Dear Dr Davies and Colleagues

Thank you again for your letter of 20 February on behalf of yourself and colleagues. I write further to my letter of 7 March.

The Board has heard the concerns of staff whose pensions will be impacted by the proposed changes to the USS scheme. This is an important sector-wide issue and we thank you for taking the time to share your views.

As you know, the Board considered your letter and this response at its meetings on 15/16 March. I am now writing to you on behalf of the Board, to convey that agreed response. The over-arching message to all staff, from the Board as well as the University’s senior management team, is that we want to work together, as well as with UCU and UUK, to identify a way forward that offers the best options for staff while also ensuring the sustainability of both the USS pension scheme as well as that of the University.

It is also clear to the University’s senior management as well as to the Board that the debate around USS has surfaced a range of other staff concerns. Going forward, the senior management team will be engaging with staff more directly around these issues to listen and identify ways to address those concerns.

**Context**

The endeavour of the University – the discovery, nurturing and dissemination of knowledge – is key to the future of the community in which we live, and this purpose is inextricably linked to the members of our community. It is in our collective best interest as a research and teaching community for our highly talented and motivated staff to be valued and rewarded, and for us as a community to continue to attract the most talented new staff to join us.

There are three essential aims shaping the University’s position on the pension scheme.

- To ensure that we can fairly reward and attract staff
- To ensure that the pension scheme is sustainable for the benefit of current and future staff
- To ensure that the level of University contributions to USS does not threaten the University’s sustainability.

The University of Bristol wants to reward all staff fairly for the work they do. This includes both salary and other key benefits such as pensions and holiday entitlement. We recognise that salaries in higher education are not always comparable to those in the private sector, and that a robust pension scheme mitigates some of this difference. We also note that not all staff within the University are members of USS and that we must be mindful of the impact of significant differences between pension schemes.

Our commitment to an attractive remuneration package for staff must be taken in the context of ensuring that the University is itself financially sustainable. This includes the sustainability of its pension schemes. The University’s position in the current negotiations has never been to reduce its level of contribution. Rather, we are seeking to ensure that any increase in the level of contributions does not impact the University’s own financial sustainability.

The sustainability of the USS pension scheme has been called into question by the valuation of its current balance of assets and liabilities. The Trustees of USS make valuation decisions following independent actuarial advice and consultation with employers. We accept that there are differing
views of this valuation and we welcome the creation of an independent expert panel. We have lobbied to ensure that the chair of this panel is an independent academic expert agreed by both UUK and UCU. Representation of the key strands of diversity on the panel and an understanding of equality and diversity impacts of any proposal are also critical. We believe this is crucial to restoring the trust that must underpin our community.

As you know, the USS’s own valuation, carried out in accordance with UK pensions regulations, suggests not only a significant current deficit but also very significant increases in the cost of maintaining the current benefit structure going forward.

The costs of USS are being driven by a scheme that defines the level of future pension benefits based on staff salaries. There are several pressures on the cost of providing these types of defined benefits. These include a growing membership of USS, increased life expectancy and lower long term economic growth expectations. This is a reality that has been faced by most defined benefit schemes in the country. Self-funded defined benefit schemes throughout the UK have almost all been converted into defined contribution schemes for that reason.

Most defined benefit schemes that still exist are those that are backed by government and are essentially unfunded by assets. The University of Bristol is strongly encouraging government to back USS, in the same way that it backs the Teachers’ Pension Scheme (TPS), so that pension provision across the sector is on a level playing field.

Finally, questions have been raised recently regarding the legitimacy of the role played by UUK within these negotiations relating to USS. The Pensions Act 2004 provides that the trustees of all pensions schemes must consult with employers on various topics relating to the scheme. The Scheme Rules for USS provide that UUK will represent all employers for the purposes of such consultations. Specifically, section 6.6 of the Scheme Rules provide that:

“UUK is the person nominated by the rules to act as the representative of the employers for the purposes of the consultation required by the trustee company with the employers under section 229 of PA04”.

**Why can’t the University just pay more?**

The University of Bristol contributes 18% of salaries to USS pensions. Over 50% of the University’s revenue is allocated to remuneration and other staff investments such as training.

The external environment is imposing several financial pressures, including a freeze on home undergraduate tuition fees at £9250, Brexit, student expectations around value for money, the impact of inflation, increasing costs to support student mental health and well-being, challenging student recruitment conditions, increasing regulatory burdens and the likely impact of the Government’s funding review.

Managing the University’s financial position in this difficult environment demands a sound, fair and thoughtful process of review, but also challenges us to make difficult choices. The University is already taking many measures to address these pressures on its finances by both increasing revenues and decreasing costs where it can. Additionally, at recent meetings of the University Management Team and at the upcoming University Joint Forum, discussions are focused on reviewing the priorities within the University strategy.
Continuing to fund the current USS benefits would require the University to contribute 25% of salaries of USS members with staff increasing their contribution to 12% of salaries. This is an increased cost that the University simply could not absorb in the long-term without fundamental changes to what we do and how we do it, with significant impacts for research, teaching and resource for staffing. Further, given that the current liabilities are likely to increase faster than assets, this 25% could increase further. We must also be mindful of the disparity between the pension benefits available to USS members and those available to University staff who are members of UBPAS or UBGPP.

**What is the University doing to address these financial pressures?**

Under the current funding model for higher education in the UK, the most immediate way to maintain a sustainable financial position for the university is to recruit more students who are paying tuition fees at levels that exceed the cost of teaching and supporting those students. We have made strong surpluses in recent years from growth in student numbers and some one-off gains (for example, the sale of land at Langford). Ultimately, there is a limit to how long we can use growth to maintain income. We will have to find new ways of raising income by diversifying our offer and being better able to compete for large-scale research funding and joint industry funding.

We are now investing more to ensure that we have the right level of resource to support our larger student population and expand our research capability. This has resulted in welcome increases in our academic community, and a shared academic vision for expansion in key areas. We recognise that we need to continue to monitor these investments to ensure that we can offer a high-quality experience for both staff and students.

Alongside this, a key challenge is the lack of undeveloped space on the University’s existing Clifton estate. The University’s new campus at Temple Quarter will provide that space and offer the opportunity for the University to improve its financial position by allowing for growth in premium fee-paying courses, led by the Faculties’ ambition for expansion. The new campus has other benefits as well; it will provide additional space for some of the University’s most exciting cross-curriculum research and allow for much closer engagement with the surrounding city community. As well as allowing for growth in courses, the purpose-built facilities mean fewer maintenance issues in the medium term. Part of the growth in these courses will enable reinvestment in the Clifton estate, and make sure our staff and students have the learning, research and social spaces and facilities they deserve.

**What’s next regarding reform of USS and the current industrial action?**

We welcome the creation of a panel of independent experts to take a fresh look at the USS valuation, chaired by a respected academic. This will help us to build a mutual understanding of the financial health of the scheme and help rebuild the trust that will be so crucial in agreeing a sustainable benefit option for USS. We have made clear to UUK our expectation that equality and diversity impacts are also considered.

The University is prepared to pay more over the next valuation period to continue with defined benefits until a long-term approach to USS can be agreed. We have urged both UUK and UCU to find a solution that is acceptable to staff and employers for the foreseeable future.

We will review our own Pensions Strategy for all staff once the outcome of the independent valuation of USS is known. An extensive and transparent conversation with staff will take place to take on board the different perspectives and personal circumstances that exist across our community. This strategy will then set the parameters within which we will provide pensions for all staff into the future.
In this context, it is also important to note that many staff within the University are not members of the USS pension scheme. More junior staff, who are on lower wages, are members of pensions schemes that have already relinquished any element of defined benefit within their plans. It will be critical that pensions do not act as a divisive force affecting the relationships between staff groups within the University.

We also know that there are some immediate challenges for the University. The industrial action is having a significant impact both on staff who are on strike as well as those who are not. Students are also negatively affected by the industrial action and we will need, collectively, to do everything possible to minimise the impact of strike action on the educational experience and student outcomes. We would like to thank staff for everything that they’ve done to mitigate the potential impact on students so far and ask that students remain our collective priority until this current dispute is concluded.

Response to the request pursuant to Section 17.18 of the Statutes

We have reflected carefully on your request and have concluded that the issues raised in your letter do not lend themselves to being treated under Statute 17.18. The University’s position on USS was agreed in September by a Pensions Task and Finish Group (the Pensions Group). The composition of the Pensions Group was agreed by the Board; it included the Chairs of the Audit, Finance and HR Committees as well as a co-opted member of the HR Committee and two co-opted members of the Finance Committee. One of those (Jonathan Punter) is the proprietor of a leading firm of actuaries. The Pensions Group also comprised the Deputy Vice Chancellor, Registrar & Chief Operating Officer, the HR Director and the Chief Financial Officer. Some members were unable to attend the one and only meeting that took place on the 25th September 2017. Some who were not in attendance sent comments in advance of the meeting via email. An amended version of the proposed consultation response reflecting the discussion at the meeting was sent to all members of the Pensions Group following the meeting for any final comment. The Pensions Group then reported to the Board regarding that position.

In view of the Board’s involvement, it would therefore be inappropriate for the Board to investigate either the process that led to the University’s position on USS, or the position itself. We also note that the deadline for institutions to formally respond to the consultation by UUK on proposed technical provisions for the 2017 USS valuation has long since passed. You will be aware that the University, with the support of key members of the Board, has recently made representations to UUK for the employers to take more risk, make greater financial contributions to USS and continue with defined benefits in response to the strength of feeling from staff.

Having said all the above, you have raised important questions in your letter and these deserve a clear response. A detailed response to each question has therefore been considered and agreed by the Board and is attached to this letter. In the interests of openness and transparency, this will be published on the University’s website. We hope that it provides clarity in respect of these specific questions.

In addition, we would like to continue to hear directly the views of staff on the University’s position on USS. We would therefore like to invite you and a number of the signatories to your letter to meet with myself and other members of the Board. I suggest that you identify 6 to 10 signatories and I will ask a member of the Governance Team to get in touch to find a suitable time to meet.
In the meantime, I hope that the points below (which have been informed by the Board’s consideration of USS at its March meetings) will be helpful in our continuing dialogue.

Yours sincerely

Denis Burn
Chair of the Board of Trustees
1. **Valuation**

We anticipated that there would be some very challenging decisions to be taken in responding to UUK’s consultation with employers around the valuation assumptions being proposed by UUK. A Pensions sub-group of the Board was established for this task involving members of the Board and senior staff. The Pensions sub-group included the Chairs of the Audit (Andrew Poolman), Finance (Ron Kerr) and HR Committees (Anne Stephenson) as well as a co-opted member of the HR Committee (Nicky McCabe) and two co-opted members of the Finance Committee (Jonathan Punter and Andreas Raffel). The Pensions Group also comprised the Deputy Vice Chancellor (Guy Orpen), Registrar & Chief Operating Officer (Robin Geller), the HR Director (then Guy Gregory) and the Chief Financial Officer (Robert Kerse).

Our response to the consultation was considered alongside the views of the other 350 employers in the scheme to assist UUK in developing a consensus position on behalf of the employers collectively.

The USS scheme rules provide that it is the Trustee who ultimately determines the valuation approach, subject to taking its own actuarial advice and consultation with UUK as the representative of the participating employers.

Regrettably, the funding position for USS has been deteriorating year on year for a decade and has required associated increases in contributions. Given the importance of pensions to staff, we have been committed to meeting these increases. However, there is no indication that this trend is reversing or stabilising. To address the deterioration, employers increased their contributions from 14% to 16% in 2010 and to 18% in 2016 in response to the more challenging funding environment for defined benefit schemes.

**Question 1:** Why did the University reject the USS trustees’ proposal for the valuation from September 2017 and call for “less risk to be taken”?

**Question 2:** Is the University willing to pay for the reduction in risk it seeks?

**Question 3:** What has the University done to reassure the regulator about their commitment to the USS to achieve the highest covenant rating?

**Question 4:** When will the University publish the evidence used to inform its position on the valuation?

In responding to the UUK consultation, the Pensions sub-group of the Board of Trustees considered reports from UUK and its actuarial advisors Aon Hewitt. It also reviewed a letter from The Pensions Regulator to the USS Trustees setting out some observations on the proposed valuation methodology. The following matters brought out in these reports led the Pensions sub-group to conclude that it was not appropriate to accept the level of risk that the USS Trustee was proposing:

- Many of the assumptions within the 2017 valuation had weakened since the 2014 valuation, with a less conservative approach being taken. This position could have been acceptable if there had not been other assumptions that had gone beyond simply removing margins for prudence. A key assumption is long term gilt rates. USS were proposing to adopt an assumption where gilt rates rise faster than the market implies. This made the overall package of valuation assumptions unacceptable to the Pensions sub-group based on its view of pensions’ risk.
• The USS Trustee was proposing to have the ability to make cash calls to employers during the next valuation period if the scheme funding position deteriorated further in the light of the less prudent valuation assumptions. The Pensions sub-group were not prepared to accept the possibility of unanticipated cash calls as this would make it almost impossible to plan and to manage the University. Instead we would have had to put money permanently aside, which could not be used for other purposes such as enhancing our teaching and research capabilities.

• The size of the estimated scheme deficit is very large within any of the methodologies that are compliant with current applicable regulations. It has previously been estimated that the University of Bristol comprises c2.5% of the USS. Our share of the liability is therefore very significant in absolute terms compared to the value of the University's assets. We felt that it was appropriate to adopt a greater level of prudence than was proposed, to better manage the financial risk of USS to the University.

• The level of investment and liability management risk in the scheme is substantial with a high exposure to equities and very little hedging of interest and inflation risks compared to comparable schemes. Layering on additional risk through the adoption of weaker valuation assumptions was not considered to be a responsible approach given the substantial obligations that USS must pay in accrued pension benefits and the quantum of the risk to the University.

• The USS Trustee has determined that the collective capacity of the USS employers to make contributions above the existing level of 18% is a maximum rate of 25% without having to undertake significant changes to their institutions. The Trustee determined that there is a 1 in 5 risk in the foreseeable future that a funding shortfall will occur that would require employers to pay the additional 7% that the Trustee considers is the maximum additional level of contribution that employers can collectively afford for a 40 year period. These risks include external factors such as falling interest rates or significant drops in asset values. Given equity markets have enjoyed a 9-year bull run, and inflation has been at historic low levels, we considered that this was too big a risk to take. It would have impacted the level of resources that would potentially be diverted away from our plans to invest in current staff, new academic and professional services roles, staff and student experience, research and infrastructure.

• We were also concerned that the risk arising from the mutual structure of USS - where each employer is jointly and severally liable for all the scheme liabilities - is rising with the increased likelihood that some of the employers in the scheme could become insolvent. The level of political, market and regulatory risk to institutions (including the many small trusts, colleges and institutes that make up the scheme membership) is rising and with it the probability that we will end up having to fund the liabilities of other scheme members. These factors made it harder to accept greater risk through the valuation.

We have made requests to UUK, Aon and The Pensions Regulator to disclose the reports that were used. Each has declined based on commercial confidentiality. A redacted version of the Pension Regulator’s letter and a related article from the FT are attached to this letter

We have now amended our position on the USS Trustees’ September valuation proposal. We are prepared to take more risk in the short term whilst an independent panel of experts considers the financial health of the scheme and a long-term approach to USS is agreed. We informed UUK of our change in position on the 2nd March, as one of 350 employers, to steer a national agreement for the scheme in the short term that could retain an element of defined benefit.
The University works collectively with the other employers in USS through UUK to demonstrate the strength of the sector covenant. We have not lobbied The Pensions Regulator directly. UUK are most effectively placed to undertake this role as it would not be practicable for each of the 350 employers to lobby The Pensions Regulator separately.

2. **Defined contribution pensions**

The USS scheme has provided a defined benefit pension scheme to university staff since 1974. The predecessor to USS (The Federated Superannuation Scheme for Universities) was an annuity-based scheme.

**Question 1: Are defined benefit pensions compatible with the University’s charitable status? If they are not, how has the University provided them for the last century?**

Defined benefit pension schemes are compatible with the University’s Charitable status. However, Charity Trustees have a duty to protect the assets of the Charity for current and future beneficiaries. Management of financial risk, including pensions risk arising from defined benefit pension schemes, is critical to the protection of the Charity’s/University’s assets. The potential size of the USS scheme deficit, the ‘last person standing’ mutual structure of the scheme, and the increasing risk profile of the Higher Education sector mean that the current configuration of USS does pose a risk to which the University must respond. The risk is not that all USS members might fail. Rather, the risk is that a number of USS members may fail, and that the liability of the remaining members will increase as a result.

The Board of Trustees must consider these financial risk factors when considering future USS consultation responses. It needs to balance them against providing a strong employment offering to recognise and reward staff and their work, as well as to aid recruitment and retention.

**Question 2: Is it possible to assess the impact of the UUK proposal on future benefits using a consistent set of assumptions?**

**Question 4: Is using inconsistent assumptions to estimate the impact of the UUK proposal an honest way to communicate with staff?**

It is not appropriate to value the USS defined benefit pension scheme and an individual's defined contribution pension using a consistent set of assumptions. This is because each has different characteristics. The assumptions that are appropriate to project the financial outcome of an individual’s defined contribution pot will be influenced by factors such as their age and personal risk appetite. Projections for an individual’s defined contribution scheme are required to adopt Statutory Money Purchase Illustration assumptions.

The assumptions that are applied to value a defined benefit pension scheme like USS follow a different set of principles. These are set out in a regulatory framework and are focussed on providing certainty that the scheme will have the financial resources to pay out accrued pension benefits in the future. The assumptions that are applied to a defined benefit pension scheme are likely to be more prudent and would not provide a best estimate if applied to an individual's defined contribution pot.

Recognising the concerns arising from the USS valuation, we have joined with others in the sector to call for an independent review panel including academic authorities to address the valuation and restore the trust that we collectively need to underpin future proposals.
The University does not have reason to question the integrity of Aon’s analysis. USS members also have the analysis published by UCU. These different approaches to valuation will produce different results. We urge staff to wait for the impact calculator to be made available by USS itself as part of the staff consultation that will commence if a proposal for an amended benefit structure for USS is made to staff.

3. Funding

The University is prepared to increase its level of contributions to the USS scheme over the coming three-year valuation period to allow time for an independent valuation of USS to be undertaken and a long-term approach to USS to be agreed, based on a common understanding of the financial health of the scheme. Our concern for long-term affordability should not be mistaken for a desire to reduce costs.

Any additional contributions must be consistent with the University’s long-term financial sustainability and with continuing to be a world-class institution. Based on the views of the USS Trustee, the existing benefit structure is not affordable at current levels. The anticipated additional cost of £12m a year (from revenue and operating budgets) would require us to stop doing some things that we’ve done for many years, to slow other investments or could require reductions in staff. This cost would rise annually in line with salary growth (c3.5%) and would also be at significant risk of growing larger if there are further deteriorations in the financial health of USS and the cost of providing future defined benefits.

The University has borrowed money to fund capital developments such as the Humanities Hub, Campus Heart developments and the Temple Quarter campus. Funds borrowed for these purposes can only be used for these developments and not to fund pension payments.

There was a mistake in our earlier response, made in good faith, which indicated that the salary threshold could be flexed. In fact, the 2014 valuation did not state that the salary threshold would be flexed, and we regret this error.

Section 76 of the 2014 USS rules and regulations does not apply to the current circumstances as the JNC agreed, on 23 January, a change to the future benefits structure which will now be consulted upon. Section 76 may be triggered in the future if the JNC is unable to reach a final decision following the conclusion of the consultation period.

The affordability of new pension arrangements has been considered at length by the University and the Board of Trustees. The University’s current financial position is challenging. While we have had
several years with unusually high surpluses, these are due almost entirely to ‘one-off’ events that have artificially inflated the bottom line and do not represent recurrent surpluses on core activities. Going forward, we face even greater financial challenges including the impact of capped tuition fees, the funding review, Brexit and the need to further invest in staff and infrastructure to maintain and build on our position as a world class institution.

The University’s long term financial sustainability requires cash generation that allows us to meet our financial obligations, which include investing in staff, students and in the infrastructure that supports them. We will need to increase our net revenues to remain financially sustainable, and this depends on several key investments including the development of Temple Quarter.

The University’s current estate is both expensive to maintain and is already lacking in space for lecture theatres, offices, study space and social space. This is an issue felt keenly by both staff and students. The new campus at Temple Quarter will help future-proof the University’s financial sustainability by enabling growth in courses where there is an ambition from the Faculties to grow and providing high quality space that will relieve some of the pressures on the existing estate. The development of new programmes for this campus will be possible through Faculty-led curriculum innovation and will be a key part of growing our already-considerable engagement with industry.

An increase in employer contributions of 1.25% would not directly impact on investments such as the new University Library, Campus Heart/Tyndall Place, Humanities Hub. These plans are aimed at improving the quality of the staff and student experience on the Clifton Campus and allowing for expansion in student numbers onto the new Temple Quarter campus. These investments will be funded in large measure from existing borrowings, grants and philanthropic donations.

An increase in employer contributions would increase the imperative to maximise the academic, student experience, research and financial outcomes that will result from those investments. It would require us to re-prioritise some of our revenue-funded initiatives with some being paused for the foreseeable future. A planning session has already been held by the University Management Team to consider this, and it will be considered by the University Joint Forum and in various staff forums before being reviewed by the Board as part of our planning work. The staff forums will be communicated to all staff once dates have been set.

Question 4: Was the impact of an increase in USS costs of c£11m on planned investments assessed? If they were, when will these estimates be published?

The University routinely stress tests its financial plans against key risks and multi-variate scenarios. Pension cost increases are one of these key risks and the long-term impact on the University is significant on its capacity to both invest in staff and services along with maintaining its existing estate. This stress testing has been shared in forums around the University including various Faculty Boards and forums over the last eighteen months, and we would be happy to offer further discussions with yourselves if it would be of interest.

4. Recruitment and retention

The University remains committed to providing an ‘offer’ to prospective and current staff that allows us to attract and retain the best staff.

We know that staff choose to work here for a variety of reasons and that the remuneration package as a whole, as well as the quality of the work environment, are important elements of our recruitment activities. Staff consider both the level of pay, as well as pension and other benefits, as part of that
package and we clearly intend to be competitive against peer institutions. We have a long-standing track record of being able to attract high-quality staff to the University and this must continue. We know how hard our staff work, and so there is the equally important consideration of retaining staff at the University, and long-term benefits such as pensions are key part in these decisions.

We are actively lobbying Government to address the current inequity in relation to pension provision across the Higher Education sector. Without Government backing for the scheme, the current economic and regulatory environments make it impossible for employers who offer USS pensions (which must be funded by assets) to mirror the pension benefits that are offered under Government-backed schemes (which are effectively unfunded).

Question 1. How will the University maintain, or even improve, its world-class reputation if its pensions benefits are 28%-51% (up to £385,000) less than similar institutions in the same city? How will we compete with the private sector where pay is substantially higher? How will we compete with international institutions where pay and/or benefits are substantially higher?

Significantly, our major competitors for staff are other research-intensive universities which also offer USS pension benefits and who will be facing the same challenges.

While the changes proposed to USS will reduce the certainty associated with a defined benefit scheme, the proposal accepted by the Chair of the JNC on 23 January would be competitive with pensions on offer in many other sectors. While some parts of the private sector may offer higher salaries than universities, their pension benefits are often less attractive than the current proposal.

There are very few self-funded pensions in any sector that continue to offer defined benefits. Those pensions that still include elements of defined benefit are typically unfunded and backed by government guarantees.

We are also conscious that many factors influence an individual’s choice of employer. The remuneration package is clearly important but so is the quality of our research, our scholarship and our outstanding students.

Question 2: Does the University have any estimate of how the 2014 changes to pensions affected the quality of staff we can recruit or retain?

Question 3: How will our excellence in our research and scholarship attract and retain exceptional staff in professional services?

Question 4: How will we be able to maintain our standards of excellence in research and scholarship if we cannot recruit and retain world-class staff?

We absolutely acknowledge that maintaining the excellence in research and scholarship which we are known for will not be possible if we cannot recruit and retain world-class staff.

In terms of an estimate of impact of the 2014 changes, we have not formally measured any differences. What we do know is that we have had, and continue to have, very strong applicants for University roles over the past four years and have made many outstanding appointments of both academic and professional services staff – including individuals who have joined us from outside the UK and from institutions offering TPS pensions.
We do have some challenges in recruiting into areas affected by market forces in the private sector – particularly in Estates, IT, Economics – and these are challenges faced across the sector. We have the flexibility, for both academic and professional services staff, to offer recruitment and retention enhancements in limited circumstances, where market forces prevail. We are also conscious that these market pressures are likely to continue to present significant challenges and we will be working hard to ensure that the University remains an attractive place to work. This includes ensuring that we enhance channels for engagement between staff and management.

5. **Death in service and ill-health cover**

One of the five key objectives of the University's Pensions Strategy is to 'provide a competitive pensions and life assurance offering to attract and retain the best staff'. The proposals made in the September consultation response were made after looking across sectors and taking good practice from what others provide.

| Question 1: Was the process for agreeing the University’s position on this response adequate? |
| Question 2: What guarantees can the University give to staff that it will not seek changes these benefits in future? |
| Question 3: If changes are required to these benefits in future will staff be consulted? Will evidence be used to inform the University’s position? |

UUK's proposal to change the pension structure to a wholly defined contribution basis demonstrated that retention of death in service and ill-health cover can be maintained on a comparable basis to the current scheme. We are happy to support the continuation of death in service and ill-health cover benefits.

It is important to remember that the purpose of UUK’s consultation with employers was to seek their views on a range of issues to build a consensus across all employers as to the future of USS. Our response to the September consultation was not a proposal for change. We recognise we could have engaged a wider group of representatives from the institution to test our proposed response to any consultation and commit to doing so in a transparent and timely manner going forward. We plan to establish a pension working group to assist us in developing future proposals and assisting with wider staff engagement to obtain the views of the wider university community. We will encourage UUK to ensure that any proposal undergoes a thorough equality impact assessment before being taken forward.

The University will also continue to consult with the trades unions on matters relating to pensions.

6. **Transparency and openness**

The University is committed to a culture of transparency and openness with its staff and students. The current industrial action has created some distrust between the University’s senior leadership and some of its staff and we are working hard to rebuild this. We have started this process by hosting two open staff forums (week commencing 19 March 2018) and will continue this approach in the coming months. We continue to welcome opportunities for dialogue and conversation with individuals and groups across our community.

| Question 1: Will the University commit to publishing its response to future UUK consultations in full without redaction? |
Question 2: Will the University publish the evidence about the impact on staff and the university used to inform its position?

Question 3: How will the University improve its approach to changing staff benefits in future? Will it consult with staff? Or assess the impact of potential changes on staff?

Being part of national bargaining and a national pension plan can, at times, compromise the University’s ability to be completely open with staff but we have shared and will continue to share information as fully and transparently as we can.

We will commit to publishing responses to future UUK employer consultations. However, there are occasions when publishing the full detail of a consultation response, given the need to develop a national position, may inhibit the free and frank exchange of views and we may choose to redact this kind of information.

We accept that communications can always be improved. Communication with staff on the current challenges relating to USS has taken place over an extended period. A summary of the various communications and consultations with UCU, Senate, the Board of Trustees, and UUK is set out in tabular form on the staff website. There have also been several all-staff emails and in January 2018 there were two staff forums in the Priory Road Lecture Theatre to which all staff were invited. A further staff forum was held at Langford Campus in February 2018. That said, we recognise that staff feel we could have communicated more, and better, and we will endeavour to improve this going forward.

The bulk of the University’s detailed discussions around pensions have been with UCU. Meetings relating to the current round of USS valuations began in March 2017 and have continued thereafter. The University of Bristol was one of only a handful of universities to speak with Sally Hunt in June 2017 regarding the valuation.

We will continue to discuss potential changes to staff benefits with the University’s recognised trades unions and with staff. In the early stages of discussion, we work closely with trades unions, whose role it is to represent the views of its members. We will consult with staff more broadly once there is a more developed case for change. The date for any staff consultation in respect of a proposed change to USS is not yet known.

In the light of the ongoing discussions, the Board has further agreed to widen the membership of its Pensions sub-group to include staff members of the Board from both the Academic and Professional Services communities. The sub-Group will take any urgent decisions on behalf of the Board related to the current dispute. Its membership will be composed as follows:

- Chair of the HR Committee – Ms Nicky McCabe
- Chair of the Finance Committee (Chair) – Sir Ron Kerr
- Chair of the Audit Committee - Mr Andrew Poolman
- Vice-Chair of the Board of Trustees – Dr Moira Hamlin
- Academic member of the Board of Trustees – to be agreed
- Professional Services member of the Board of Trustees – to be agreed
- Lay member of the Board of Trustees – Dr Andreas Raffel
- Co-opted member the Finance Committee with relevant pension experience – Jonathan Punter.