

## JNC Enhanced Report 18 November 2020

### Attendees

Committee members	Observers
Ms Judith Fish (Chair)	Gary Dixon, UUK Trustee Director
Phil Harding (UUK)	Rene Poisson, Independent Trustee Director
Cliff Vidgeon (UUK)	Carol Costello, UUK observer
Stuart McLean (UUK)	Dr Marion Hersh, UCU observer
Anthony Odgers (UUK)	
Dr Justine Mercer (UCU)	
Dr Sam Marsh (UCU)	
Dr Deepa Driver (UCU)	
Christine Haswell (UCU)	
John Neilson (UUK)	
Dr Woon Wong (UCU)	

### Meeting governance

- The Chair reported that following her election as Vice President of UCU, Dr Mercer had chosen to take up the Chair of the UCU Superannuation Working Group (SWG) and consequently has taken over as Chair of the UCU JNC negotiating team from Dr Ozanne;
- The Chair congratulated Dr Wong on his election to the UCU JNC negotiating team and the re-election of Dr Driver and Dr Marsh;
- The Chair extended her thanks to Dr Hersh and Dr Ozanne for their hard work and service to the JNC.

### Stakeholder updates

#### UCU

The Chair of the UCU JNC team echoed the comments of the JNC Chair, congratulating those who have been elected and re-elected and both personally thanking and thanking on behalf of the UCU membership those who were not re-elected for their valued contribution to the JNC.

UCU attendees informed the group that the [Annual UCU Congress](#), scheduled for the end of October, has been postponed due to technical issues. An interim HE sector conference is being arranged instead and will take place before the Christmas break. UCU attendees emphasised that whilst Congress does determine UCU policy and gives negotiators a mandate, there are other mechanisms within the UCU governance (such as the UCU Higher Education Committee) that can be used in the meantime to enable to UCU to move forward at pace.

UCU attendees noted that they met with UUK prior to the JNC meeting and they recognise that everyone involved is committed to finding a mutually agreeable outcome to the 2020 Valuation that is in the best interests of USS members. They asked others to be mindful that the HE sector has long term strength and vibrancy and the global pandemic should be viewed as a short term setback.

They highlighted the UUK response to the Technical Provisions consultation, describing it as a helpful and robust response, albeit one that didn't go as far as UCU would like on contribution rates.

## UUK

UUK attendees echoed the congratulations and thanks to the JNC appointees. They also emphasised their agreement with UCU on their desire for a mutually agreed outcome on the 2020 Valuation.

They also provided a high level overview of [the UUK response to the Technical Provisions consultation](#) noting that:

- UUK had responses from over 100 employers representing 88% of the active membership;
- Employers felt they did not have the ‘whole picture’ of the different components of the 2020 Valuation, and some employers could only answer some questions in a conditional manner;
- Employers felt Trustee engagement was better than ever, noting employer webinars and ‘virtual visits’ to sector colleagues;
- Affordability for both employers and members was a strong theme. This was raised in conjunction with commentary on member opt outs.

They noted that they have asked the Trustee for help to model scenarios based on the potential for different outcomes of the covenant assessment.

### Discussion around the 2020 Valuation

A UCU attendee noted the common ground achieved in the [Valuation Methodology Discussion Forum \(VMDF\)](#). The attendee made a proposal for the VMDF to reconvene for a handful of meetings in order to finalise its conclusions. Other UCU attendees echoed this request.

UUK attendees indicated that they would support the idea of the VMDF reconvening to look at some specific aspects of valuation methodology. They noted the need for this to happen within the 2020 Valuation timetable.

A Trustee representative agreed to take this request to the Trustee Board. They noted that the 2020 Valuation timetable is challenging, and the Trustee undertook a relatively comprehensive programme of engagement with stakeholders, including the [methodology and risk appetite discussion document in April 2020](#). They also highlighted that the Technical Provisions consultation took on board the work of the VMDF.

UUK attendees noted their wish to continue dialogue with the Trustee on covenant support proposals and the Trustee welcomed this. UUK also emphasised their willingness to engage with The Pensions Regulator to aid understanding of the non-homogenous nature of the HE sector. The Trustee acknowledged this and called attention to the asymmetric distribution of resources throughout the HE sector, explaining that the covenant support proposal will provide the confidence needed. UCU attendees also noted their intention to support a strong covenant.

Attendees asked for an outline of the 2020 Valuation timetable and about the degree of flexibility within the statutory timeline. A Trustee representative explained that The Pensions Regulator will hold a Trustee to account if they do not move the valuation process forward and that there is a 15 month statutory deadline for completion of a valuation. They noted the upcoming Trustee board dates of the 24 November and 11 December and that the issuing of the Scheme Actuary’s report on the 2020 Valuation (known as the Rule 76.1 report) would follow on from this.

They explained that in the instance that the JNC took three months to consider the Rule 76.1 report and then following this there was the requirement for a member consultation, the 30 June 2021 statutory deadline would not be met.



They explained that should the Trustee breach the 15 month legislative deadline then The Pensions Regulator will make a decision using its own discretion on how the breach will be dealt with.

A UCU attendee re-emphasised their frustration that the Trustee felt that it was necessary to continue with a 31 March 2020 valuation given that there was no statutory requirement for a valuation at this date and the extremely difficult market conditions given the global pandemic. It was noted that the Trustee's reasoning for continuing with the 31 March 2020 valuation had previously been addressed.

Attendees asked the Trustee if they would be considering the Government's response to the consultation on the UK Statistics Authority's proposal to address the shortcomings of the Retail Prices Index, and the Trustee confirmed they will.

### Update from the Trustee

A Trustee representative echoed the congratulations to the new and re-elected attendees from the UCU Superannuation working Group.

They noted that the Trustee Board is discussing employer covenant and is expecting reports from external advisors to provide some insight and assurance on sector strength and resilience. They explained that The Pensions Regulator is also engaging with the Trustee on covenant assessment. They went on to note that for the Trustee the importance of agreeing robust covenant support is critical.

### Questions for the Scheme Actuary

The attendees discussed the summary of questions posed to the Scheme Actuary at the 23 September JNC meeting, and the follow up session of 16 October including some that would be followed up with a written response.

### Financial Management Plan update

The attendees noted [the FMP monitoring position](#) based on the 2018 valuation monitoring methodology, as at 30 September 2020.

A UCU attendee asked if the news about a Covid 19 vaccine had any impact on the funding position. A Trustee representative explained that they had received some preliminary data but are not yet in a position to comment.

### Additional matters covered at the meeting

- An update on the JNC Effectiveness Group and [their planned 'quick wins'](#). A UCU attendee confirmed to UUK that an updated version of the 'quick wins' would be sent to UUK by 20 November;
- The annual review of the voluntary salary cap ('VSC') and enhanced opt out ('EEO') options available as part of the Scheme proposition;
- The quarterly update on current legislative and regulatory developments;
- A review of the first Enhanced Report produced under the report writing principles drafted by the JNC Effectiveness Group.