



Clément Mouhot
By email

Reference: FOI-2018-194

6 April 2018

Dear Professor Mouhot,

Your request was received on 10 March 2018 and I am dealing with it under the terms of the Freedom of Information Act 2000 ('the Act').

You asked:

Please send me the minutes and all documents associated with the minutes of the Finance Committee and of the Pensions Working Group and all documents associated with these minutes of the period from from 1 January 2018 to 10 March 2018.

The University sought clarification of the scope of your request on 14 March 2018 as follows:

Do you seek the entirety of the agendas, papers and minutes of the Finance Committee and the Pensions Working Group in the period listed, or just extracts about certain topics of business?

You replied on 15 March 2018 to confirm that you sought the entirety of the documentation.

The Minutes of the Pensions Working Group from the period are attached, with one small redaction which is made under the same exemption as that cited below. Please note that the attached documentation should not be copied, reproduced or used except in accordance with the law of copyright.

The remainder of the documentation sought is exempt under sections 36(2)(b)(i) and (ii) of the Act. In the reasonable opinion of the Vice-Chancellor (who is the University's 'qualified person' to make such decisions), its disclosure at this point in time would be likely to inhibit the free and frank provision of advice and/or the free and frank exchange of views for the purposes of deliberation.

The Old Schools
Trinity Lane
Cambridge, CB2 1TN

Tel: +44 (0) 1223 764142
Fax: +44 (0) 1223 332332
Email: foi@admin.cam.ac.uk
www.cam.ac.uk



UNIVERSITY OF CAMBRIDGE

Registry's Office

As this is a qualified exemption, the University has considered whether, in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. The general public interest in the University's discussions of financial matters is met by the information published in the *Reporter* (<https://www.reporter.admin.cam.ac.uk/>) and by that available, both within and in some cases beyond the University community, on the Governance website (<https://www.governance.cam.ac.uk/Pages/default.aspx>). The detailed documentation you seek from the Pensions Working Group and the Finance Committee contains commercially sensitive discussions of numerous financial matters; these reflect the University's internal deliberations and debates as well as its consideration of professional advice. The genuine public interest in these matters (as opposed to any private interest) is met by the information available in the sources mentioned above. The public interest in permitting the University to carry out its ongoing deliberations on important matters without the chilling effect of public scrutiny is considered to be a decisive factor in the maintenance of the exemption in this case.

If you are unhappy with the service you have received in relation to your request and wish to make a complaint or request an internal review of this decision, you should write to Dr Kirsty Allen, Head of the Registry's Office, quoting the reference above, at The Old Schools, Trinity Lane, Cambridge, CB2 1TN or send an email marked for her attention to foi@admin.cam.ac.uk. The University would normally expect to receive your request for an internal review within 40 working days of the date of this letter and reserves the right not to review a decision where there has been undue delay in raising a complaint. If you are not content with the outcome of your review, you may apply directly to the Information Commissioner for a decision. Generally, the Information Commissioner cannot make a decision unless you have exhausted the complaints procedure provided by the University. The Information Commissioner may be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF (<https://ico.org.uk/>).

Yours sincerely,

James Knapton

PENSIONS WORKING GROUP

Notes of a meeting held on Friday 19 January 2018 at 2.00 p.m. in the Chief Financial Officer's office, The Old Schools

Present:

Mr A Reid (in the Chair)
Mr S Summers
Mrs E Stone
Mrs L Allen
Mrs S Curryer
Mr D Hughes
Mr A Aldridge
Mr J Seed
Mr A Odgers (part, for item 3)

Apologies: Professor D Maskell, Professor E Ferran

Declarations of interest

It was noted that the majority of members of the group are members of USS and that Mrs Stone is a director of the CUPTL

1. Notes of the meeting of 19 December 2017

The notes of the meeting held on 119 December 2017 were approved.

2. Matters arising

Mrs Curryer reported that she had been advised by USS that their records showed an opt out rate by USS-eligible staff of around 8% for Cambridge. Mrs Curryer was asked to get figures for the number of opt outs from the Assistant Staff pension scheme.

Action: Mrs Curryer

Mrs Curryer advised that she was awaiting a response from the Research Office regarding the reallocation of funds where any employee opted out of pension provision. (*Subsequently it was confirmed that any funds could normally only be used for 'staff costs'*).

Mr Seed confirmed that if the UUK proposal for USS was adopted he would provide an updated paper on the options for the University to continue to make DB pension provision for members of USS.

Action: Mr Seed

3. Triennial valuation of USS at 31 March 2017

The group noted developments since the meeting on 19 December 2017 in particular the failure of the USS JNC to reach a decision at their meeting. It was noted that the Chair of

the JNC had asked UUK and UCU to try to develop a proposal which was acceptable to both of them in advance of the next meeting of the JNC on 23 January 2018.

Mrs Stone confirmed that the UCU ballot closed today and that the results were expected on Monday.

The group agreed that it was important for the University to communicate with staff as soon as possible after the outcome of the JNC was known and that this would need to be a purely factual communication. It was agreed to arrange a telephone conference for the afternoon of 24 January for as many of the group who were available in order to agree the communication.

Mr Aldridge outlined his draft communications strategy and it was agreed that it would be necessary to communicate regularly both before and during the consultation. It was agreed that if the UUK proposal was accepted it would be helpful to have some communication prior to the commencement of the consultation to start to introduce the concept of DC benefits.

It was agreed that whilst Mrs Curryer and Mr Seed would need to lead meetings it would be helpful if a senior member of the University were present at some of the meetings.

Mr Aldridge confirmed that he would check what other Russell Group Universities were planning.

Mr Aldridge confirmed that a response had been sent by the Vice-Chancellor in response to Professor Farndale's letter and that a meeting had been arranged for 9 February 2018.

Mrs Stone advised that feedback from the HR Committee was that Reporter should also be used to communicate with staff on this issue alongside methods including the relevant area of the University website, email and e-bulletins.

4. CUACPS – actuarial valuation as at 31 July 2018

The group had received at its last meeting the CPS schemes actuary's letter outlining the proposed approach to the valuation as at 31 July 2018. The group considered a draft letter to CUPTL in response which had been prepared by Mr Seed. It was agreed that the University did not want to propose a different discount rate pre and post retirement at this time but that a further reduction in the single discount rate currently used should be considered given the long-term expectation on investment returns remained low.

It was agreed that Mr Seed should update the letter which could then be signed by either Mr Odgers or Mr Hughes.

Action: Mr Seed

5. Total Remuneration

The group noted the content of the updated paper which now took account of the cost of employer National Insurance contributions. It was agreed that this was now a policy matter for the HR Committee but the group agreed that it would be concerned that if an extension of

the salary supplement in lieu of pension to all staff were considered, it must not be deemed to be incentivisation to opt-out of the regular pension arrangements. Mrs Stone agreed to report back to the HR Committee.

Action: Mrs Stone

Mrs Stone reported that a request had been received to investigate the possibility of introducing a flexible retirement policy for Assistant Staff.

6. Update on funding positions for USS and CUAPS

The group noted the funding positions as at 31 December 2017.

7. Any other business

It was noted that this would be Mr Reid's final meeting and he was thanked for all of his work.

8. Date of next meeting

The date of the next meeting was agreed as Friday 23 February 2018 at 2.00 p.m. in Mr Odgers office.

PENSIONS WORKING GROUP

Notes of a meeting held on Friday 23 February 2018 at 2.00 p.m. in the Chief Financial Officer's office, The Old Schools

Present:

Mr A Odgers (in the Chair)
Mrs E Stone
Mrs L Allan
Mr D Hughes
Mr A Aldridge
Mr T Harvey-Samuel
Mr J Seed

1. Apologies:

Apologies were received from Professor E Ferran, Professor D Maskell, Mrs S Curryer and Mr S Summers.

2. Declarations of interest

It was noted that the majority of members of the group are members of USS and that Mrs Stone is a director of the CUPTL.

3. Notes of the meeting of 19 January 2018

The notes of the meeting held on 19 January 2018 were approved.

4. Matters arising

Mr Seed noted that further work may be required with respect to establishing whether it is possible to establish a facility to convert defined contribution "pots" earned in USS into a defined benefit pension in CUACPS.

Mr Odgers noted that due to the higher discount rate used for the CUACPS valuation, such conversions are not expected to involve any cost. Mr Odgers also noted that while previous advice showed that expected cost implications were minimal, legal advice would be required to confirm such an approach could work in practice, without any unintended adverse consequences.

Action: Mrs Curryer / Mr Seed

Mrs Stone confirmed that there was no update at this stage on the total remuneration item, but that this would be raised with the HR Committee at the next opportunity.

Action: Mrs Stone

5. USS triennial valuation at 31 March 2017

a. Update on current position from the CFO

Mr Odgers commented on the current industrial action in Cambridge and across the sector. He also noted the adverse publicity that Cambridge and Oxford universities and colleges had received.

Mr Odgers noted that UCU's current position was to go back to the valuation figures set out in USS's September 2017 consultation, which showed a funding deficit of £5.1bn.

It was noted that adopting the September 2017 position would not have any material impact on the affordability of current benefits. It was also noted that the Pensions Regulator has already expressed a view on the September 2017 figures as not being sufficiently prudent.

Mr Odgers noted that it might be useful for the University to engage directly with UCU to discuss alternative solutions. Mrs Stone agreed and noted that UCU should be approached through the local contact in the first instance.

Mr Odgers the outlined other possibilities, including:-

- Initial contact with Royal Mail about Collective Defined Contribution ("CDC") benefits;

Mr Odgers outlined other benefit structures including the "vertical split" approach adopted in CUACPS, which would mean a 1/150th DB accrual rate in USS.

The group noted that, due to the numbers involved, it was difficult to assess what benefits institutions want (i.e. full DC, mix, or full DB).

Mr Odgers confirmed that an informal University Board/Council meeting would take place on Thursday 1 March 2018 at which he will ask for a mandate to talk to UCU.

Action: Mr Odgers

Mr Odgers also noted that the University has written to USS to confirm whether any flexibility would be available on mutuality and exclusivity, for example to create the University's own (segregated) DB section. It was noted that this is very unlikely to be possible unless USS becomes a full DC scheme.

The Group discussed the comments made by Mike Otsuka (LSE academic) in the Guardian (about the role of the Oxbridge Colleges in the consultation process) and noted that these have created tension within the colleges, in particular with incoming fellows.

b. Meeting between VC, CFO and UCU

Mr Odgers noted that the meeting was very positive and productive. He also noted that there was wide support (with the University's UCU membership) for the University to accept the September valuation.

Mr Odgers noted that the University was keen to explore other options and issues including the future re-introduction of DB, CDC benefits and USS's de-risking strategy, which was widely felt to be excessive.

It was noted that the VC was very supportive and sympathised with the issues raised. It was also noted that the proposed solution came from the sector as a whole and has not been pushed by the University. In addition, it was recognised that any solution must be affordable to all.

c. Update on communications strategy

Mr Aldridge updated the group. He noted that the VC has made a public statement supporting the resumption of talks between UUK and UCU.

Mr Aldridge also noted that the VC has issued another message to staff to provide reassurance that they will be supported and that the University is exploring other options.

It was noted that an FAQ document was available, which will be updated regularly, and that the University was responding to individual queries on the proposals.

Mr Aldridge noted that an open meeting would be held on 9 March 2018, with a panel of Anthony Odgers, Elis Ferran and Richard Farndale, facilitated by a senior officer of the University. It was agreed that Mrs Curryer and Mr Seed should attend.

Action: Mrs Curryer and Mr Seed

It was agreed that the University should liaise with Cambridge Assessment to share any individual queries and responses on the proposals.

Action: Mrs Allan and Mr Aldridge

Mr Aldridge reiterated the negative coverage in the Guardian, which the University had not been given the opportunity to comment on before it went to press.

Mr Aldridge then noted that the University was taking steps to reduce the impact of strike action on students, as far as possible. Mr Harvey-Samuel noted that the impact was relatively low key at the colleges as they had been excluded from UCU's initial call to action.

Mrs Stone noted that four courses had been impacted but that the numbers were relatively low across the University as a whole.

d. Employee consultation and roadshows

The group noted the timetable of roadshows. It was recognised that additional roadshows might be required depending on demand from staff.

Mrs Stone noted that consultation materials would be received from USS early in March for distribution to affected employees by 9 March 2018. It was agreed that USS should be contacted to confirm what materials would be provided

Action: Mrs Curryer

e. Return assumptions for members under the UUK proposal

It was noted that the UUK illustrations from December 2017, produced by Aon, appear to understate outcomes quite significantly and that these projections cannot be reconciled. It was also noted that the UUK projections do not show the potential variability of outcomes, which was the critical issue for staff.

Mr Seed circulated example illustrations for three sample members, using market-based assumptions. The illustrations showed the potential range of outcomes (central, adverse, favourable) under the proposals, compared to continuation of the current benefit structure.

It was agreed that the illustrations should be revised to cover four individuals with age/salary details to be confirmed by Mrs Stone. It was also agreed that the illustrations should show annuity income as well as drawdown income, should use a wider range of investment outcomes and should allow for potential variability of life expectancy.

Mr Odgers noted that the illustrations could be shared with the panel ahead of the open meeting on 9 March and with UUK.

Action: Mrs Stone and Mr Seed

The group also discussed the need for 'at retirement' support if full DC is introduced, to ensure staff understand their options and the implications.

It was also noted that communications should cover professional staff as well as academic staff.

f. Update on industrial action

It was noted that this was cover under items 5a to 5d.

6. USS funding position

Mr Seed circulated the USS dashboard and noted that the position was expected to have improved by around £1bn since 31 March 2017, due largely to an increase in bond yields.

7. Pensions Regulator and CPS (request for negative pledge clause)

Mr Odgers noted the meeting with the Pension Regulator in which the Regulator had confirmed that a negative pledge on assets would be sufficient to support the funding approach adopted on CUACPS.

Mr Seed noted that a negative pledge might reduce the scheme's PPF levy, which was approximately £0.5m. Mr Odgers noted that it might also be possible to put assets into CUACPS, which could later be taken out, to reduce the levy.

Mr Seed agreed to look at how the PPF levy could be reduced under a negative pledge and/or placement of assets.

Action: Mr Seed

8. Any other business

To be confirmed

9. Date of next meeting

The date of the next meeting was agreed as Tuesday 20 March 2018 at 2.00 p.m. in Mr Odgers office.