Statement from the Governing Body of
The Queen’s College, Oxford

On 12 March 2018, The Queen’s College, as a participating employer in USS, was asked by Universities
UK (UUK) whether it was prepared to endorse the proposed restructuring of benefits that had been
‘agreed’ in ACAS talks between UUK and the University and College Union. (The agreement was, of
course, subsequently rejected by the Union itself.)

The Governing Body of the College decided not to endorse the proposed restructuring, and it submitted
its view to UUK.

Our reasoning is as follows:

We welcome the progress that the talks made in establishing the possibility of an immediate
continuation of a defined-benefit section of the scheme. However, the outlined defined-benefit
arrangement was substantially weakened by the indicated cap on the indexation and revaluation of
benefits, and we did not feel able to support such a problematic proposal.

The College also believes that the emergence of a possible defined-benefit arrangement at this point
raises the question of why, and with what mandate, UUK initially favoured so decisively a defined-
contribution scheme. We remain troubled by what appears to have been a reluctance to consider
alternative approaches and to think more creatively about the ways in which a defined-benefit
arrangement could be made to work. For instance, we previously suggested that tiered employee
contribution rates be adopted (compare the Teachers’ Pension Scheme, the Local Government Pension
Scheme, and the Civil Service Pension Scheme, for example); it still remains unclear whether this
possibility has been explored and why, if so, it has been rejected.

The College has a more general concern, too. The proposed agreement appears to have been negotiated
within the constraints imposed by the recent valuation of the scheme’s deficit. To that extent, many will
view it as akin to a rearrangement of deck-chairs on the *Titanic*. We welcome UUK’s efforts to establish
an independent group to examine the valuation, and we also note the CEO of USS Ltd’s very recent
comments on the funding position. He is undoubtedly correct to suggest that some aspects of the
trustee’s position have been misunderstood; however, we nevertheless think there are legitimate
concerns about the logic of the trustee’s ‘test 1’. These concerns are contributing to a widespread loss
of confidence in the valuation, and there is a growing suspicion that the legislation in this area may be
broken. We are certainly not convinced that a triennial valuation cycle, leading to what are now
perceived as depressingly regular benefit reforms, is in anyone’s interests.

We thus take the view that both UUK and USS are vulnerable to the criticism of approaching the current
challenge the wrong way round: that is, it seems odd to contemplate such substantial benefit reform
now when the calculation of the scheme’s deficit is the subject of legitimate enquiry and controversy.
While we appreciate that the statutory deadline associated with the valuation is very near, we would
hope that the Pensions Regulator might be pragmatic in its approach to the difficulties that have been
encountered. Otherwise we face a potentially very damaging outcome that will be quite contrary to the
interests of all parties, and manifestly at odds with the public policy considerations that underpin the
relevant legislation.

As we have said previously, the College’s overriding concern is simply for the recruitment and retention
of academics, given the long-term weakening of remuneration in the higher education sector. We remain
profoundly worried about the waning attraction of an academic career for those beginning, or yet to
begin, their working lives.

18 March 2018