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2 October 2017

Dear Bill,

Thank you for your reply to my letter and, in particular, for your account of the consultation process which accompanies the valuation.

I was disappointed not to receive any substantive response to the questions I posed. You say: "It simply isn't possible for the trustee company to agree to engage with individual members ... to the level you are asking for." I would like to emphasise that I was writing on behalf of over 1,800 USS members who signed a petition calling for transparency, with questions pertinent to the workings behind the figures in the draft valuation document [1]. Given this context, I disagree that the engagement requested was impossible or unreasonable.

You suggested sending questions either via the University and College Union (UCU) or through my employer. While I have and will continue to engage with both routes, I don't consider this to be a satisfactory solution. Discussions which take place at the joint negotiating committee at which such questions would be tabled are confidential, with minutes that are not currently made public. It is difficult to see how pursuing these avenues would result in the levels of transparency demanded by those signing the petition.

I urge you to reconsider providing a public response to the questions posed in my previous letter. Many of the answers must be at hand and easy to release, such as the figures relating to the trustee's 'Test 1' requested in questions 2 and 3. Test 1 is of central importance to the valuation: my calculations [3] show that the change to investment strategy it mandates increases the scheme's liabilities by around £9.9bn, turning a presumed £4.6bn surplus into the stated £5.3bn deficit. Employers are being consulted on the level of investment risk they are willing to bear without being given crucial information on how that risk interacts with reward. How can they meaningfully complete the consultation without this data?

As a final point, First Actuarial, in their analysis commissioned by UCU [2], have questioned the accuracy of the stated future service costs in [1], finding that, under the assumptions contained there, the required contribution rates decrease significantly over time. That the consultation with employers may be taking place against a backdrop of flawed information and analysis is deeply concerning for many members.

Calculations and statistical models are susceptible to unintended and undiscovered errors and flawed assumptions, and it is for precisely this reason that the academic community values full transparency so highly. Reflecting on this point will, I hope, help you to understand why those signing the petition are demanding such high standards.

With kind regards,

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Sam Marsh', with a stylized, cursive script.

Sam Marsh
School of Mathematics and Statistics, University of Sheffield

cc: Professor Sir David Eastwood, Chair of USS trustee board
The members of the USS trustee board
Frank Field MP, Chair of the Work and Pensions Select Committee

References:

[1] 2017 Actuarial Valuation: A consultation with Universities UK on the proposed assumptions for the scheme's technical provisions and Statement of Funding Principles

[2] Report for UCU: Progressing the Valuation of the USS, First Actuarial, 15 September 2017, available from <https://www.ucu.org.uk/uss>.

[3] Calculations available at http://sam-marsh.staff.shef.ac.uk/uss/docs/asset_growth.xlsx