Text of UUK proposal: black font - Suggestions for UCU amendments and proposals: red font

1. A formally agreed joint expert panel, comprised of actuarial and academic experts nominated in equal numbers from both sides will be commissioned, to deliver a report. Its task will be to agree key principles to underpin the future joint approach of UUK and UCU to the valuation of the USS fund.

UCU needs to agree the status of the panel's report; to determine that any agreed principles will be binding.

2. It will require maintenance of the status quo in respect of both contributions into USS and current pension benefits, until at least April 2019.

Maintenance of status quo is required until the next valuation period.

3. There will be a jointly agreed chair whose first step will be to oversee the agreement of the terms of reference, the order of work and timescales with the parties. Any recommendations by the group must be based on a majority view of the panel without the use of a casting vote. A secretariat, jointly agreed by the parties, will be appointed.

The chair should not have a vote, to avoid decisions being made which are not the majority view of experts appointed by both sides.

4. The panel will focus in particular on reviewing the basis of the scheme valuation, assumptions and associated tests. It will take into account the unique nature of the higher education (HE) sector, inter-generational fairness and equality considerations, the need to strike a fair balance between ensuring stability and risk. Recognising that staff highly value defined benefit provision, the work of the group will reflect the clear wish of staff to have a guaranteed pension comparable with current provision whilst meeting the affordability challenges for all parties, within the current regulatory framework.

Parameters must be specified by UCU to avoid repeat contested valuations. ie rather than the unique nature of the HE sector being *taken into account*, it needs to *underpin* future scheme valuations, assumptions and associated tests. If this is achieved, valuations will be based on the scheme remaining *open* and will preclude the risk scenarios linked to *closure* of the scheme. This seeks to enshrine that any future valuation is suited to the context of a group of national public Higher Education Institutions, unlike a business chain with a very different set of market risks.

This will require UCU to seek to adjust the framework eg. modify the understanding of risk and affordability and suggest changes to the regulatory framework to make it more appropriate for an enormous multi-member scheme. Irrespective of the arguments made by various parties regarding de-risking, all available evidence shows that this would be counterproductive for the valuation of the scheme.

5. The panel will make an assessment of the valuation. If in the light of that contributions or benefits need to be adjusted in either direction, both parties are committed to agree to recommend to the JNC and the trustee, measures aimed at stabilising the fund to provide a guaranteed pension broadly comparable with current arrangements.

UCU needs to seek amendment of *'guaranteed pension broadly comparable with…'* to *'defined benefit pension scheme equivalent /superior to'*.

UCU should reject the notion of 'adjustments in either direction'. Scheme members must be protected from deleterious adjustments. In the past the scheme has been valued at 77% of self-sufficiency without any changes being made.

The source of the contested deficit has been attributed by some to the reduction in employer contributions initiated in 1997. It would therefore be appropriate for any adjustments, if deemed necessary, to focus on increased employer contributions.

6. Alongside the work of the panel both sides agree to continue discussion on the following areas: comparability between TPS and USS; alternative scheme design options; the role of government in relation to USS; and the reform of negotiating processes to allow for more constructive dialogue as early as possible in the valuation process.

'Alternative scheme design options' should only be considered if they lead to improved benefits without an increase in costs. UCU should insist on equivalent benefits with TPS at a minimum and press for government underwriting of the scheme or a relaxation of the regulatory framework so there is no need to make negative changes.

UCU should press for discussion on making up losses to scheme members resulting from the flawed 2011 and 2014 valuations.

7. Support for this process will need to be sought from the USS trustees and the pensions regulator, recognising their statutory responsibilities. Both UCU and UUK will make the necessary approaches to seek this support.

The action should not be suspended until this support is forthcoming.

8. Should this process prove acceptable to all parties this could provide the basis for the UCU to consult its branches and members on ending the industrial action currently underway within the sector.

UCU should push for this to be contingent on UUK requesting its subscribers rescind double pay docking for non- rescheduling of classes during the strike period. This has set a debilitating precedent for future industrial action which UCU must reverse. In addition UCU should seek commitment to no pay docking for staff on casualised contracts.

UCU should press for strike days not to be counted as unauthorised absence for visa purposes.