We are broadly supportive of Option 3 as being the least-worst way in which to conclude the 2018 valuation on a timely basis.

However, we strongly advocate that the next scheme valuation should not be undertaken until March 2021. A March 2020 valuation process does not give adequate time for the second phase of the Joint Expert Panel’s work to complete and for the sector to fully digest the report recommendations and agree a future way forward with USS prior to the valuation clock starting again.

We are deeply disappointed that the recommendations of the Joint Expert Panel’s Phase 1 work has been largely disregarded by USS through the 2018 valuation process and we now find ourselves in a position of being forced to accept another short term ‘fix’. This is not good for staff and institutions’ confidence in the USS scheme and the Joint Expert Panel process.

It’s essential the second phase of the Joint Expert Panel’s work builds a consensus between USS, members and employers as to the most appropriate valuation methodology for the scheme going forward and a defined benefit structure that is sustainable for future generations of staff.

We ask that UUK undertakes the following to underpin the work of the Joint Expert Panel and inform the future approach adopted by USS:

- undertake a meaningful and robust consultation with employers about their risk appetite to the scheme. USS are still relying on employer views that were expressed almost two years ago; and
- ask its actuarial advisors to make recommendations as to how the scheme could effectively adopt a meaningful level of liability hedging to reduce the future downside risk.

USS' proposals to introduce debt monitoring and provisions that give USS pari passu status with other secured creditors has come too late in the day for the 2018 valuation process to properly consider them. The multi-employer nature of the scheme means that such changes cannot be rushed through without significant risk of unintended consequences. This will also require careful consideration in conjunction with the lenders and investors to the sector. Such action could seriously hamper the sector’s future borrowing capacity and in return the future strengthening of the covenant. We ask UUK to seek agreement from USS to defer any new provisions, other than monitoring, until the next valuation process.

We support in principle a strengthening of provisions around employer exit.