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Professor Sir Keith Burnett  
Vice Chancellor  
The University of Sheffield  
Firth Court, Western Bank  
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25 January 2018

Dear Keith,

We are very concerned at the outcome of yesterday's meeting of the Joint Negotiating Committee, which pushed through Universities UK's proposal to end accrual of defined benefits in the Universities Superannuation Scheme. This outcome is now set to lead to heavy industrial action, not just in Sheffield but at sixty other institutions around the country.

Having served on the University's USS Working Group for the past year, we believe members of our committee understand the funding situation of USS as well as anyone. And we are entirely unconvinced that the changes that are now imminent are necessary or unavoidable.

Throughout multiple consultations, the working group found itself short of the information needed to form a fully considered response, particularly with regards the risk management metric known as Test 1. This was reflected in the University's formal responses, with

"There remains significant challenge to lack of clarity surrounding Test 1 and the impact on the valuation and the behaviours it drives" [1, p2]

and

"To properly understand the extent of the problem that needs to be solved and the level of risk being carried by the employers under the proposals the University requests that the lack of clarity over the application and impact of Test 1 should be seen as a matter of urgency to address by the USS Trustee in the interests of engaging stakeholders openly and transparently in the valuation process." [1, p4]

Where the University did comment on matters concerning Test 1 and its associated de-risking, it was not enthusiastic, writing "the University is unconvinced that such an approach to funding the scheme is needed or appropriate" [2, p3], with the working group adding that if Test 1 were to remain then it "would support its application to be in the loosest possible terms acceptable to the trustee, which would minimise its impact" [3, p3]. Later, the university emphasised that it considered "the levels of risk built into the original valuation proposals (in September 2017) to have been acceptable" [4, p2].

While these matters sound peripheral to the dispute, they are in fact at the heart of the matter. Had Universities UK called for Test 1 to be applied in the “loosest possible terms acceptable to the trustee” in March, we calculate that there would have been no funding problem in the 2017 valuation; in other words, the scheme would have been able to continue unchanged. Later, had Universities UK accepted the September valuation, rather than calling for increased de-risking, there would have been affordable solutions for retaining a secure defined benefit scheme, such as those proposed by UCU. Instead, Universities UK have, at each stage, pushed for a valuation that moves the retention of a defined benefit scheme out of reach.

We are aware that the future of USS is not a matter that can be decided by you alone. Yet, your representatives have acted in your name to push through changes that could have a hugely damaging effect on this university. You have promoted the need for all staff to have “the courage to think differently” and “to feel empowered to promote change” as part of the University’s drive to encourage leadership. In your final year in your role, we call on you to show such leadership now, and effect change within Universities UK at this crucial time, for the good of this university and its staff.

With kind regards,

A handwritten signature in black ink, appearing to be 'S Marsh', written in a cursive style.

Dr Sam Marsh, Communications Officer  
on behalf of Sheffield UCU

cc Paul Blomfield MP

References:

- [1] University of Sheffield Response on the technical provisions consultation document
- [2] University of Sheffield Formal Response to the Valuation Technical Document
- [3] USS Valuation Working Group - Output and Recommendations on the Valuation Methodology
- [4] University of Sheffield Response to UUK's proposal

All available at <https://www.sheffield.ac.uk/hr/thedeal/pensionupdates/ussvaluation>