

Joint Negotiating Committee
c/o Universities Superannuation Scheme
Royal Liver Building
Liverpool
L3 1PY

BY EMAIL

Dame Kate Barker
c/o The Trustee Board
Universities Superannuation Scheme
Royal Liver Building
Liverpool
L3 1PY

4 May 2021

Dear Dame Kate

Re: Rule 76.1 Report Extension Request

I am writing following the letter to the JNC dated 2 March where the Trustee issued notice of its contribution determination and the Rule 76.1 Report to the JNC pursuant to Rule 76.4. Based on the issued 76.1 report, the Trustee's Determination was that the overall contributions would be required to increase to a rate of **49.6%**, based on the covenant support outlined in Scenario 2 in the 76.1 report.

As you are aware this report was based on a particular covenant scenario, Scenario 2, and on the current benefit structure as set out under the Rules of the Scheme. Under the cost-sharing process contained in Scheme Rules 64.10 and 76.4-8, the JNC have a period of 3 months to determine how the contribution rates should be shared between the employers and the members.

At the current time, the JNC have been unable to reach a conclusion on the cost sharing mechanism and request an extension to the three month time period to allow for further discussion to take place.

In particular, the JNC note that UUK have issued a consultation to employers on a number of proposed benefit changes and employer covenant support measures both of which could impact the required level of contributions. This consultation was launched on 7 April 2021 and will run until 24 May 2021.

Due to the changes being considered to both the covenant support measures as well as to Scheme benefits, the JNC are requesting an extension to conclude negotiations under Rule 64.10 until 31 August 2021.

We understand that in order to agree to this extension the Trustee wants to see clear commitments and milestones for concluding the cost-sharing process through the JNC under Rule 64.10. We believe that the extended timescale is achievable and have set out below the milestones to reach agreement by this date to enable the JNC to respond formally to the Trustee.

1. 7 April 2021 – UUK issues consultation on benefit changes and covenant support measures.
2. 24 May 2021 – end of the UUK consultation.
3. 14 June 2021 – the outcome of the consultation is presented to the JNC
4. 14 June 2021 – 12 August 2021 – UUK and UCU negotiate on the outcome of the consultation.
5. 13 August 2021 – a proposal to be presented to the JNC for approval.

We will provide regular updates to the Trustee on the negotiations between UUK and UCU to demonstrate progress against the proposed timetable.

We look forward to receiving your response to our request for an extension and to working with you to conclude this valuation.

Yours sincerely

Judith Fish

Judith Fish
Chair
Joint Negotiating Committee

cc Phil Harding
Justine Mercer