

Imperial College London – Response to the UUK consultation on the JEP report

Please note below the response from Imperial College London to the UUK consultation questions on the JEP report.

The College is supportive of retaining the current defined benefit structure in USS if this is sustainable from a financial and regulatory perspective. We are willing to increase our employer contributions to the level proposed by the JEP to support the scheme and to maintain a benefit that is highly valued by our staff. We would make the additional investment proposed by the JEP to conclude the 2017 valuation. There is still a lack of clarity on the information and data supporting assessments of the risks of the scheme and the modelling that has taken place on volatility assumptions. We require this information to inform our longer-term position on the 2020 valuation.

Imperial College urge USS to make public, and to regularly update, their risk assessments for the scheme using a methodology and data that is transparent. This information should be publicly available – not just to members of the JEP – so the methodology and assumptions around probability can be reviewed and understood by all. The current lack of transparency is causing distrust around the need for reform and uncertainty on the parameters that may influence the risks that are being taken by employers to support the scheme. This issue must be addressed as a priority.

It is our view that Phase 2 of the JEP review should commence without further delay to progress these issues. Phase 2 should not wait for the conclusion of the 2017 (or 2018) valuation.

Imperial College supports the work of the JEP and our academic expertise continues to be available to the panel to assist in the next phase of the review.

Consultation questions

Q1 – Would your institution support the JEP recommendations regarding the 2017 valuation in overall terms, subject to the acceptance of such a position from the USS Trustee (and TPR as appropriate).

Yes

Q2 – What further information would you need to provide a final view for Q1

Imperial College accepts the recommendations to address the 2017 valuation pending further analysis of valuation methodology and more transparency on the data that supports the long-term risk assessment that will come in phase 2 of the JEP report. In the interim, the College would like to be provided with the JEP's analysis of the long term projected volatility of the scheme and what average returns on assets have been assumed. We understand that this information was available to inform their recommendations from phase 1 of the review.

Q3 – Employer 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 in full by all parties, the outcome would be that existing benefits – minus the employer match of 1% - could be provided at an indicative employer contribution of 20.1% of salary (with a member contribution of 9.1%). Would you accept employer contributions at that level?

Yes