



COUNCIL

Minutes of the 257th meeting of Council held on Friday 7 May 2021 from 2pm to 3pm via Zoom

1. Present

Members present: Dame Denise Holt (Chair), Adrienne Fresko (Vice-Chair), Kirstin Baker, Andy Bryant, Tony Bullman, Professor Sara Crangle, David Curley, Mark Devlin, Mark Fisher, Professor Keith Jones, Connor Moylett, Professor Mario Novelli, Max O'Donnell-Savage, Jane Parsons, Rosemary Martin, Albertus Schoeman, Professor Adam Tickell, Nick Watson, Professor Gerhard Wolf, Richard Zaltzman.

In attendance: Dr Tim Westlake (Chief Operating Officer and University Secretary), Allan Spencer (Director of Finance), Professor Stephen Shute (Pro Vice-Chancellor (Planning and Resources)), Siobhan O'Reilly (Director of HR), Alexandra Fulton (Associate Director of Communications), Georgina Seligmann (Deputy Head of Governance), Emma Potts (Interim Deputy Chief Operating Officer and Deputy University Secretary).

Apologies were received from Professor Steve Caddick, Professor Steve McGuire and David Benson.

2. Declarations of interest

2.1 Declarations of interest were noted from the following Council members and attendees at the meeting, as members of staff who are also USS pension scheme members: Professor Kelly Coate, Professor Sara Crangle, Mark Fisher, Professor Keith Jones, Professor Mario Novelli, Siobhan O'Reilly, Emma Potts, Professor Stephen Shute, Allan Spencer, Dr Tim Westlake, Professor Gerhard Wolf.

2.2 It was noted that, whilst Kirstin Baker is a non-Executive Director of the Pensions Regulator, she recuses herself at the Pension Regulator for discussions on USS, and not at the University.

2.3 Professor Adam Tickell noted that he is not a full member of USS, but does make deficit recovery contributions and towards death in service benefits. It was noted that he is also on the board of UUK and the Employers Pension scheme, but this was not considered to be a conflict of interest.

3. Minutes

3.1 Council NOTED that the minutes of the meeting held on 26 March 2021 and matters arising will be considered at the meeting on 2 July 2021.

4. Chair's Action

- 4.1 Council NOTED that no actions had been taken by the Chair on behalf of Council since the previous meeting.
- 4.2 Council NOTED that the Sustainability Group had met on two occasions since the last meeting of Council, to continue to provide a close monitoring function until the end of the 2020/21 financial year. All of the financial indicators are green and the overall status is low risk. The forecast remains close to that provided to Council in March (which was a surplus of £11.3m) despite the government restriction on students' return to campus. The two key reasons for the financial position remaining steady can be attributed to many more students having returned to campus than anticipated (and against government advice), so accommodation losses have been lower than forecast, and secondly that the expenditure on some of the Estates and IT roadmap projects (specifically in IT) has been slower than forecast, noting that some of these are revenue rather than capital projects.
- 4.3 Council RECEIVED an update on the Size and Shape programme from the Vice-Chancellor who reminded Council that Professor Keith Jones is leading the University Engagement group. There has been widespread engagement across the University but a key theme has been that the timescale for engagement is very tight. The timeline for the programme is therefore being considered accordingly and an update will be provided to Council once this has been explored in further detail.

5. UUK Consultation

- 5.1 Council CONSIDERED the proposed response to the UUK consultation on USS and Sussex UCU response (C/257/1, C/257/1a-e), noting the importance of this matter for the University and that the deadline for submitting the University's response was 24 May. Whilst the meeting was being held some way in advance of the deadline, the date was already in members' diaries for an informal briefing of Council, and the timing also ensured that Council members could make a meaningful contribution to the response. A further briefing for those who wished to attend would be available closer to the deadline.
- 5.2 In opening remarks, the Chair explained that members' role as Trustees required them to consider the consultation response in light of their responsibility as the employer to protect the future of the University and its community. The response would form part of a body of evidence from all USS employers, providing guidance to UUK to negotiate on behalf of its members. Whilst recognising that some University Councils had shared the full text of their response with all staff, the Chair saw this as bad practice which could potentially undermine negotiations by limiting UUK's freedom of manoeuvre.
- 5.3 In introducing the response, the Vice-Chancellor drew Council's attention to the following:
- a) The technical consultation is complex; the cover paper seeks to provide an explanation of the key points. There is clearly some common ground between the Executive and the response submitted from Sussex UCU, specifically the overly prudent stance taken by the USS trustee and that the strength of the employer covenant does not seem to have been accurately priced in.
 - b) It would appear that the USS trustee's level of prudence can be attributed to the withdrawal of Trinity College Cambridge from the scheme, given that the scheme is based on a 'last man standing' arrangement. However, with the exception of Oxbridge colleges, the reality is that other institutions cannot afford to leave the scheme, so there

is not a material risk that employers will crystallise their debt. There is also no evidence that any other Oxford or Cambridge college will opt to leave USS.

- c) Whilst the view is that the valuation is unduly cautious, there is a significant deficit, so the concerns about the scheme are valid. The deficit includes provision to preserve all pensions accrued to date, as well as the price of the future service. The number of failures of other pension schemes in recent years may also be a contributing factor to the cautious approach from the Pension regulator.

5.4 Council members present were each given an opportunity to provide their feedback on the consultation response and, in this discussion, the following points were made:

- a) It is difficult to know at this stage whether the University's response will be in common with the rest of the sector, although it would seem that most institutions believe that higher contribution rates are not affordable for either the employers or individual members. Employers are continuing to make strong representations of over-prudence in the assumptions made by the trustee. The covenant measures will affect institutions differentially, so this will be reflected in individual institutional responses.
- b) In setting their final advice, the USS trustee will take into account the valuation as at the end of March; whilst markets have improved during the intervening period, it is still unlikely that the improved position will make a significant difference to the valuation, nor make a positive difference overall. There is also a risk that the Pensions Regulator considers all universities as a single entity; the reality is that not all institutions are as strong; this is evidenced in the varying way in which institutions have been able to navigate the Covid crisis.
- c) The impact of the proposals on staff is recognised, in particular for early career staff where opt-out rates are much higher. Staff do need to feel that Council is supporting and protecting all staff and, as such, it was suggested that the language of the response could be strengthened in some areas, particularly to highlight the concerns with high opt-out rates for younger staff and the scheme's exclusivity clause, which prevents eligible staff from being offered alternative pension provision. The response could also be stronger in highlighting the need for review of the scheme's governance arrangements and to question the validity of the valuation.
- d) Despite some differences in tone, the overwhelming majority of independent members and some members of staff agreed that the draft response was thorough and measured, whilst noting the opportunity to strengthen the language in some areas. However, several members of staff and students argued strongly for an alternative, tougher approach and full publication of the response. For the reasons stated above, the consensus of the meeting was that the response should be expressed in tougher language, but that Council did not support an alternative proposition, and accepted that our response to our professional body should be confidential, to allow UUK maximum leeway for negotiations. It was noted that the scheme is already in breach in terms of the deadline for the valuation to be signed off.
- e) Given the importance of this issue for staff, it was agreed that a communication from the Chair of Council to all staff, to reflect the careful deliberation of Council on this matter, should be produced, in line with the normal practice of a communication from the Chair following each Council meeting. **[Action: Associate Director of Communications to draft a response for the Chair of Council to review]**

[Post-meeting note: following discussion between the Chair and Vice-Chancellor, an email was sent out to all staff on 28 May 2021, to advise of the decision to publish the University's response to the UUK consultation, given that a majority of other universities had decided in this instance to publish their responses. The email stated that this decision does not set a precedent for any future consultation exercise].

5.5 Council APPROVED the response by a majority view, subject to incorporation of the comments above.

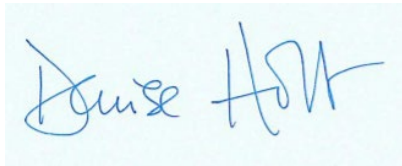
6. Any Other Business

6.1. No other business was raised.

7. Dates of next meetings

7.1 Thursday 1 July 2021 from 5pm / Friday 2 July 2021 all day.

Dr Tim Westlake
Secretary to Council
May 2021



Dame Denise Holt
Chair of Council
May 2021