



**JOINT EXPERT PANEL SUBMISSION  
March 2019**

**1. The improvements that we would like to see to the valuation process and decision-making (rather than, at this stage of its deliberations, the methodology), and in particular the content and timing of different aspects of the process and engagement between the scheme and the various stakeholders.**

We would like USS to be more transparent by providing full, accessible and timely information for stakeholders. This will help to build confidence in the scheme. We, and many others, have made direct requests to USS for better information over the last 18 months with limited response. In particular:

**1.1 Provide full information**

In future, we would like the USS valuation to provide additional information, data and forecasts that underlie the valuations to enable scheme members and employers to make more informed assessments about the Trustee's proposals. These changes should include:

- 1.1.1 A clear indication of the assumptions on which the valuation depends, how the Trustee has changed the assumptions since the last valuation and how these changes affect the valuation.
- 1.1.2 The evidence that supports and motivates the assumptions and the changes to the assumptions.
- 1.1.3 Wherever possible standard errors and confidence intervals around forecasts and estimates.
- 1.1.4 Forecasts for cash flow under different assumptions and scenarios.
- 1.1.5 Accessible information and models about how the valuation could affect future benefits.
- 1.1.6 Estimates of the likelihood of scheme default under different assumptions with standard errors or confidence intervals over time.

**1.2 Timely information**

In future, we would like the USS to give employers and members sufficient time to assess and interpret their proposals. There is a range of employers in the USS, and they have different governance arrangements. This means it takes time for proposals to be reviewed and approved or rejected by the relevant groups within universities.

## **2. The governance of the valuation process and in particular the role of different parties including UUK, UCU, the JNC, the trustees and others in providing that governance.**

We would like the following to be given serious consideration:

1. USS to update the Scheme Rules to give a role to the JNC, or a similar body made up of representatives from UUK, UCU and potentially independent pensions experts, to make formal recommendations regarding the valuation approach and assumptions to the USS Trustee. The USS Trustee and the Scheme Actuary would retain their ultimate discretion; however, we believe that this approach would give all parties early input on a formal basis to future valuations and build greater confidence in the valuation process.
2. USS to re-tender the contract for the scheme actuary in consultation with UUK and UCU. A review of the scheme actuary will help to bring new perspectives and fresh thinking. It will help to provide confidence to members about the future cost of the scheme.
3. The Pensions Act 2004 requires that a third of pension scheme trustees should be member-nominated. The USS is exempt from these regulations. Nevertheless, governance of the USS could be improved by increasing the number of member-nominated trustees. This would not have to involve a change in the number of UCU or UUK trustees – we could introduce a couple of USS member elected trustees either as addition to the existing board of Trustees or by replacing two independent trustees. This change would add balance, accountability and diversity.
4. The USS Trustees Board should publish a summary of their meeting.