CAMBRIDGE UNIVERSITY REPORTER

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UNIVERSITY OF CAMBRIDGE

PUBLISHED BY AUTHORITY

NOTICES

Calendar

9 November, *Sunday*. Remembrance Sunday. Michaelmas Term divides.
11 November, *Tuesday*. Discussion at 2 p.m. in the Senate-House (see below).
17 November, *Monday*. Leslie Stephen Lecture at 5.30 p.m. in the Senate-House, Professor R. D. Ashton, OBE, FBA, FRSL, *N*, Emeritus Quain Professor of English Language and Literature, University College London.
25 November, *Tuesday*. Discussion at 2 p.m. in the Senate-House.
29 November, *Saturday*. Congregation of the Regent House at 2 p.m. End of third quarter of Michaelmas Term.

Discussions at 2 p.m.	**Congregations**
11 November	29 November, *Saturday at 2 p.m.*
25 November	
9 December	

Notice of a Discussion on Tuesday, 11 November 2014

The Vice-Chancellor invites those qualified under the regulations for Discussions (*Statutes and Ordinances*, p. 111) to attend a Discussion in the Senate-House, on Tuesday, 11 November 2014, at 2 p.m. for the discussion of:

1. First-stage Report of the Council, dated 20 October 2014, on the development of the Greenwich House site (*Reporter*, 6361, 2014–15, p. 65).

The Report published in this issue (p. 119) will be discussed on 25 November 2014.

Election of members of the Council's Finance Committee in class (*b*)

Two vacancies will arise on the Council's Finance Committee for members of the Regent House, elected by representatives of the Colleges, one to serve for three years from 1 January 2015 and one to serve with immediate effect until 31 December 2016. The person first elected will serve for three years, the person second elected will serve until 31 December 2016. If there are only two candidates, assignment of the periods of office will be determined by Grace on the recommendation of the Council.

The election is conducted in accordance with the Single Transferable Vote regulations. Voting is by postal ballot.

Nominations should be made in writing to the Head of the Registrary's Office, University Offices, The Old Schools, Cambridge, CB2 1TN, and must include a statement by the person nominated that he or she is willing to serve on the Finance Committee. Nominations and statements should be made by **12 noon on Monday, 17 November 2014**. Nominations should be supported by the signatures of two members of the Regent House. If a ballot is necessary, papers will be dispatched by Thursday, 27 November, for return by 12 noon on Monday, 8 December 2014.

VACANCIES, APPOINTMENTS, ETC.

Vacancies in the University

A full list of current vacancies can be found at http://www.jobs.cam.ac.uk/.

Two University Lectureships (in Control Engineering and in Information Engineering and Medical Neuroscience) in the Department of Engineering; salary: £38,511–£48,743; closing date: 9 January 2014; further particulars: http://www.jobs.cam.ac.uk/job/5100/; quote reference: NM04415

The University values diversity and is committed to equality of opportunity.

The University has a responsibility to ensure that all employees are eligible to live and work in the UK.

Electors to the Genzyme Professorship of Neuroimmunology

The Council has appointed members of the *ad hoc* Board of Electors to the Genzyme Professorship of Neuroimmunology as follows:

Professor Jeremy Sanders, *SE*, in the Chair, as the Vice-Chancellor's deputy

(*a*) *on the nomination of the Council*
Professor Edward Bullmore, *W*
Professor John Todd, *CAI*

(*b*) *on the nomination of the General Board*
Professor Roger Barker, *SID*
Professor Anne Cooke, *K*
Professor Angela Vincent, *University of Oxford*

(*c*) *on the nomination of the Faculty Board of Clinical Medicine*
Professor Alastair Compston, *JE*
Professor Patrick Maxwell, *T*
Professor Hugh Perry, *University of Southampton*

EVENTS, COURSES, ETC.

Announcement of lectures, seminars, etc.

The University offers a large number of lectures, seminars, and other events, many of which are free of charge, to members of the University and others who are interested. Details can be found on Faculty and Departmental websites, and in the following resources.

The What's On website (http://www.admin.cam.ac.uk/whatson/) carries details of exhibitions, music, theatre and film, courses, and workshops, and is searchable by category and date. Both an RSS feed and a subscription email service are available.

Talks.cam (http://www.talks.cam.ac.uk/) is a fully searchable talks listing service, and talks can be subscribed to and details downloaded.

Brief details of upcoming events are given below.

University of Cambridge (*Environment and Energy Section*)	*Switch Off Week* 10 to 16 November 2014; various events around the University to encourage staff and students to make the University greener and more energy efficient, including a stargazing evening, 'Thermal Thursday', and pedal-powered cinema; booking required for some events	*Programme and event details*: http://www.environment.admin.cam.ac.uk/switch-off-week
Chemical Engineering and Biotechnology	Research Seminar: *Unsteady flow of yield stress materials*, by Dr Miguel Moyers-Gonzalez, University of Canterbury, New Zealand, on Wednesday, 12 November 2014, at 2 p.m. in Lecture Theatre 1	http://www.ceb.cam.ac.uk/

NOTICES BY FACULTY BOARDS, ETC.

Annual meetings of the Faculties

Computer Science and Technology

The Chair of the Faculty Board of Computer Science and Technology gives notice that the Annual Meeting of the Faculty will be held at 2.15 p.m. on Tuesday, 18 November 2014, in Lecture Theatre 1 of the William Gates Building, JJ Thomson Avenue. The theme of the meeting will be the Computer Science Tripos, to include talks from research students about the transition from Part II to Part III and on to studying for a Ph.D.; all members of the Faculty are invited to attend.

Earth Sciences and Geography

The Chair of the Faculty Board of Earth Sciences and Geography gives notice that the Annual Meeting of the Faculty will be held at 2.15 p.m. on Tuesday, 18 November 2014, in the Seminar Room, Department of Geography, Downing Place. The business will be the election, in accordance with Chapter IX of the Ordinances, of two members of the Board in class (*c*) to serve for four years from 1 January 2015.

Nominations for the election and notice of any other business should reach the Secretary of the Faculty Board (email: secretary@esg.cam.ac.uk) not later than 14 November 2014.

Mathematics

The Chair of the Faculty Board of Mathematics gives notice that the Annual Meeting of the Faculty will be held at 2.15 p.m. on Thursday, 20 November 2014, in Meeting Room 5, Pavilion A of the Centre for Mathematical Sciences. Business will include the election, in accordance with Regulation 1 of the General Regulations for the Constitution of the Faculty Boards (*Statutes and Ordinances*, p. 600),

- one member of the Faculty Board in class (*a*)(ii) to serve from 1 January 2015 for two years;
- two members of the Faculty Board in class (*c*) to serve from 1 January 2015 for four years;
- two members of the Faculty Board in class (*c*) to serve for two years from 1 January 2015; and
- one member of the Faculty Board in class (*c*) to serve for one year from 1 January 2015.

Nominations for these elections should reach the Secretary of the Faculty Board of Mathematics, Room B1.30, Centre for Mathematical Sciences, Wilberforce Road, not later than 12 noon on Thursday, 13 November.

Nominations should be in writing, should bear the signatures of the proposer and seconder, and should contain a signed statement by the nominee that he or she would consent to serve if elected. Any further items for the agenda should reach the Secretary by the same date.

FORM AND CONDUCT OF EXAMINATIONS, 2015

Notices by Faculty Boards, or other bodies concerned, of changes to the form and conduct of certain examinations to be held in 2015, by comparison with those examinations in 2014, are published below. Complete details of the form and conduct of all examinations are available from the Faculties or Departments concerned.

Land Economy Tripos

The Board of Land Economy give notice that, with effect from the examinations to be held in 2015, the form of the examinations for the following papers for the Land Economy Tripos will be changed as follows:

Part IA and Part 1B

Paper 3. Quantitative and legal methods for land economists

The paper will be divided into three sections: Mathematics (Section A), Statistics (Section B), and Legal methodology (Section C). In each of sections A and B, students will be expected to answer two questions out of a choice of three. In section C, it will be necessary to answer one question out of a choice of two. The three sections will be weighted as follows: 40% each for Mathematics and Statistics and 20% for Legal methodology.

This is instead of assessment for the paper comprising: two project elements, for Accounting and Statistics, attracting 10% and 30% of the overall mark respectively, and a written examination comprising 60% of the overall mark, being divided into three sections (A – Mathematics, B – Statistics, and C – Accounts), each comprising 20% of the overall mark.

Part IB

Paper 9. Private law

The paper will be divided into two sections, Section A (Tort Law) and Section B (Contract Law). The paper will contain no fewer than ten questions and candidates will be required to answer four questions in total, with at least one question to be answered from each section.

This is instead of the paper having no sections with no fewer than ten questions of which candidates are required to answer four.

Part II

Paper 14. Planning policy and practice

The paper will be divided into two sections, A and B. The paper will contain no fewer than ten questions and candidates will be required to answer four questions in total, with at least one question to be answered from each section.

This is instead of the paper having no sections with no fewer than ten questions of which candidates are required to answer four.

All other papers remain unchanged.

Full details of the examinations can be obtained from the Land Economy Intranet at: https://www.landecon.cam.ac.uk/current-staff-student-intranet/tripos/tripos-information.

REPORTS

First-stage Report of the Council on the North Range of buildings on the New Museums site

The Council begs leave to report to the University as follows:

1. In this Report the Council is seeking approval in principle for the construction works relating to the North Range of buildings on the New Museums site which includes accommodation for a new Student Services Centre.

2. The New Museums site is one of the University's most prominent sites, occupying an historic location in the city centre with a unique, globally important, architectural and scientific heritage. The current built environment, which is the result of *ad hoc* development in the first half of the twentieth century, is unsatisfactory. Substantial areas of the site are, or will be, vacant following the relocation of the Department of Materials Science and Metallurgy, the Department of Chemical Engineering and Biotechnology, and the former University Computing Service to the West Cambridge site. These areas cannot be left unoccupied and allowed to deteriorate.

3. The improvement of the quality of the New Museums site is therefore an important and urgent part of the University's Estates Strategy. To this end, a Master Plan has been produced under the guidance of a New Museums Site Development Board, which was approved by the Planning and Resources Committee on 15 October 2014. The intention of this Plan is to ensure that redevelopment of the New Museums site is carried out in a coherent, holistic, and sensitive way that respects the individuality of the existing buildings and institutions on it, while also representing, facilitating, and encouraging the communication and collaboration that is an essential part of the University's success. In this way it is hoped that the site can be improved as an urban space and as an attractive place of work for staff and students as well as for members of the public.

4. In brief summary, the Master Plan proposes:

- The creation of a more sustainable built environment and improved entrances and accessibility for pedestrians and cyclists, with greater restrictions on access for (non-emergency) motor vehicles;
- The retention and enhancement of those heritage buildings that contribute positively to the site and its surroundings;
- Demolition of buildings of lower quality;
- The creation of a new spatial structure with clear organization and better way-finding;
- The rationalization and improvement of complex existing services networks.

5. The Plan has been developed in consultation with current and prospective users of the site, the Local Planning Authority, and English Heritage. An electronic copy of the Plan can be found at: http://www.admin.cam.ac.uk/offices/em/estate/site/newmuseums.html.

6. The first phase of the improvements, in the form of the refurbishment and alteration of the Arup Building (*Reporter,* 2012–13, 6294, p. 323 and 6316, 751), will be complete in 2015. The second phase will focus on the North Range of buildings and will provide accommodation for a new Student Services Centre, improved pedestrian access to the site from Bene't Street, through high quality external spaces in what is now the Bene't Street Yard car park and on the site of the Mond Building Annex, cycle parking with ramped access for approximately 500 bicycles in the basement of the Arts School, storm water attenuation measures, and the upgrading of an existing basement under the Austin Building to provide space for a plant room, which will in due course house an energy centre serving the whole of the site.

7. The accommodation for the Student Services Centre will be provided through the refurbishment and alteration of the Arts School and the ground floor of the Old Cavendish Laboratory East and Rayleigh Wings, together with construction of a new building on the site of the existing Examinations Hall.

8. The Student Services Centre is an important University commitment to student support and to the overall student experience, and will deliver services efficiently in the type of modern and integrated environment common in other competitor institutions. It will form a highly visible semi-public core area for student engagement, providing students with improved access to services and information, and will provide accommodation for a large part of the Academic Division of the Unified Administrative Service and cognate student-facing activities including the Accommodation Service, the Careers Service, and the Cambridge Trust. The building will also include replacement, better quality examinations space.

9. The Planning and Resources Committee, at their meeting on 15 October 2014, approved the Full Case for the project. The current estimated cost of the project is £39.2m including £6.5m for the demolition, public realm, and infrastructure works referred to in paragraph 4 above.

10. The project is planned to be completed so that the new building is operational by December 2017. A Second-stage Report will be published in due course to seek approval for implementation of the project.

11. Drawings of the proposals are displayed for the information of the University in the Schools Arcade. A location plan of the New Museums site is shown below.

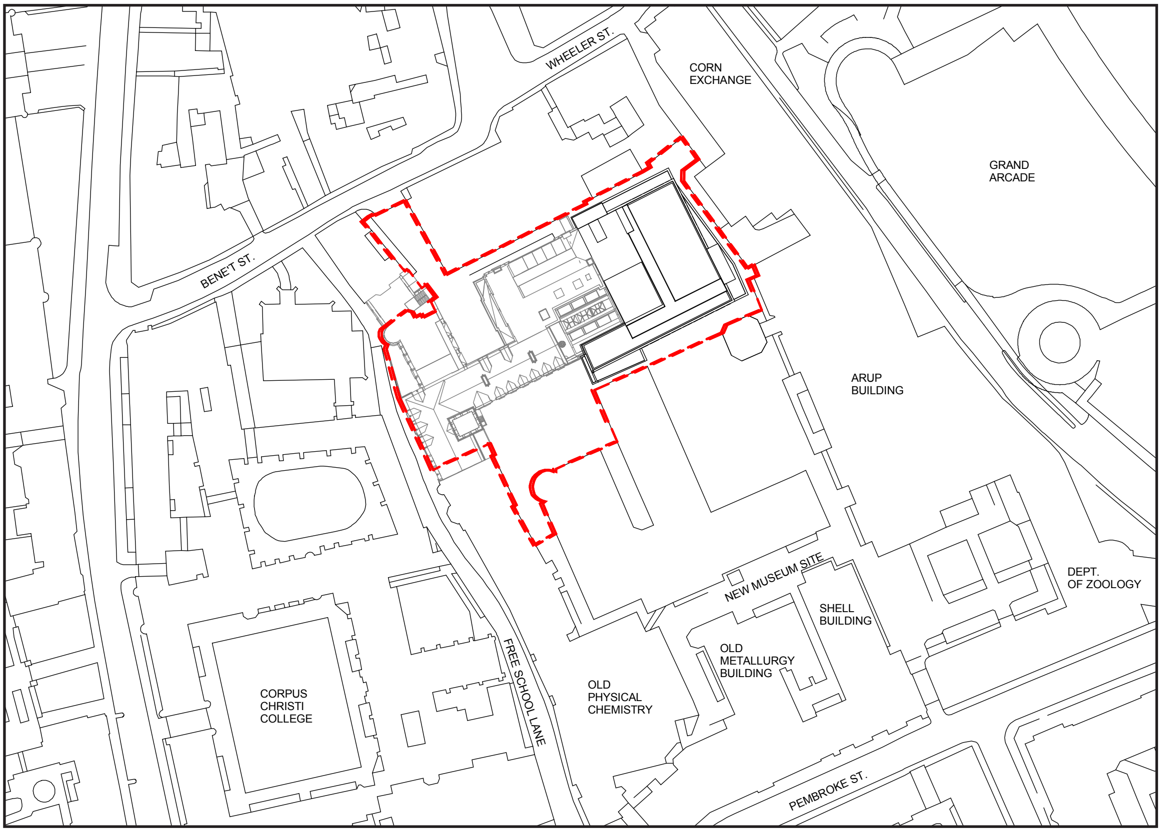
12. The Council recommends:

I. That approval in principle be given for the construction works outlined in this Report.

II. That the Director of Estate Strategy be authorized to apply for planning permission and listed building consent in due course.

31 October 2014	L. K. Borysiewicz, *Vice-Chancellor*	Andy Hopper	Mavis McDonald
	N. Bampos	Richard Jones	Susan Oosthuizen
	Jeremy Caddick	Fiona Karet	Rachael Padman
	Anne Davis	F. P. Kelly	Shirley Pearce
	David Good	Mark Lewisohn	I. H. White
	Helen Hoogewerf-McComb	Rebecca Lingwood	A. D. Yates

New Museums Site: North Range buildings



GRACES

Graces submitted to the Regent House on 22 October 2014: Correction

The Vice-Chancellor gives notice of a correction under Regulation 15 of the regulations for Graces and Congregations of the Regent House (*Statutes and Ordinances*, p. 111).

The Report of the General Board on certain University offices in the School of Clinical Medicine (*Reporter*, 6355, 2013–14, p. 748), approved by Grace 6 of 22 October 2014, should have indicated that the recommended amendments would come into effect from 1 January 2015.

Grace submitted to the Regent House on 5 November 2014

The Council submits the following Grace to the Regent House. This Grace, unless it is withdrawn or a ballot is requested in accordance with the regulations for Graces of the Regent House (*Statutes and Ordinances*, p. 111), will be deemed to have been approved at 4 p.m. on Friday, 14 November 2014.

1. That the First-stage Report of the Council, dated 7 October 2014, on the construction of education space and gallery refurbishment at Kettle’s Yard (*Reporter*, 6359, 2014–15, p. 41) be approved.

ACTA

Approval of Graces submitted to the Regent House on 22 October 2014

The Graces submitted to the Regent House on 22 October 2014 (*Reporter*, 6361, 2014–15, p. 67), see also above, were approved at 4 p.m. on Friday, 31 October 2014.

J. W. NICHOLLS, *Registrary*

END OF THE OFFICIAL PART OF THE ‘REPORTER’

REPORT OF DISCUSSION

Tuesday, 28 October 2014

A Discussion was held in the Senate-House. The Vice-Chancellor was presiding, with the Registrary, the Deputy Senior Proctor, the Deputy Junior Proctor, and 122 other persons present.

The following Reports were discussed:

Report of the Council, dated 7 October 2014, on the construction of education space and gallery refurbishment at Kettle's Yard (*Reporter*, 6359, 2014–15, p. 41).

No remarks were made on this Report.

Topic of concern to the University: The future of the Universities Superannuation Scheme (*Reporter*, 6360, 2014–15, p. 50).

Glossary:

AVCs *Additional Voluntary Contributions*
CARE *Career Average Revalued Earnings pension scheme*
CPI *Consumer Prices Index*
CPS *Contributory Pension Scheme* (*for Assistant staff and others of the University of Cambridge*)
CRB *Career Revalued Benefits scheme*
DB *Defined Benefit scheme*
DC *Defined Contribution scheme*
EPF *Employers Pension Forum*
FSS *Final Salary Scheme*
PCSPS *Principal Civil Service Pension Scheme*
PWG *Pensions Working Group* (*a sub-committee of the Finance Committee*)
RPI *Retail Prices Index*
TPS *Teachers' Pension Scheme*
UCU *University and College Union*
USS *Universities Superannuation Scheme*
UUK *Universities UK*

Professor J. K. M. Sanders (Pro-Vice-Chancellor for Institutional Affairs and Chair of the Pensions Working Group):

Vice-Chancellor, I speak as Chair of the Pensions Working Group (PWG), which is a sub-committee of the Finance Committee. I am also Chair of the Human Resources Committee.

In common with most of today's speakers I have a personal interest as an individual member who will eventually draw benefits from USS. (I think that will be true of almost all the speakers – I don't think we need each of us as individuals to keep repeating that.) However, in Cambridge we are in a special position because every member of the Regent House has a responsibility to our successors for the financial stability and future flourishing of the University. Each of us, whether acting as an individual or in a leadership role, needs to bear in mind the long-term consequences of whatever we might suggest. This responsibility is particularly heavy for members of the Council who are Trustees of the University's future.

Difficult choices for USS are unpalatable but unavoidable, and unfortunately the considerations driving those choices are complex and technical. We have placed as much information as possible by way of background papers, including the PWG response to UUK, on the website.[1]

Before I outline the PWG's response to the consultation on proposed changes to USS, I will summarize the wider pensions landscape and some key issues associated with the current valuation of USS.

There are two fundamentally different types of workplace pension schemes: in a Defined Benefit (DB) scheme, the employee receives a predictable pension based either on their final salary (FS) or on a career-averaged salary that is adjusted to take account of inflation (CARE or CRB). The guarantee that there will be sufficient funds to pay the promised pensions is provided by the employer, who therefore takes on all the risk.

In a Defined Contribution (DC) scheme, the employers' and employees' contributions are invested in a fund, and the ultimate benefit depends on the investment performance of the fund. The employee takes the risk or benefit.

It is important to realize that USS is one of the largest private sector schemes in the UK. It has to be self-funded, so it is not comparable with public sector schemes that are ultimately underwritten by the government and therefore by us as taxpayers. Although DB provision continues to dominate in the public sector, it has declined steadily in the private sector since the late 1960s. That decline has accelerated over the past decade and if current trends continue then within ten years all DB schemes in the private sector will have closed to new contributions.

The decline in DB provision across the private sector is due to a range of factors, including life expectancy that is increasing faster than predicted, investment performance across the world that is worse than expected, decades of pay rising faster than inflation (although not for all staff in recent years), and tighter regulation that is designed to avoid failure of pension schemes. Each of these factors has led to increased costs, because they represent future risks that are borne entirely by the employer. As a result, such schemes have been closed and replaced with DC schemes for new employees and, increasingly, for existing employees.

Where DB provision continues in the public sector, it is largely operated on a pay-as-you-go basis and is not subject to the same rigorous funding requirements that apply to private sector schemes such as USS. Public sector schemes such as that currently enjoyed by teachers will survive only as long as the government and we as taxpayers are willing to support them.

A further generic feature to bear in mind is the change in pension tax limits that came into effect earlier this year. The lower tax limits will affect an increasing proportion of DB members over time and will remove much of the tax efficiency and value of DB membership. Although it is currently high earners who are affected, these changes will adversely affect an increasing proportion of DB members over the next few years. It is also possible that further reductions to the tax limits will be made by governments after the next election. Even if USS did not face a valuation problem, it would soon become unattractive to many members because of this change. In contrast, the tax treatment of DC pensions has improved dramatically in the past year, making them much more attractive to individuals.

I will outline the key technical aspects of the valuation, which are at the heart of this issue, after I have explained how the constitution of USS has major implications for this University and for the Colleges.

USS is a multi-employer scheme covering over 300 institutions. It is a 'last man standing' scheme, which means that the unfunded liabilities of any employers that fail are picked up by the remaining employers.

The University of Cambridge, and some of its respective Colleges, and also Oxford, provide a major part of the 'last man standing' guarantee. Although our current and former employees form a small proportion of the USS membership, the University and College assets ultimately underwrite the risks associated with the whole national scheme. In other words, the University and Colleges form a cornerstone of the employer covenant providing financial support in the event that the USS assets are not sufficient to meet the liabilities. From a regulatory perspective, the USS Trustees must consider employer default risk alongside investment and other risks when setting the valuation assumptions and long-term funding plan.

The integrated approach put forward by the USS Trustees early this summer aims to manage overall risk by balancing funding, investment, and covenant risks within a cost envelope that is affordable to employers. This has two main consequences: firstly that the current benefit structure is considered unaffordable, and secondly that the level of investment risk may need to be reduced in the long term as certainty over employer covenant strength reduces.

The first technical aspect relates to guidance set by the UK Pensions Regulator which must be followed by the USS Trustees when carrying out the valuation.

The valuation consists of two stages. Firstly the projection of expected benefit payments allowing for future inflation, salary increases, and improving life expectancy. Secondly the valuation of the expected payments, or to put it another way, the calculation of how much money USS needs to have available to ensure with reasonable certainty that these benefits can be paid when they fall due.

The Regulator's primary responsibility is to protect the security of pensioners' incomes into the foreseeable future. This means it has to minimize the risks even from inherently improbable financial circumstances. It therefore requires a prudent market-based valuation of the liabilities for all members and a long-term plan to reduce reliance on the employer covenant. The key technical issue here is the use of gilt yields to determine the expected return on assets. Like other major DB schemes, the USS valuation is required by the Regulator to use a 'gilts plus' approach to set the expected rate of return used in the valuation.

Ultimately, the valuation compares the value of assets held to the amount of money required to pay all accrued benefits in full, allowing for prudent expected investment returns. This prudent approach has consequences for employer costs and the future service benefits that can be guaranteed.

Whether we agree or not, the Regulator will assess the USS valuation interest rate against market gilt yields as well as assessing other key assumptions relating to longevity and inflation. There are arguments to suggest that gilt yields are currently artificially low due to quantitative easing. There are also arguments to suggest that interest rates and gilt yields will remain low for some time to support the fragile global economic recovery and stave off deflation. Only time will tell who is right and how therefore USS will evolve. In the meantime USS and other DB schemes are subject to Regulator guidance; if the Regulator is not satisfied, then it can simply impose higher contribution rates.

The second technical aspect relates to the Trustees' proposed de-risking of the USS investment strategy and the implications for funding costs. At present, USS adopts an investment strategy which might bring high returns but has associated risks. At present, these risks are supported by the employer covenant. The Trustees' proposed integrated approach leads to a reduced tolerance for investment risk in the long term as certainty over the covenant reduces. A consequence may mean buying index-linked gilts and locking into very low returns, leading to an increase in funding cost. As PWG noted in our response to UUK, any de-risking should be very gradual, meaning over a period of many years, and it should be subject to regular review.

The final technical point to note is that the valuation is based on a snapshot at a point in time and depending on market conditions on that day. The funding position of USS is likely to have worsened since the March 2014 valuation date due to a combination of even lower gilt yields and recent equity market falls.

Against this background, USS and Universities UK launched a consultation exercise in July, an extremely inconvenient time of year and with too short a period before responses were required. Rather inadequate information was provided about the tests to be applied for financial stability, or about different possible structural benefit models. This was a consultation with employers, not employees; employees will be formally consulted by USS at a later stage once proposals are finalized.

Nevertheless, although this was a consultation with employers, even before the proposals were published, the PWG agreed to set up a small consultative Pensions Advisory Group which included three members of Council, a staff member from Cambridge Assessment and a postdoc. This group could not, of course, be regarded as a substitute for a full staff consultation, but it provided a very useful and well-informed forum for the development of our ideas and PWG is grateful to all the members of the Pensions Advisory Group for their constructive engagement.

We also shared information and draft responses with Oxford and some other universities, and we included the College Bursars' Pensions Group in our discussions. While there are nuanced differences between the various responses, the broad thrust of all of them is similar. The response from PWG to UUK makes clear that it does not represent the formal response or position of the University.

In short (and you can read the details on the web), our response queries the basis of the assessment of liabilities, and the rate and extent of de-risking of the investment portfolio, but we accept that change is required. USS did move to a CRB scheme for new members in 2011 in order to reduce risk, but the predicted deficit continues to increase. We agreed that, in the circumstances, the structure of a Defined Benefit Career Averaged pension provision up to a certain threshold, and a DC provision above that threshold is a sensible approach, especially given the adverse tax implications of a large DB pensions pot. Recent and proposed changes in the way that DC pensions pots can be accessed without recourse to annuities, and (unlike USS pensions) can be passed on to family on the pensioner's death, will also make this route more attractive to many.

As a result of the responses received by employers across the sector, UUK have revised their original proposals in a direction that the PWG regards as positive. Cambridge cannot opt out of or modify the scheme that finally emerges. When a scheme is agreed, it will involve the employers increasing their contribution to 18%, in addition to increased National Insurance contributions which will come in from 2016.

We have to acknowledge that what is proposed is still a radical shift, although arguably less radical than that accepted by the Regent House for our Assistant Staff in 2012. The unpalatable but inescapable truth is that the generous and simple pensions world of the 1970s, when USS was created, has been replaced, for current and future generations, by more complexity and less certainty. Taking responsibility for pension provision will increasingly become a matter for individuals across society, and the academic world cannot escape that reality and that individual responsibility. The UUK proposals for employer contributions to future service under the DC component remain essentially the same as they are for the current USS DB scheme. At 12% they are amongst the largest in the UK. The proposed overall contribution rate of 18% (which includes a contribution towards deficit reduction) is considered by universities across the sector to be the highest that is affordable.

It will be for negotiation and employee consultation as to the precise numbers attached to some parameters, such as the rate of revaluation of each year's pension accrual, and the level of the threshold between DB and DC. If the prudent valuations required to satisfy the Regulator turn out in future to have been too pessimistic, then there will be room to enhance benefits or reduce contributions (but that is for the future).

Finally, I assure the Regent House that the University will make all the remarks made at today's Discussion available both to UUK and to USS.

[1] http://www.pensions.admin.cam.ac.uk/uss/uss-news-publications.

Mr M. R. Smith (University Information Services), read by Mr M. G. Sargeant:

Vice-Chancellor, the proposals for reform published by UUK on 9 October 2014 state that

> 'past service benefits for current members of the final salary section will be based on final pensionable salary at the date the reforms come into effect and revalued each year in line with the Consumer Prices Index (CPI) from the date of closure.'

These proposals could have significant effects on staff retention. Using my own example as an illustration, next year I will have completed 25 years pensionable service, indeed a nice pension pot already. However, I am still only half-way through my career. I have been merrily working along with the assumption that my pension collected to date would be based on my final salary at the end of my career. The proposals drastically change this and now I face having my first 25 years' service frozen at a salary scale that will not be my final salary.

These proposals could mean staff in similar positions to me lose the incentive to carry on working in Higher Education until the end of their career. This could lead to retention problems especially in areas where market value could mean employees are worth more in other industries.

Mr M. G. Sargeant (University Information Services):

Vice-Chancellor, in a letter to the *Times Higher Education* supplement published on 23 October 2014,[1] senior academics in statistics and finance said the following:

> '...“The assumptions used to value the fund have been chosen to artificially create a large deficit”. Having reviewed the assumptions given in the 2013 annual report, we believe, as statisticians and financial mathematicians, that each assumption is inadequately justified and that cumulatively they are unreasonably pessimistic and incoherent. The predicted salary increases assume a buoyant economy while investment returns assume a recession.
>
> 'For example, the average annual rate of return on assets achieved by the Universities Superannuation Scheme over the past 10 years was about 7 per cent and over the past five years about 11 per cent. It is therefore difficult to understand the EPF's assertion that “since 2011…the continuing global economic challenges…have had a detrimental impact on the value of USS' assets”.
>
> 'Meanwhile, members' wages are assumed to grow by the retail price index plus 1 per cent (taken to be 4.4 per cent) plus incremental increases. Over the past 20 years the actual rate was about 2.7 per cent, with similar growth over the past 10 years. Post-2008 rates show negative real-pay growth.'

In addition, the University of Oxford says that figures provided by Universities UK to employers did not accurately reflect the likely impact of potential reforms.

A working party set up by Oxford warns that comparisons made by Universities UK between the current final salary scheme and its proposals are 'misleading because they assume no promotion or incremental salary increases over time'.

They say

> 'We feel that we should show our staff examples based on a realistic and typical career, including the kind of promotion that they might reasonably expect.
>
> 'This would show a much greater reduction of benefits to the average academic member of staff than is shown in the Universities UK examples.'

Oxford also says its overall contribution costs might go down if the hybrid model was adopted because it has a high number of senior academic and research staff on higher salaries. 'This is neither desirable nor politically possible', Oxford's submission says, adding that it wanted to 'pay our fair share towards reducing the deficit'.

Meanwhile the University of Cambridge Pensions Working Group (made up of senior leaders and managers in the University) consulted with the College Bursars and with Cambridge Assessment in preparing its response. They say

> 'Whilst the College Bursars will respond in their own right, the University would note that the Pensions Working Group, the College Bursars, and Cambridge Assessment agree on the broad principles for change.'

This was while being critical of the data provided by the USS Trustees.

I welcome the University of Cambridge Pensions Working Group's statement that

> 'it could result in an exodus of the most talented researchers and teachers to overseas universities where pension provision is significantly better than the levels proposed (and in many cases already better than existing levels in USS).'

The changes would also mean universities such as Oxford and Cambridge would be offering pension deals worth thousands of pounds less per year than local rivals such as Oxford Brookes or Anglia Ruskin. In fact the Teachers' Pension Scheme, as used by many post-1992 institutions, which is also moving to CRB, will not be breaking the final salary link for its existing members

We are being pushed towards an inferior pension scheme on a false premise. This short-term incorrect view of the economy contrasts with the decisions made by staff who have committed partly to an inferior pay scale because of the USS Pension Scheme which is being downgraded at regular intervals.

As Sally Hunt, General Secretary of the main union in the sector, UCU, said,

> 'The employers failed to convince us of the need for their dramatic changes or the reasons behind the methodology for its deficit reduction plan. Their proposals remain full of holes and the information they are apparently relying on to back them up keeps being exposed as misleading.'

The vote for industrial action by UCU members was achieved with the highest turnout in UCU's history. A very high proportion of University staff are not happy with the proposals. The University of Cambridge should reflect on this and take appropriate action.

Against this background of tailoring the calculations to meet the needs of the employers and the likelihood that staff will see the offer of a job at the University of Cambridge as inferior to many others, I call on the Council to withdraw the response made on the University's behalf, without being formally endorsed by the University's Council or the Regent House. I further call on the University to call for the withdrawal of the current proposal for USS. The University should ask for a more balanced and longer-term projection of the value of the scheme. It should also call for a scheme which aids staff recruitment and retention rather than the proposal that could mean staff deferring their Final Salary Pension and moving elsewhere.

[1] *Times Higher Education*, 23 October 2014, p. 32, http://www.timeshighereducation.co.uk/comment/letters/false-assumptions-of-the-uss/2016525.article

Dr N. Holmes (Department of Pathology):

Vice-Chancellor, my most earnest plea is for whoever represents Cambridge at the EPF/UUK to argue for genuine negotiations on how to deal with the real situation and not to sit idle while dispute escalates. I also urge our representatives to pay attention to the very carefully thought-out response of Cambridge's Pensions Working Group.[1] This is a careful analysis of the situation and, as we have already heard, quite critical of the current EPF proposals and the work which has been done to support them. We need to ensure that these criticisms are heard in the Employers Forum.

I do hope that Cambridge's representatives understand the complexity of pension scheme valuations better than whoever wrote EPF's latest press release on 'Myths, Misconceptions and Misunderstandings'.[2] It is patent nonsense to suggest that

> 'While the Trustees changing the assumptions in this instant could affect the size of the deficit, it cannot change a deficit into a surplus.'

You don't need to take my word for it, two of our Professors of statistics (and several other experts) agree with me.[3] Just to avoid doubt, pension scheme valuations try to peer far into the future to estimate long-term liabilities and investment returns. This involves many assumptions, all of which affect the final judgment on deficit or surplus; investment assumptions generally have the biggest effect and the least accuracy. USS use very conservative assumptions, too conservative in the view of many experts. The statement that 'The deficit is sizeable and persistent and benefit reform is unavoidable, and expected by the Pensions Regulator' is also misleading. The deficit is not so persistent. The scheme was in surplus in 2008 and given the world financial conditions since then, it would be surprising if USS were not in notional deficit. What the Pensions Regulator actually expects is that the scheme's Trustees will put in place an action plan to deal with any notional deficit over a reasonable timescale. Benefit reform is only one tool; the effects of that undertaken only three and a half years ago are, predictably, only just being felt.

'M3: Employers will pay less under the proposed reforms' is also said to be a myth: this is economical with the truth. Let's be clear. USS employers will pay less in the longer term; this is made perfectly clear in the 2011 Actuarial Valuation Report evaluating the effects of introducing the CARE scheme.[4] Transferring all current members to CARE will accelerate this reduction. USS employers paid 18.55% contributions from 1983 to 1996. At that point they reduced their contributions because the scheme had achieved a significant notional surplus. With this perspective 18% for the next few years doesn't look so harsh or unmanageable.

In my response to the last USS consultation of scheme changes, when the final salary scheme was closed to most new employees, I was approving of the principle of CARE, though distinctly critical of the details of the scheme which we ended up with. Briefly the accrual rate is too low and the revaluation rate both too low and capped unreasonably. Despite the best efforts of EPF at obfuscation, all CARE scheme members will get lower pensions than the final-salary scheme would have delivered. Perhaps the worst aspect is that the youngest members will be hardest hit. For current final-salary members such as myself, now less than ten years from retirement, the revaluation of frozen benefits at closure is likely to have the biggest effect. If the CARE scheme had been as I suggested, one that delivered a fair retirement income, I would not object to joining it or despair of the drastic erosion in pension income faced by younger academics. The only significant change proposed to the current CARE scheme is a further restriction. Capping the defined benefit scheme at forty or even fifty thousand will further reduce retirement income for most academics. I know that there is a DC section, but even over only ten years the likely inflation-adjusted difference is 40% lower (for similar pension income through annuity) on anything earned over the cap. Four years ago, when the idea of a DC section was mooted I argued that the cap should be at the top of the national pay spine at minimum (£58,172 currently); Cambridge's Pensions Working Group suggested professorial minimum (£67,411).[4]

May I introduce one personal note. The EPF have been very keen to rush through their own deficit reduction plan. The actuarial valuation has not even been published at the time of writing. Even were the proposal to close the final salary scheme accepted as unavoidable, many details remain to be worked out. I pay added-years AVCs to USS. If the scheme closes, I (and presumably a few thousand others) will have been overcharged (the calculation averages out fractional years purchased though contributions received early are more valuable). Will USS address this?

Finally I repeat my plea for constructive discussions to deal with the real situation. Four years ago, this did not happen. I stress that both UCU and UUK, and their respective appointed trustees need to engage constructively.

[1] http://www.pensions.admin.cam.ac.uk/files/b1_uss_pwgresponse.pdf

[2] http://www.pensions.admin.cam.ac.uk/files/changes_to_uss_-_myths_misconceptions_and_misunderstandings_9_oct_2014_65464.pdf

[3] http://www.timeshighereducation.co.uk/comment/letters/false-assumptions-of-the-uss/2016525.article

[4] http://www.uss.co.uk/Actuarial%20Valuation/Actuarial%20Valuation%20March%202011.pdf

Dr J. R. Bellingham (Secretary of the School of the Physical Sciences, and Jesus College):

Vice-Chancellor, I am not, as some here know, someone who is quickly moved to complain. But the discussion around reform of the USS has, for the first time, moved me to speak out. I am also not, I fear, a pensions expert, compared with the contributors one has heard before.

Happily, we are living longer. Clearly, that means we have to pay more, employers and employees, for our pensions. That much is obvious. Equally clearly, the aim of a pension fund, into which people are saving over a period long compared with the economic cycle is to manage it so that the impact of that cycle is smoothed out. But that is not my main point.

Because pensions support us when we are no longer able to work, they are about trust, or put another way, they are part of what I would call the moral contract between employer and employee. The present USS proposals seem to me to breach that contract.

I shall illustrate with a personal example; I know of others in a similar position. When I came back to the University in 2010, after 18 years in the Civil Service, I transferred my accumulated PCSPS rights into the USS, on the clear basis that I was transferring them into a final salary, defined benefit scheme. It seems to me to be a breach of trust to change the way that *past* service is treated, whether that service is in the University or elsewhere. The link with final salary, *in respect of service already accumulated*, should not be broken. Put another way, I was told I was buying into one deal, and it is now proposed that that deal is different. But I cannot move my pension rights back to the PCSPS, or go back and choose a different system to pay into for my employment in the nineties and noughties.

On future service, I have no concerns of principle about a switch from final salary to career average. As long as the numbers are right, it is probably fairer to all. But the USS proposals go much further than that. They are proposing a shift away from a pure Defined Benefit approach, even for existing employees. That is a fundamental change to the way risk is apportioned. It is a legitimate debate to have, but it needs to be held on its own merits. And in most contracts, if one party is expected to assume a greater share of risk, there is some compensation in return. That point appears to have been missed.

This is not a rant. I broadly agree with the University's response to the USS consultation, and I note the careful querying of the numbers behind the proposals. But it does not really cover these basic issues of trust and fair dealing in respect of past service, and deal with those parts of the USS proposal that are for me a breach of the moral contract. That, by the way, is that same moral contract that means that I, along with many colleagues, willingly and regularly go the extra mile to deliver the University's mission. Thank you.

Professor R. W. Farndale (Department of Biochemistry):

Vice-Chancellor, radical changes in pension provision with little notice do not allow those approaching retirement time to make additional or supplementary plans. This requires a more gradual and more considered approach to any such change.

I ask Council to seek clarification from USS/EPF by urging them to provide greater detail as to how the transitional years between replacement of the Final Salary Scheme with a salary-capped CRB is intended to be managed; how the cap will be indexed, and whether the Prudential AVC scheme will run alongside the new DC scheme.

As others have mentioned today, colleagues across the sector, statisticians, and financial mathematicians, have noted in a letter to the *Times Higher Education* supplement (23 October 2014. p. 32)[1] that there are inconsistencies in the assumptions made as part of the actuarial valuation. They note, for example, that in calculating recent pay rises actuaries have used an assumed average rate of RPI + 1%, whereas in fact real data (2.7% over twenty years) are available and very different. Several such anomalies are highlighted in this letter, and the authors of the letter point out that modest changes in the assumptions that form the basis of the valuation can have gross effects on the calculated deficit, or indeed reverse it. It seems imprudent to proceed without closer scrutiny and any necessary revision before this actuarial valuation can be accepted. I ask Council to demand from the USS/EPF actuaries that the basis for these calculations is reviewed and revised to take account of the remarks made in this letter.

Other colleagues at the UCU have noted that in such actuarial valuations, different methodologies have been applied. In the present case, a 'Gilts Plus' methodology has been applied, which assumes that the return on gilts plus a fixed supplement defines the income from existing assets. This does not reflect the balance of assets currently held by USS, and under-estimates likely real returns. For other schemes, valuations have been based upon the existing distribution of assets held by the scheme. I ask Council to insist that USS/EPF provide alternative valuations using mechanisms that properly take account of the USS asset base.

I note that the valuation has assumed an average retirement age of USS members of 62, against a presumed norm by USS of 65. Given that the statutory minimum retirement age will rise from 65 to 68 over the next few years, we might anticipate that, against this altered national background, the age of USS members at retirement will rise correspondingly. I ask Council to ascertain whether the USS/EPF modelling takes account of this anticipated effect, which would markedly offset the duration for which pensions are paid, and correspondingly reduce the notional deficit.

As some of you will be aware, I have collated figures from successive USS Annual Reports to members, and these have been presented in graphical form.[2]

What is remarkable in these figures is the consistent performance of the USS investments. The asset base, reaching a low at the stock market nadir of 2009, has almost doubled from £21bn to £41bn. This represents a significant outperformance of FTSE, for example. USS/EPF, in their 'Myths and misconceptions' document, acknowledge a surplus of income over outgoings in the most recent reporting year, but fail to comment that a substantial surplus, £1.2 billion (about a 130% surplus) for the current year, has occurred in every single year including the recession years, since 2002, the earliest report available on USS website. This surplus continues to rise. I ask Council to establish what USS/EPF plans are to restore pensions benefits when the notional deficit is recovered.

It is extremely difficult to discern any problem with the scheme; it appears to be performing in linear, predictable fashion, and is in constant surplus. We are advised that the demographics of the scheme will shortly change in favour of a higher pensioner-to-active-member ratio. This is not obvious from the data gleaned from the reports.

However, in this context I have noted an anomaly. The number of pensioners reported in 2010 for that year was 46,200, whereas the same number reported retrospectively for 2010 in 2014 was 55,900, a discrepancy approaching 20%. This markedly affects the apparent stability of the pensioner-to-active-member ratio. I ask Council to establish from USS which of these figures, if either, is correct, and which was used to inform the actuarial valuation.

There seems so much doubt and room for interpretation in both the data used for the valuation and its methodology, that I ask Council to establish whether we can have any confidence at all in a process that will dramatically, adversely, and irreversibly affect our security in retirement.

[1] http://www.timeshighereducation.co.uk/comment/letters/false-assumptions-of-the-uss/2016525.article.

[2] http://people.ds.cam.ac.uk/rsh27/USS/USS-Performance-01-14.pdf.

Mr S. P. Summers (Bursar of St Catharine's College):

Vice-Chancellor, I am a member of both the University Finance Committee and the Bursars' Committee Pensions Sub-Committee. But I speak in a personal capacity today.

It would be very easy to stand here and say that the government's actions over the past ten years or more have undermined the strength of final salary pension schemes, leading to the closure to both new members and future accrual of benefits by existing members for almost all schemes which are not funded and underwritten by you and me as taxpayers. We can say that is unfair, however that will not resolve the issues faced by USS.

USS assess that contributions going forward to continue the present scheme will be in the order 25% from employers and 12% from employees. This compares to 16% and 6.5% now, and to an estimated 18% plus 6.5% under the employers' proposals. The employers have concluded that 25% contribution rates are not feasible without damage to the core activities of the universities. I'm not clear what the employees' representatives' opinions of 12% employee contributions might be.

The employers have made proposals for pensions based on future service which will cost a figure at the top end of what they deem to be affordable by universities, without disrupting other investment in core activities, and which might yet require an employee contribution above the current 6.5% rate but hopefully not.

If these proposals are accepted it might be possible that the Pensions Regulator will agree an extended period of deficit reduction payments for the universities. If not, then there will be a further cash drain from the institutions for a faster reduction programme.

I also believe it to be important that the Trustees of USS are willing to maintain an investment portfolio with a substantial exposure to risk assets, in pursuit of higher returns to reduce the deficit of the fund. Otherwise future contributions will have to be higher than would otherwise be the case. The changes in risk arising from the employers' latest proposals will make it more likely that the Trustees will be willing, and through their dialogue with the Pensions Regulator able, to keep more 'risk-on' in the investment portfolio.

In summary, and while there still are a number of detailed questions outstanding – some of which have been mentioned already at this Discussion – the current (as revised) employer proposals are a realistic compromise approach in the current and forecast pensions environment and I encourage members of the Regent House to support them.

Dr N. E. Berestycki (Department of Pure Mathematics and Mathematical Statistics, and King's College), read by Dr S. J. Cowley:

Vice-Chancellor, I am profoundly disturbed by the proposed changes to the USS pension scheme, which would result in my pension decreasing by at least a third or as much as a half, depending on your optimism, in more than thirty-five years' time, when I plan to retire.

I joined the University of Cambridge in 2007 after being educated in multiple countries. Before joining the University I studied carefully the offer, paying special attention to benefits and pension schemes, like anybody else who is trying to compare vastly different compensation cultures I suspect.

I feel that changing the rules of the game, ten years down the line in my case, is an outrageously unfair thing to do. It is, in many ways, like changing the contract between two parties sometime before its outcome is complete, but only after one party has already invested significant amounts of money into it.

No one would accept that.

But it is in fact much worse: there are currently, as far as I understand, no provisions in the proposed changes for people who would want to get out of USS. Indeed leaving USS means that they would lose virtually all that they have invested in it, except for a derisory sum at the age of retirement.

I am fairly certain that, if anybody had warned me that my employer had the power to radically alter my benefits at any point in my working life, I would have decided to go elsewhere. Indeed I am certain that such changes will make it even harder to attract top talent to universities in the UK and Cambridge in particular, as young rising stars will be justifiedly worried for their future well-being if they decided to come.

These proposed changes are not only unfair, but also unjustified and unnecessary, as they are based on an unreasonably pessimistic view of the long-term investment prospects, just as some years ago the predictions were unreasonably optimistic.

I would like to speak in the strongest terms against these unfair, unreasonable proposed changes.

Dr S. J. Cowley (Chair of the Faculty of Mathematics, and University Council):

Vice-Chancellor, I am a member of the Faculty of Mathematics. For four years I was a member of the Board of Scrutiny, when I took a particular interest in the University's finances. Following that, I have served almost two full terms as a member of the University Council; as such I have been a member of the University's Resource Management Committee for nearly eight years, and a member of the University's Planning and Resources Committee for nearly four years. When pensions were last up for 'debate' (as one might be tempted to say, but in reality it turned out to be essentially 'unilateral change by the employers'), I co-authored a critique of the changes, which was described by the expert, Peter Thompson, fielded by the employers as follows:

> 'Amidst the welter of ill-informed and politically-motivated comment about the proposed changes to the Universities Superannuation Scheme, it was rather refreshing to read the well-written and carefully-researched article in *Oxford Magazine* … by Susan Cooper and Stephen Cowley.'

Thompson was half-right (since little of the comment on the last changes was either ill-informed, or politically motivated). Most of the comment was by USS members who were sufficiently informed to realize that their life-time pension benefits were going to be reduced by thousands, indeed probably tens of thousands of pounds, and the security of indexation by RPI was going to be replaced by capped CPI. Their comment was not politically motivated, although there was clearly an element of self-interest.

However, not all comment was (at least at that time) self-interested. Both Susan Cooper and I, were then, and are now, in the Final Salary Scheme (FSS), and much of our article concentrated on the Career Revalued Benefits Scheme (CRBS) to be 'enjoyed' by new, mainly younger, staff. Using not unreasonable assumptions concerning inflation, our calculations showed that a CRBS pension uprated with capped CPI might, twenty-one years after retirement, yield a pension of only half of a FSS pension uprated with RPI (and of course a FSS pension starts at only one half of final salary). In other words, twenty-one years after retirement the CRB Scheme might yield a pension of 25% (or less) of final salary inflated by RPI. It might be also helpful to recall that RPI is on average about 0.7% above CPI, while in 2011 USS assumed average earnings rose by 1.8% above CPI.

What is now being proposed by the EPF for all members of the USS is worse than that. Susan Cooper has calculated the proposed pension for a sample Oxford career path.[1] For such a person the FSS starting pension would be £29,957 (50% of final salary). Her calculations for the CRB Scheme to £40k (now proposed to be £50k), with an annuity bought using the Defined Contributions above £40k (for a male non-smoker with 50% going to a surviving spouse), yield a starting pension of £16,742 (28% of final salary) at retirement assuming no CPI capping; the pension after twenty-one years of retirement is likely to be far less than 25% of final salary inflated by RPI.

The message is clear: the proposed changes will wipe tens of thousands of pounds off a USS member's future pension.

What is the University to do? As a Charity Trustee I am required to act in the best interests of the University (and to be honest that is difficult for me, and perhaps all of us, when it affects our own pensions). Trying to stand back it seems to me that the issue comes down to two keys matters: recruitment and retention, and affordability.

Recruitment and retention

How important is a pension for recruitment and retention? For instance, if I had my time again given the proposed CRB/DC scheme, would I become an academic? More importantly, would I recommend a young colleague to become an academic?

Last week I enquired of a young College Research Fellow as to their salary: it was £21k with a housing allowance of £4k. In forty, or more likely forty-five, years' time, how does a pension with a component (say 1/80th or possibly, allowing for future changes, 1/90th) based on this year's salary (with or without housing allowance), inflated at 1.8% less than the increase in average academic earnings for forty or forty-five years, sound? In standard-of-living terms, not good, in fact probably appalling. Thirty-two years ago when I was similarly paid a pittance it did not particularly matter, since my pension was going to be based on final salary, and then uprated by RPI. With a change to the CRB/DC scheme would I make the same decision now to take up a research fellowship? Almost certainly not.

If you are a young academic, then you might put caution to the wind, but my advice would be to think ahead. Anyone who has had parents or friends in care/nursing homes (I have had both parents, and two close academic friends) know that they are not cheap (typically £30k–£40k in the East of England at the low end of the market), and not particularly wonderful. How large a pension might be desirable in this context? The sample Oxford academic FSS pension does not cover care home costs (although with inclusion of the state pension it just about covers the very low end of the market), but the CRB/DC scheme would cover less than half.

HMG is concerned that we all have realistic pensions and are not a burden on the state. In the context of increased longevity (although not as much as the employers put out in their dodgy, now withdrawn, statistics), care home costs are a useful marker.

The proposed CRB/DC scheme is just uncompetitive and unappealing. Teachers, and those employed by Further Education colleges and a number of the ex-polytechnics, have a far better scheme in the TPS. I am about to be deafened by Pro-Vice-Chancellors pointing out that it is 'unfunded', and HMG is there to bail it out. I will return to that point in a minute, but as an employee, I would be less worried by that (in fact maybe comforted). Let us compare the CRB/DC scheme with the TPS. Under the proposed CRB/DC scheme the accrual rate for is 1/80th (up to £50k), while under TPS it is 1/57th. However, I accept that this is not a fair comparison since under the CRB/DC there is also a lump sum; conversion between schemes is not a perfect science, but the TPS with a lump sum is probably equivalent to an accrual rate 1/70th or thereabouts. TPS wins. Under CRB/DC the revaluation is capped CPI, under TPS it is CPI plus 1.6%. TPS wins big: 1% compounded over forty years yields a 50% increase, while 2.6% compounded over forty years yields a 180% increase. TPS loses when it comes to employee contributions: under CRB/DC the employee pays 6.5%, while under TPS it ranges from 6.4% to 12.4% (in the research fellow range it is 7.2%, while in the lecturer/reader/professorial basic range it is 11%). However, given a choice, I would take TPS any day and pay the higher contributions.

Are Oxbridge academics going to become school teachers, or move to the ex-polytechnics just for a better pension? In large numbers, I doubt it. However, what the comparison does illustrate is that the proposed CRB/DC scheme stinks. Once young academics or even older academics realize that, then they may well look for an alternative career path, either as an academic abroad, or in an alternative field.

One response (indeed the response I have heard from some of those who are already very well paid), might be to put up salaries, possibly the salaries of only those at the top. But that costs money. If Cambridge is to remain internationally competitive, we might have to increase salaries to, say, US levels. That would cost serious amounts of money; indeed, I would not be surprised if that was much more than maintaining a decent pension scheme. Hence, before we wring our hands and say that there is nothing that can be done re pensions, we need a serious analysis of how much the alternative is going to cost; fingers in the wind are no substitute, and that is all that we have at the moment.

I do not believe that Cambridge can compete with US headline salaries; we have to compete with a total remuneration package, and for many academics who are dedicated to their subject, security and stability are important aspects of that package, and a properly uprated pension is a key aspect of that security and stability for old age.

Affordability

How much can Cambridge afford? The USS commissioned Ernst & Young who concluded that an increase to 25% of payroll could also be met by a majority of employers, but this would undoubtedly require further, more significant, changes to employer operations and may place greater reliance on the mutuality of the scheme (that means us). When the University's Pensions Advisory Group (PAG), of which I am a member, convened, it concluded that 25% 'might be affordable to the University in principle' and that 'the maximum level of contribution the University could sustainably afford would be in the range 20%–22%'. The Pensions Working Group (PWG), which sent in the response, disagreed and changed the responses to state that 25% 'would not be affordable even in the better funded institutions' and reduced 20%–22% to 18%–22%. Yet, somewhat surprisingly, it agreed with the PAG that it 'was felt that an employer contribution rate of 21% would have a modest impact on plans for 'sustainable growth'.

The Council and the Regent House now need to decide whom to believe: Ernst & Young, the PAG, and myself, or the PWG made up, *inter alia*, of the Directors of Finance and Human Resources, and two PVCs (in addition, the Registrary attends when able to). I need to have some strong arguments!

The cost to the Chest of 2% on USS is about £3m per annum (and before I get cut off at the balls, yes, I mean Chest), so going from 16% to, say, 24% is about £12m per annum. Is £12m per annum a big number? In the context of a Chest budget of £360m it is about 3%. How does that compare with expenditure that we have incurred recently? We recently saved £1m by reducing the size of the UAS (although it has since expanded again); might there be more savings there (yes probably given that in the last ten years academic staff are up by 6%, while academic-related staff are up by 34%). We have spent about £1m more than necessary because we could not get our ducks lined up in moving the University Information Services and the High Performance Computing Service to West Cambridge. Further, I am far from convinced that we have not paid over the market rate for some very well paid recent appointees; maybe we should also have taken more seriously the Cable and Willetts injunction:

> 'We are very concerned about the substantial upward drift of salaries of some top management. We want to see leaders in the sector exercise much greater restraint as part of continuing to hold down increases in pay generally.'

I note that the Minutes of the Council meeting of 14 July 2014 read, concerning a salary review:

> 'Dr Cowley wished to record his objection to the proposal … [which was] inappropriate in this case given the recent pay award and the level of salaries more generally in the University.'

If there was some downward drift of salaries of some top management, then I might be more willing to believe that the University could not afford £12m–£15m per annum. As far as I am concerned, the clincher is that the money is there when it is necessary. Because the University neglected to put money away for new biomedical faculties that require Home Office licences, £150m has just been transferred from the reserves. £150m would pay for an increase to 24% for over 12 years, by which time maybe the income and value of equities might have recovered (as they did after both the Wall Street crash and the rampant inflation of the 1970s).

If we protected pensions, yes there would have to be cuts. For example, the redevelopment of the New Museums site could be put on hold. It would be a tough decision, but that would be preferable to losing staff (and yes I have heard academic stars saying that they were reassessing whether the UK was the place for them), or in the long-term having to increase salary expenditure far higher than would be necessary to maintain a secure and assured pension.

As a Charity Trustee, these proposals are not acceptable for the health of the University.

[1] http://www.physics.ox.ac.uk/users/scooper/USS/2014-09%20Analysis%20of%20USS%20changes.pdf

Ms A. S. E. Horgan (Women's Officer for Cambridge University Students Union):

Vice-Chancellor, I want to express student support for our lecturers and teachers, and student concern about the proposed changes to the USS scheme. Speaking as a student of the University, I'd like to stress that there is a great deal of student support behind discussions and any action staff may take on the issue of pensions.

Speaking as Women's Officer for CUSU, I want to voice concerns about how 'changes' to USS funding and activity will negatively impact women academics and, by extension, women students, both under- and postgraduate, who are considering a career in academia. There is evidence that this type of 'change' to funding for higher education disproportionately impacts women and minority groups, who are already under-represented in the sector. This issue should be taken into account within this discussion, especially with regard to staff retention and recruitment.

Mr W. R. Graham (Department of Engineering):

Vice-Chancellor, I am not a member of UCU. I felt the Union made a very poor fist of the most recent negotiations and I was unhappy with the settlement they negotiated on my behalf. I would like to see an alternative means of representation in any future negotiations.

Mr R. B. Landman (Senior Bursar of Trinity College):

Vice-Chancellor, the Universities Superannuation Scheme was founded some forty years ago and has since developed two fundamental problems. First it has become increasingly difficult to govern, and second it is now becoming a systemic risk to the whole sector including Cambridge. Its sheer size and complexity mean that it has become ungovernable in practice – and we are seeing one manifestation of that today. As with many large mutual systems participants have lost sight of the real costs of the benefits. With its liabilities on a buyout basis being around £30bn more than its assets it is becoming a systemic risk to the University sector in the UK.

We should be collectively looking in a different direction. At the moment we are trying to work out how far we can stretch the benefits provided by USS. In the process we are likely to stretch the pension scheme to breaking point – which means of course that we are likely to be back here in a few years' time. Stretching USS beyond a certain point, as we have heard from the Pro-Vice-Chancellor, also becomes self-defeating as it creates a vicious circle of lower returns and more expense.

For this reason I'm afraid that I strongly criticize the Pensions Working Group of the University for seeking to increase the Defined Benefit threshold above the originally proposed £40k. Let us leave it at £40k and take the opportunity to reduce USS to a manageable size – to put it back in its box.

If that were my only message then I doubt that this would carry much weight with the Regent House. But I do have a more positive message. Instead of investing more in USS we should create our own scheme to top up the pensions of those in the £40k plus category. That would put USS in its systemic box once and for all and allow us to extend appropriate benefits to those who need them without involving the other 150,000 or so current active members.

So that is my contribution to this Discussion. It's simple but it is in a quite different direction. We should take this opportunity to de-risk USS and build a Defined Contribution scheme on top of it fit for our own purposes.

Ms E. C. Blair (Department of Engineering, and Pensions Representative for UCU Cambridge):

Vice-Chancellor, changes to the USS scheme seem inevitable in the light of the current valuation, but I am in agreement with the Pensions Working Group that the proposed changes are too prudent, and would be of detriment not just to USS scheme members but also to the University.

In particular I note that:

- any defined contribution element to the scheme moves all risk from the employers to the members, and relies on the investors to make good financial decisions on our behalf (something that we don't have as much confidence in as we used to);
- a cap to the defined benefits scheme at £40k was far too low, and £50k is not much better;
- that if the final salary benefits are indexed at CPI this will be well below what I might have expected; any indexing should be uncapped, and at a rate similar to the CPI plus 1.6% offered on the TPS;
- I would be willing to pay higher contributions for better benefits in a defined benefit scheme, and I believe I am not the only one;
- a poor pensions scheme will make it harder to recruit and retain staff of the calibre that Cambridge expects.

I urge the University to do all it can to help reach an agreement in negotiations with UCU and the scheme Trustees, in order to prevent a prolonged strike campaign.

Mr V. R. Woodley (University Information Services), read by Mr R. S. Haynes:

Vice-Chancellor, it seems to me that the proposed changes to the USS final salary scheme are unjustifiably based on forecasts of unduly pessimistic investment returns and highly optimistic increases in employee remuneration. (Optimistic for staff at least!) These proposals are being considered on a rushed timescale despite their potential impact across Higher Education. Should these changes go through they will adversely impact individual University staff on the USS final salary scheme and also disadvantage recruitment into our world-class University. I wonder if there is agreement here with the University of Oxford's response to the USS proposals that it is neither desirable nor politically possible for the University's overall institutional contribution costs to go down. If so, is the University of Cambridge similarly looking to offer its employees an enhanced pension scheme by suggesting it maintains its overall contribution in order to help minimize the negative impact of any USS reforms?

Mr R. S. Haynes (University Information Services, and President of UCU Cambridge):

Vice-Chancellor, on my way here, I saw a student run into a lamppost … it was at the last minute, and it was a bit embarrassing, but there it was. In that case, the student was unhurt (except perhaps for matters of pride). We seem to be heading in a similar path, about to run into a lamppost, except that everyone seems to see the lamppost. So why would we not avoid it?

This expanded and extended Discussion on this topic of concern comes in the nick of time, given the many questions and concerns which have been raised about the proposals for the future of the Universities Superannuation Scheme, and given the responses the Higher Education community more generally and the national negotiations via UCU more specifically [1, 2] are increasingly feeling the need to make. It is helpful to see that the University's Pensions Working Group, in their response to the UUK/USS Consultation[3] found that, as far as the USS Trustee proposals go, they could not give a view 'on the validity of the conclusions' particularly in relation to the investment and related risks, as it was 'impossible without more detailed data'.[4]

The response adds that

> 'it is difficult to determine whether the ... tests the Trustee proposes to use are appropriate without seeing more data, in particular relating to the size of the deficit and the speed of any planned de-risking,'

and makes clear that 'Thus any de-risking should be very gradual and subject to regular review.'[5]

In response to the UUK paper, the Pensions Working Group state that 'it would have been helpful to include some worked examples in this consultation'[6] and that they

> 'would have liked more information provided on the data used to formulate the proposals and information on other options which were considered and rejected. It would have been helpful to have had information on a range of costed options.'[7]

We have heard that our Pensions Working Group has been in contact with counterparts in Oxford, which is helpful to know, especially as the working group convened in Oxford was much more representative of those affected across the University, and there the consultation carried out concluded that there was much in the way of data missing, insufficient information, and key areas where they state categorically that they as a University could not support.[8] Warwick has joined the growing number of Russell Group institutions who are publicly critical of these proposals.[9] The Oxford proposals are much more concerned about the 'moral contract' we heard mentioned, as well as the wider practicalities which include recruitment and retention of staff, and make it clear that they, as a University, expect to do their fair share, in terms of contributions and sustainability.

We have also heard from Professor Richard Farndale of the Department of Biochemistry about the graphical data exercises he helpfully carried out.[10] The fact that there is contradiction and disagreement in USS reporting, which was found in the exercise, as well as missing some data… . Even given this, these graphs complement some examples and modelling which have been carried out and which some colleagues will have seen circulated from Dr Michael Rutter of the Cavendish Laboratory.[11] Additionally, the very helpful *Times Higher Education* article which has been mentioned[12] has very useful links to material prepared by Oxford Physicist Professor Susan Cooper.[13] All of these analyses have tried to work out the facts, as far as they can be discerned at this point, and to further establish the need for greater information and data to establish the facts of the matter, and respond accordingly. Please do follow the included links and judge for yourself.

Nationally, UCU received overwhelming support to take appropriate actions, as necessary,[14] to be heard and to be sure that all parties can better establish and agree on the facts, as well as the needed informed responses, and to find a sustainable way forward which will equitably share risks and continue to ensure recruitment and retention of staff, whom we will all agree are key to our continued position as leaders in Higher Education.

I would ask the Council and the University Pension Working Group to listen to the overwhelming call for more data, and a more considered approach to a difficult situation. Let us call a halt to the unnecessarily hasty and deficient proposals, and together, as a community, find a better and more sustainable response which we as a community can accept. The national discussions and negotiations continue next week, and a word from us, as a university, to the Employers Pension Forum and the USS Trustees might help get the whole community back on track. Let us please do so. We can all see the lamppost, so why would we not avoid it?

1 http://www.ucu.cam.ac.uk/
2 http://defenduss.web.ucu.org.uk/
3 http://www.pensions.admin.cam.ac.uk/uss/uss-news-publications
4 http://www.pensions.admin.cam.ac.uk/files/b1_uss_pwgresponse.pdf; para. 2.1
5 http://www.pensions.admin.cam.ac.uk/files/b1_uss_pwgresponse.pdf; para. 2.2
6 http://www.pensions.admin.cam.ac.uk/files/b1_uss_pwgresponse.pdf; para. 3.1
7 http://www.pensions.admin.cam.ac.uk/files/b1_uss_pwgresponse.pdf; para. 3.11
8 http://www.admin.ox.ac.uk/finance/pensions/news/#d.en.160774; (Oxford Webauth account required to view Consultation documents)
9 http://defenduss.web.ucu.org.uk/2014/more-pension-plan-criticism-as-university-splits-deepen/
10 http://people.ds.cam.ac.uk/rsh27/USS/USS-Performance-01-14.pdf
11 http://www.tcm.phy.cam.ac.uk/~mjr19/USS/
12 http://www.timeshighereducation.co.uk/news/uuk-data-misleading-over-the-impact-of-uss-reform/2016390.article
13 http://www.physics.ox.ac.uk/users/scooper/USS/
14 http://www.ucu.org.uk/7250

Mr D. J. Goode (Faculty of Divinity, and Wolfson College):

Vice-Chancellor, you said a few weeks ago in your annual address to the University that

> 'Our key requirements for maintaining our enviable international competitiveness in the future in order to fulfil our responsibilities remain the same as always: the right people; the right environment; the right financing,'

and

> '...to ensure our long-term competitiveness ... it is essential that we address our ability to recruit world-class staff...'.[1]

Clearly, 'the right environment' and 'the right financing' must include a decent pension in order to 'recruit world-class staff', and I implore you, Vice-Chancellor, to stand up and take the lead in this present crisis.

If the proposed changes to USS are approved we will never recruit the next generation of 'the right people' by offering a pitiful pension package that's poxier than a polytechnic's. The only thing the University of Cambridge will be leading is the race to the bottom.

In the same address, you also said that

> 'In the past year … I have spoken publicly on issues related to immigration, A-levels and the problems of modern languages',

but that

> 'Cambridge will not be a 'rent a quote' institution with a comment on every issue in the public domain!' [1]

That's as maybe, but when the University of Cambridge speaks, people listen. So, please stand up for us publicly; lead the opposition to these pernicious proposals; use your influence in the press and the media to champion our cause; and do not hold back from telling it how it is – thieves are trying to steal our deferred wages!

1 http://www.admin.cam.ac.uk/reporter/2014-15/weekly/6359/section9.shtml#heading2-16

Mr N. M. Maclaren (University Information Services), read by the Deputy Senior Proctor:

Vice-Chancellor, I must express an interest as a University officer who turns 67 this year, so these proposals affect me very little. I am also a member of the Cambridge UCU executive and attended the UCU meetings on the USS proposals, but I am speaking entirely for myself.

It is difficult to decide whether this situation is a farce or a tragedy; to quote a senior person in the UCU 'Universities UK and UCU have together created a monster.' Its decisions and policies now serve it as an an organization, and not the universities and their staff. By far the best approach would be for UUK and the UCU to act jointly, throw the USS proposals out of the window, and present the USS with a reasonable solution. I did not say 'compromise', because this is not primarily a matter of two conflicting priorities. The membership's and UCU's real dispute is with the USS, not the universities, but the law has been arranged so as to force university staff to start an industrial dispute, simply in order to get the issues addressed. It should be noted that the UCU and its members are prepared to accept a significant increase in their contributions, in order to reduce the deficit while maintaining a decent pension scheme.

Nobody is denying that the current scheme needs major reform, but the current proposals make an already bad career average (CARE) scheme worse. Many parts of the University already have serious recruitment problems, sometimes even being unable to fill posts or appoint properly qualified candidates. Pensions are not currently the main reason for this, but are becoming an increasingly important one; people used to accept relatively low salaries in return for a good pension, but that is less true now, and the proposals will eliminate the pension as an attraction. Perhaps worse, if staff feel that the University does not care about their future, why should they care about its interests? The current proposals are potentially nearly as harmful for the University, as an organization, as they are for the staff affected.

On this matter, there are disquieting rumours that some of the most highly-paid staff have arranged alternative pension arrangements – and it is certain that such arrangements have been discussed at very high levels. Unfortunately, I did not find out about this in time to get any figures, but my point is even a few such highly-paid staff leaving USS would lead to a catastrophic loss of goodwill and morale among many other staff.

Almost everybody accepts that there is some evidence of a deficit and the risk is higher than it should be, though the claim of 'unsustainable' is not supported by the statistics. Also, it is well known that risk is minimized by a mixed portfolio, but the USS has chosen a pure gilt model. The figures have been challenged by those more competent than I, including two Cambridge Professors of statistics;[1] Oxford University has also expressed considerable concerns in its formal response, and can be viewed by anyone with an Oxford username.[2, 3] Nobody is objecting to a CARE scheme as such, and everybody agrees that the current two-tier scheme is grossly unfair to younger people. But there are two serious defects, beyond simple value for money.

Some people may remember retired people on fixed pensions being reduced to penury in the 1950s and 1960s by high inflation; these schemes are little better, because the caps are unconditional. Inflation will increase the return from gilts and usually investments – but, if this means that the USS is in surplus, there is no intention to use that surplus to reduce the harm to the pensioners. So their pensions will be eroded, possibly to almost nothing, even if there is ample money to maintain them in real terms. That answer was in response to a question I asked one of USS's representatives. That is even worse than transferring all the risk to employees, and needs changing.

Secondly, the proposed 'defined contribution' scheme is not ring-fenced, and the guiding principles and technical tests contain nothing about actually paying any benefit to pensioners. Well, of course, *some* benefit will be paid out, but it could well be negligible – and the scheme is proposed to start at a salary of £40k. So when staff retire, the money they thought they had in their 'pension pot' may be used primarily to reduce future contributions. And that may happen even if there is no inflation.

It appears that the Council could not agree on a response. I sincerely hope that it will use its influence to ensure that UUK negotiates in good faith with the UCU to propose a more reasonable solution.

1 http://www.timeshighereducation.co.uk/comment/letters/false-assumptions-of-the-uss/2016525.article

2 http://www.ox.ac.uk/staff/staff_communications/update_on_major_issues

3 http://www.physics.ox.ac.uk/users/scooper/USS/

Dr M. J. Rutter (Department of Physics, and Vice-President of UCU Cambridge), read by the Deputy Junior Proctor:

Vice-Chancellor, I regret that I cannot be here in person, but lecturing duties require my presence elsewhere.

As Vice-President of the Cambridge UCU, I have had a particularly good opportunity to consider the proposed reforms to the USS. I make these comments in a personal capacity, although I know many in the UCU would share them.

The current position of the USS is far from satisfactory. Its treatment of pre- and post-2011 joiners is very different, and such a two-tier scheme is hard to justify. One can readily argue that the post-2011 scheme is fairer, for there is a clearer link between the contributions over the course of one's career and one's final pension, whereas in the pre-2011 scheme one's final pension is determined by the final few years of one's salary, and is unaffected by the salary and contribution profile of the greater part of one's career.

But 'fairer' does not equate to 'more generous', and a scheme which rewards each year's service by 1/80th of one's career average salary is not as generous as one based on 1/80th of final salary.

However, generosity is not the only issue here. The bigger issue is that of 'de-risking'. A pension with a defined, that is to say, guaranteed, benefit carries with it a risk that economic turmoil might leave the pension fund unable to meets its obligations. That risk is ultimately borne by the employers, who are under a legal obligation to bail out the fund. That is only proper: the pensioners themselves are unlikely to be sufficiently economically active to be able to respond to sudden unexpected losses of income.

The changes in 2011 started to erode some of the guarantees we had. The indexation formula was capped. And for new joiners the pension itself was reduced by the ratio of one's career average salary to one's final salary, a reduction exaggerated by the choice of capped CPI in evaluating one's career average salary. The cap ensures that some of the risk associated with periods of high inflation is transferred from employer to employee.

The proposal for 2015 is a more dramatic reduction in the guaranteed part of our pensions. It worsens the post-2011 scheme by offering guaranteed benefits calculated on just the first £40k, or maybe £50k, of one's salary. Not attractive to anyone who hopes to be promoted to the dizzying heights of Senior Lecturer or beyond.

Yes, there is also a defined contribution scheme for earnings over the threshold, and for additional voluntary contributions. The only thing well defined about this scheme is the contribution rate. Its returns could be excellent, or could be dismal. It is a risk for employees, but no risk for employers who offer no guarantees on this part of the scheme.

Those still on the pre-2011 scheme are threatened with benefits being held in that scheme being paid on the basis of one's salary in 2015, rather than at career end, and then under-indexed via the CPI from 2015 until retirement.

I thought I would be able to end on a positive note: at least the new scheme creates a single scheme for all, by moving those still on the final salary scheme to the same career average scheme as the rest. Only there will not be a single scheme for all.

Our colleagues in the former polytechnics are mostly in the Teachers' Pension Scheme which, like the USS, is making a transition from final salary to career averaged earnings. However, its proposed career averaged scheme has no £50k threshold, and its indexation formula is CPI plus 1.6%, not simply CPI. Furthermore, its accrual rate is not based on eightieths, but on fifty-sevenths. And it treats more generously existing benefits in its final salary section. Admitted the TPS scheme has no final lump sum, and it does demand higher contributions from employees. But I know which I would prefer.

Why is it being proposed that those who work at the best universities in the country, and even the world, should be rewarded with a pension scheme considerably inferior to those working in the former polytechnics? The proposal is for a two-tier system, and it does not place this University and its staff in the top tier.

Professor S. J. Young (Senior Pro-Vice-Chancellor), read by the Deputy Junior Proctor:

Vice-Chancellor, as the Senior Pro-Vice-Chancellor my primary responsibility is to ensure the financial sustainability of this institution so that we may continue to provide excellence in teaching and research. We are long-standing members of the top ten universities in the world and we must stay there.

For the last five years, we have been operating within a very tight budget. Annual increases in Chest allocations have been held at 1% and this is likely to continue for some years to come. Our expenditure on both teaching and research exceeds our income and we rely on endowment income and new donations to balance the books.

Within this tight spending regime, we have only a limited ability to withstand substantial downside financial shocks. Our in-house Assistant Staff pension scheme CPS has already delivered such a shock and in response we have had to introduce a hybrid DB–DC scheme. This has reduced the future service element from 20% to 14% of salary. Equally importantly, by sharing the risk 50:50 between employer and employee, it will over the long term reduce the probability of further deficits. In the meantime, we are left with an annual recovery payment of £14.6m per year for another nine years enforced by the Pension Regulator. This is £14.6m per year that we can ill afford.

For exactly the same reasons that the CPS scheme became unaffordable, increasing longevity and reduced investment returns, the current USS scheme has become similarly unaffordable. Although changes were made in 2011, it is now clear that these changes did not go far enough. The current proposal to change to a fully career re-valued benefit up to a salary threshold of £50k per annum and a defined contribution scheme thereafter is in my view a proportionate response to a very real threat to our long-term financial sustainability.

Even this scheme will require an increase in employer contribution from 16% to at least 18%, of which 15% will cover future service benefits and the remaining 3% will go to paying off the deficit over a 20-year period. This, combined with the increased national insurance contributions in 2016, will lead to an £11m increase in pension and National Insurance costs in respect of our USS members alone. If no change is made to the USS scheme, then employer contributions will increase to around 25% at a cost to the University of around £30m per annum. This is simply unaffordable.

Much has been made of the uncertainty in calculating future pension costs with some arguing that the projections are too pessimistic and others arguing that they are too optimistic. In March 2011, the USS was in deficit by £2.9bn. By March 2013 the deficit had grown to £11.5bn. The results of the March 2014 evaluation will not be known until the end of the year, but following a period of substantial growth in the world's stockmarkets, the deficit is expected to have fallen somewhat to around £8 bn.

However, attempting to predict the future rather misses the point. The key issue is to mitigate the downside risk and for long-term sustainability employers can no longer be expected to cover all of this risk. This is especially true of a 'last-man standing' scheme such as the USS, where the liabilities of a failing institution will have to be covered by the remaining institutions. In the case of USS, it is not hard to see which institutions will ultimately be liable. Our reform of the CPS scheme will result in the long-term pension risk being shared 50:50 between employer and employee. The proposed reform to the USS will split the risk in a different way and although the major part of the risk will remain with the employer, it is nevertheless a step in the right direction.

To conclude, the majority of members of the USS are also members of the Regent House, myself included. As such, we all bear a responsibility to ensure the financial sustainability of the University for future generations. The proposed changes to the USS are in my view sensible and proportionate and should be supported. To do nothing is not an option.

COLLEGE NOTICES

Vacancies

Homerton College: Two Junior Research Fellowships in Population Health, in conjunction with the School of Clinical Medicine; tenure: four years; various College benefits available; closing date: 1 December 2014; further particulars: http://www.homerton.cam.ac.uk/vacancies/

Trinity College: Six-hour College Lectureship and Fellowship in Electrical Engineering; stipend: £8,908–£11,810; closing date: 12 November 2014; further particulars: http://www.trin.cam.ac.uk/vacancies

SOCIETIES, ETC.

Cambridge Philosophical Society

The Society's next lecture will take place at 6 p.m. on Monday, 10 November 2014, in the Bristol-Myers Squibb Lecture Theatre, Department of Chemistry, Lensfield Road. Dr Serena Nik-Zainal of the Wellcome Trust Sanger Institute will give a lecture entitled *The changing genome: signatures of mutagenesis in human cells*.

Further details are available at http://www.cambridgephilosophicalsociety.org/lectures.shtml.

OTHER NOTICES

Cambridge Endowment for Research in Finance (CERF)

CERF is offering a studentship scheme, for doctoral funding starting in October 2015. Funding is for three years and includes University and College fees and an allowance for accommodation and living expenses.

The scheme is open to Ph.D. students who do research into all aspects of finance, financial institutions, and financial markets, and their relationship with the performance of the economy. Incoming doctoral students or students who are in the first year of their Ph.D. can apply for funding.

The closing date for applications is 6 February 2015 and further information, including details on how to apply, is available at http://www.cerf.cam.ac.uk/people/studentship/studentship-2015/competition-2015.

EXTERNAL NOTICES

University of Oxford

Appointment of Vice-Chancellor

The Council of the University of Oxford has begun a global search to identify a Vice-Chancellor to succeed Professor Andrew Hamilton FRS as he completes his term in office.

To apply or to download further information for this role please visit http://www.perrettlaver.com/candidates, quoting reference 1800. The deadline for applications is 5 January 2015 at 12 noon.

Lincoln College and Faculty of Philosophy: Tutorial Fellowship and Associate Professorship or Professorship in Philosophy; closing date: 4 December 2014 at 12 noon; salary: £44,620–£59,914 plus benefits; further particulars: http://www.lincoln.ox.ac.uk/Tutorial-Fellow-and-Associate-Professor-

Magdalen College and Faculty of Philosophy: Tutorial Fellowship in Philosophy and Associate Professorship or Professorship in Philosophy of Language; salary: £44,620–£59,914 plus substantive benefits; tenure: from 1 October 2015; closing date: 3 December 2014 at 12 noon; further particulars: http://www.magd.ox.ac.uk/vacancies

New College: Junior Research Fellowship in Modern History (stipendiary); tenure: three years from 1 October 2015; closing date: 12 December 2014; further particulars and application details: http://www.new.ox.ac.uk/jrf-modern-history

Notices for publication in the *Reporter*, or queries concerning content, should be sent to the Editor, Cambridge University Reporter, Registry's Office, The Old Schools, Cambridge, CB2 1TN (tel. 01223 332305, email **reporter.editor@admin.cam.ac.uk**). Copy should be sent as early as possible in the week before publication; short notices will be accepted up to **4 p.m. on Friday** for publication the following Wednesday. Inclusion of notices is at the discretion of the Editor.