

Apologies: George Boyne, Debbie Dyker and Steve Cannon.

22 DECLARATION AND FORMAL BUSINESS

22.1 David Watts declared an interest as UCU nominee on Court.

23 UUK / USS CONSULTATION

23.1 On 14 February 2020, the Policy and Resources Committee had received, by circulation, the University's draft response to a Universities' UK consultation on whether an improved pensions offer should be made. This was noted to have been made in an attempt to avoid 14 days of strike action. A 0.5% contribution swing (in which the employer would pay 0.5% more and the employee 0.5% less) had already been rejected by UCU.

23.2 UUK had further noted that: *"In collating replies to this question we will calculate both the absolute number of employers that answer 'yes' and 'no' and also the weighted numbers (by number of active USS members). If there is a weighted majority in favour we will make this offer to UCU. If there is not, we will stand with our current mandate of 21.1% and ask all employers to respect this as the collective employers' position."*

23.4 The University believed that a significant number of large Universities were in favour of making an increased offer, so it was felt likely that the University would be pulled along by the majority, irrespective of its own views.

23.5 Whilst acknowledging that this would come at additional cost to the University (each 1% costs circa £750k and in total around £1.2 million), the University proposed and PaRC endorsed the following response, which was considered to be a sensible approach and allowed the University to demonstrate that it was endeavouring to resolve the dispute.

"RESPONSE TO UUK

I refer to the e-mail of 10 February regarding the employers' position in the USS dispute.

*The University is willing to make an offer of a **maximum of 1%** contribution swing on the conditions as outlined in the e-mail being:-*

- The variation in contribution rates would apply until September 2021.*
- This would offer a bridging period whilst discussions on alternative pathways for the 2020 valuation are held, and until the outcome of the 2020 valuation is known.*
- Following this period the default 65% employers/ 35% members contribution split to changes in contributions (from the current rates of 21.1% and 9.6%) would apply for the 2020 valuation, subject to negotiations.*
- Employers are committed to full exploration of the JEP2 report recommendations through the tripartite talks, including (but not limited to) promoting a new approach to the 2020 valuation methodology, progressing governance reforms, greater transparency and jointly agreeing new valuation principles and scheme purpose.*
- If UCU was not able to agree to the conditions below, the offer would be withdrawn.*

With a further condition that this is not backdated and is introduced from 1 March 2020."

- 23.6 On 18 February, the University received the consultation response from UUK, which included the following statement, which was circulated to PaRC:

“93 employers (84% of those responding to the poll) confirmed that they did not wish to make a new offer to UCU, supporting holding the current position of 21.1% employer contributions and 9.6% member contributions for this valuation period. These employers employ 55% of the active members in the scheme

Given that there is not a majority, nor a weighted majority, in favour of a new offer we will stand with our current mandate of 21.1% and ask that all employers respect this as the collective employers’ position.”

- 23.7 PaRC noted that as there would be no improved offer, strike action would almost certainly commence. PaRC also noted that over the next few days, the University would circulate a further consultation document relating to the Joint Expert Panel’s (JEP) second report. This needed to be submitted by 28 February, so would need to be completed by e-mail circulation.

24 JEP PHASE ONE CONSULTATION

- 24.1 On 19 February, the Policy and Resources Committee (PaRC) had received, for comment by circulation, the University’s draft response to a First Consultation on the Joint Expert Panel’s Report and on related Matters for the 2020, Actuarial Valuations, closing date 28 February 2020. It had been agreed to arrange a teleconference of PaRC to discuss the documents.
- 24.2 The Committee considered the document, section by section, and provided feedback to the Director of Finance on the draft response. It was agreed to be important to seek an agreed statement on USS by all three parties. In general, it was felt better to provide positive feedback rather than to highlight areas of difference or difficulty.
- 24.3 The Committee noted that the consultation was being undertaken on the common assumption that the Scheme would remain open. This being so, it was agreed to ask the Scheme Trustees to reconsider the extent of their emphasis on the triannual valuation, which was currently the main driver of the risk strategy.
- 24.4 The Committee discussed an increased level of opt-outs by individuals from the Scheme and considered whether to reference statistics on the reported reasons for this decision, within the response. Concern was expressed that this might destabilise the covenant. The Committee was reminded of its role in agreeing the best response on behalf of the University.
- 24.5 The Committee noted that Trinity College (with over £1bn in assets) had intimated its intention of withdrawing from the Scheme, at significant cost to the institution. The USS had issued a moratorium on any others following suit.
- 24.6 It was agreed to submit individual comments to the Director of Finance, as soon as possible, with a view to circulation of an updated draft early in the following week, for final agreement.
- 24.7 The Chair thanked members of the Committee for making themselves available at short notice to participate in this teleconference and looked forward to the next formal meeting, scheduled for 3 March 2020.