

# USSE

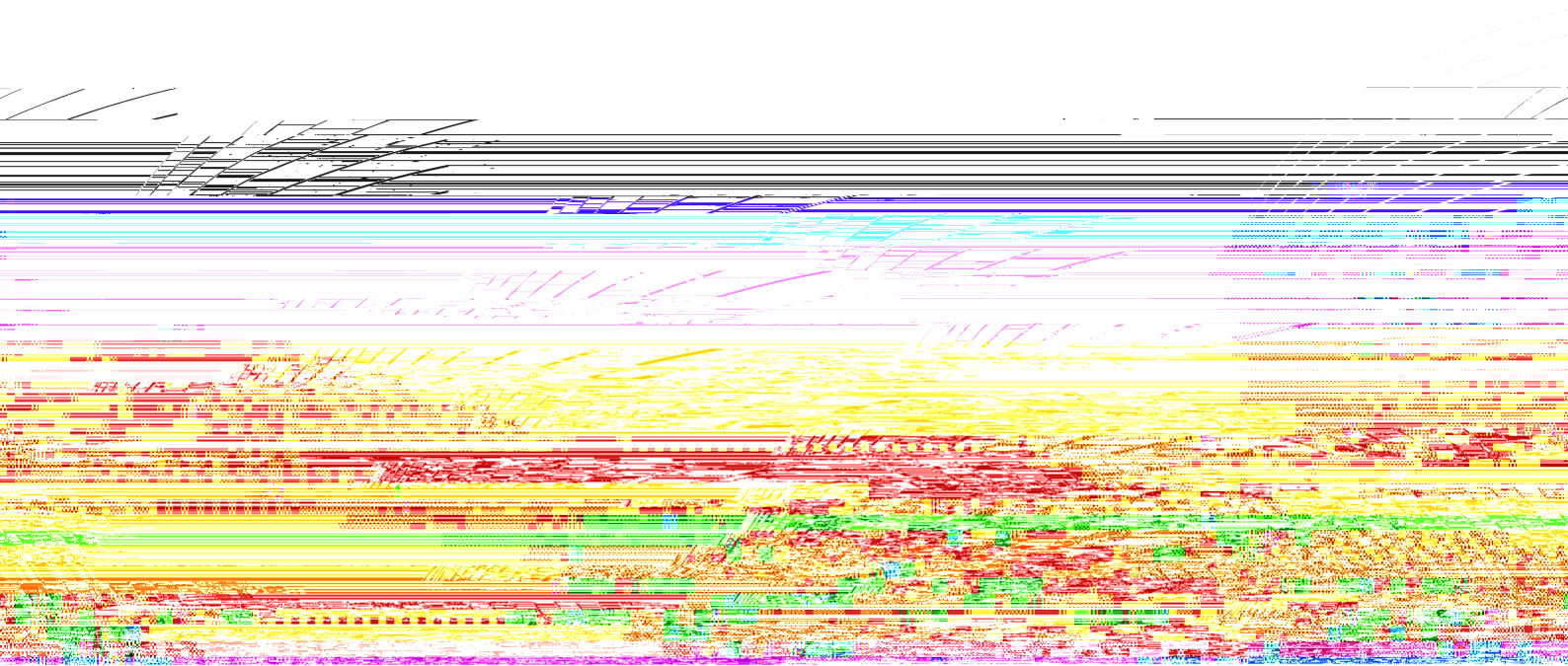
## RESPONSE FORM

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REPLY TO: [PENSIONS@UNIVERSITIESUK.AC.UK](mailto:PENSIONS@UNIVERSITIESUK.AC.UK)

## MAKING YOUR RESPONSE TO THE CONSULTATION ON THE USS TRUSTEE'S PROPOSED ASSUMPTIONS FOR THE SCHEME'S TECHNICAL PROVISIONS

The USS Trustee is undertaking a valuation of USS as at 31 March 2023, and on 19 July 2023 the Trustee published its consultation on the scheme's technical provisions and on the draft Statement of Funding Principles.







## ASSUMPTIONS FOR THE TECHNICAL PROVISIONS

- A. Do you have any specific comments on the individual assumptions for the scheme's technical provisions (and future service contribution rate) put forward by the USS Trustee, or indeed on their collective effect?

[It would be helpful to refer here to the eight specific questions proposed by the USS Trustee, and which can be found on page six of the USS consultation document.]

Overall UCL is satisfied with the assumptions and methodology that underpin the valuation, but we would like to make some specific comments:

**Covenant** – We are supportive of the renewal of the employer covenant measures (20 year moratorium on employer exits from the scheme and debt-monitoring) as these measures have proven contributory towards generating a 'strong' covenant position outcome, a reduction in overall contributions for stakeholders and increased funding stability.

**Stability** – The stability of the schemes funding levels and the resilience of the scheme, particularly when exposed to adverse financial environments, is of primary importance to UCL. We are therefore supportive of the remit of the JNCs Stability Working Group to explore options which would equitably foster greater stability in the long term for stakeholders.

**Valuation Investment Strategy** – We would like to see the Trustee promote and prioritise responsible investment in alignment with the aspirations of UCL and the greater HE Sector and for this to be a key component of the discussions on the Valuation Investment Strategy.

## 2023 VALUATION OBJECTIVES

- B. On the broader strategy, do you support the nine overall objectives set out in section 2 of the UUK briefing, and which do you consider the most / least important?

[The nine objectives are stability, reduction in contributions, improvement to future benefits, commitment to covenant suppo



## APPROACH SET OUT IN THE JOINT STATEMENTS

- C. Given the valuation outcome proposed in these TPs, do you support the approach set out in the joint statements to improve benefits to pre-April 2022 levels from April 2024 (and do you agree that there is sufficient evidence of stability / affordability to do so)?

UCL is supportive of the UUK/UCU joint statement and is satisfied that there is sufficient evidence of stability and affordability to restore benefits to pre-April 2022 levels from 1 April 2024 or sooner. Furthermore, Aon have estimated a cost of circa £1bn to augment/restore benefits from April 2022 to March 2024 and UCL is supportive of further exploration of this option. In the longer term, and given the current valuation methodology, UCL recognise the potential for the USS funding position to be less favourable in the future and would therefore advocate the exploration of other scheme design options which support the sustainability of the scheme and provide best value for stakeholders. With the same risk in mind, UCL would also advocate an urgent acceleration of the stability workstream to help ensure that the opportunity to act is not lost.



## UUK MANDATE

- D. More generally, are you content to provide a supportive mandate to UUK's JNC negotiators to finalise the responses to the valuation in alignment with the joint statement?

### UCL Mandate on the USS March 2023 Technical Provisions

We are fully supportive of the [joint UUK/UCU statement](#)

