

This is the official response of the University of Sussex, submitted 23 October 2018.

Question number	Question	Proposed Sussex Response
1	Would your institution support the JEP recommendations regarding the 2017 valuation (Table 2 page 10 of UUK consultation document), in overall terms subject to the acceptance of such a position from the USS Trustee (and TPR as appropriate)?	The University would support the recommendations if accepted in full by USS trustee (and TPR if relevant)
2	What further information would you need to provide a final view for question 1?	<p>The University would need to understand whether the USS trustee would seek additional reassurance for the fact that these assumptions would carry more risk than their proposed valuation at 31 March 2017.</p> <p>For example, there may be requirements from USS which we can speculate and comment on.</p> <ul style="list-style-type: none"> <li>• We remain of the view that offering contingent assets remains extremely difficult both in practical terms given that we have a 'negative pledge' with our lenders and in terms of the University as a charity offering underpinning for liabilities other than the charity's own.</li> <li>• We would not welcome any proposals to lock cash away in an escrow account arrangement which would deprive the University of the use of the cash, produce no return and be uncertain of being returned to the University.</li> <li>• We would also be severely concerned should USS reignite its proposal of trigger contributions which would be required from sponsoring employers when certain financial conditions occur and with very short lead times to adapt.</li> </ul> <p>These may or may not form part of any possible proposal for the USS trustee to accept the scheme</p>

		running at higher risk. Any requirement for underpinning of the risk and the likelihood of it being triggered is fundamental to an assessment of the overall acceptability of the proposed solution. It would also be important to know whether any funding required to meet such future risk would fall uniquely on employers or be shared with scheme members.
3	Employers currently pay 18% towards the USS scheme and the mandate agreed immediately following the Acas discussions was 19.3%. If the recommendations of the JEP were accepted <u>in full</u> by all the parties, the outcome would be that existing benefits – minus the employer match of 1% [if employees opt to pay 1% of their salary into DC pit it is matched by the employer]- could be provided at an indicative employer contribution of 20.1% of salary (with a member contribution of 9.1%) (a) Would you accept employer contributions at that level? (b) if not what balance of additional risk, higher contributions and /or benefit change would you prefer to see as an outcome?	We have already budgeted for a minimum of 19.3% of salaries. The additional increase in employer contributions to 20.1% could be accommodated by reducing costs or investment.
Approval processes	UUK would like responses which can be confirmed as being the formal view of the employer. Each response should indicate how the view put forward was reached. We strongly recommend that employers ensure they have sought the necessary input from their governing bodies.	The University Executive Group prepared a briefing paper and draft response which was discussed at briefing meetings of independent members of Council (9 October) and non-independent members of Council (18 October). Minor clarifications were made to the draft which resulted in the final response above, which was approved at a quorate full meeting of Council by teleconference on 22 October 2018.