



Mr C Hale
Interim Chief Executive
Universities UK

Your ref
Our ref DKB/JMR
Date 8 August 2022

By email only

Dear Chris

Review of USS Governance by UUK

Thank you for sharing UUK's governance review consultation document with us and for inviting us to comment on the proposed approach.

The Trustee Board has discussed the review and we agree with UUK that a review of the scheme's governance is important and timely, particularly given the challenges the scheme has faced in recent years. We are very open to change and look forward to exploring potential improvements to the scheme's governance. We also hope the review will help build trust amongst those involved in the scheme for the benefit of members and employers.

We envisage that our role will be primarily supportive, reflecting that the scheme is ultimately a creation of its stakeholders. For example, we could provide views on how different proposals might impact upon the scheme and provide information to help the review to deliver long lasting, practical and effective improvements for the benefit of our members and employers. We hope that is in line with how you see our role.

In that spirit, we offer some observations on the proposed approach to the review in the comments set out below.

We understand that UUK has invited UCU to participate in the review. Given its right to appoint directors to the Trustee Board and members to both the JNC and Advisory Committee, UCU has an important role in the scheme, and we hope it feels able to participate in, and share its views with, the review.

The scheme has grown significantly since it was established almost 50 years ago and now has more than 330 employers and over half a million members (split approximately into active members (43%), deferred members (41%) and pensioners members (16%)). Not all of those employers and members are respectively members of UUK and UCU. We therefore believe it is important that mechanisms are adopted to ensure the views of the widest possible range of employers and members are represented and properly considered by the review. We would be very happy to support this activity if it would be helpful for us to do so (for example, we could discuss whether there might be a role for us in signposting, issuing surveys and/or using existing channels, such as the member voice panel, to encourage wider engagement with the review).

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The independence of the review and its recommendations will, we believe, be critical to the review's credibility. We welcome UUK's proposal to appoint an independent review chair and believe it will be important for the review to be appropriately resourced and the review group to be well-balanced to further support that independence. We don't underestimate the challenge of identifying an independent chair who is able to command the respect of all parties and has the leadership and wider skills needed to seek to build a consensus and ensure that the review recommendations are robust. We look forward to hearing from UUK once it has identified a review chair.

We strongly support UUK's suggestion that it may be helpful for the review to consider the governance models adopted by non-associated multi-employer schemes in other jurisdictions. As you know, we have recently arranged meetings with some international peer schemes to deepen stakeholders' understanding of how benefit structures work in other jurisdictions. If it would be helpful for us to support the review by making introductions to schemes in other jurisdictions, we would be happy to do so.


We recognise that this review is being launched at a busy time for the scheme. The next triennial valuation will be at 31 March 2023 and, as with our recent valuations, we envisage starting preparations and engagement with UUK, UCU, the JNC and employers well in advance of that date. We are also currently supporting the urgent and important exploration by UUK and UCU of possible low cost benefit options and hope that the JNC will be able to make a recommendation on a way forward over the next few months.

Whilst recognising that it is another stream of work, our view is that there is much merit in continuing to explore Conditional Indexation (CI) models at the same time as undertaking the review. Introduction of a CI model may itself result in the need for governance changes, so we think it helpful for the potential governance implications of such models to be considered whilst the review is progressing.

We appreciate that it may be challenging for UUK, UCU, employers, members and wider sector bodies to engage in relation to the 2023 valuation, low cost and CI at the same time as they are engaging with the governance review. We therefore believe it is important that the review is phased and resourced in ways that support stakeholders' active engagement with these other important matters. We hope the timetable for the review will balance the need to conclude the review within a reasonable period and the desirability of allowing these other key initiatives and the review itself to all be given meaningful consideration. On reflection, we believe that the timetable envisaged within the consultation document would be challenging to meet, even if it was being pursued in isolation from any other initiatives.

We look forward to hearing from you in relation to the next steps for the review following conclusion of your consultation with employers.

Yours sincerely



Dame Kate Barker
Chair, USSL Trustee Board