

This document has been jointly agreed by UCU and UUK and sets out their position, as stakeholders, on key issues relating to USS.

Transparency

Stakeholders are committed to ensuring transparency. So that stakeholders can understand all the issues and arrive at well-reasoned solutions, discussions between them should be informed by sharing as much information as possible. This will enable stakeholder representatives to engage with USSL and to consult with the communities they represent. Such consultation is required to discharge responsibilities towards the protection of stakeholder interests in the Scheme and enhances accountability to, and participation by, stakeholders.

In this regard, stakeholders particularly acknowledge that both transparency and confidentiality are important, and trust is built through ensuring confidentiality where agreed. There should be a presumption that information is shared whilst recognising the need to respect Data Protection and any commercial or other confidentiality requirements which have been justified.

The employer representative will encourage participating employers to seek local feedback, for example through the formation of local working groups, on developing USS issues. UCU will similarly consult as per its agreed democratic procedures.

Test 1 & Valuations

Stakeholders agree that Test 1 should be abandoned.

Status monitoring metric(s) should be calculated in a methodologically sound manner and should be transparently agreed with stakeholders. Such metric(s) should be used to inform decision-making but should not unilaterally or recursively drive the valuation.

All assumptions used in the triennial and monitoring valuations should be based on and consistent with evidence.

De-risking

Stakeholders agree that there should not be a presumption that de-risking automatically applies without clear evidence that it is the most appropriate solution and will resolve long term problems or threats to the Scheme. Stakeholders will seek to work with USS to agree the nature, scale, timing and duration of any de-risking, if adequately justified by USSL using evidence-based analysis.

Definition of risks and short-term views

Stakeholders agree that USS is currently an open, immature, cash-flow positive, multi-employer scheme in a key sector of the economy and should be treated accordingly and are concerned that disproportionate focus on short term reliance can counterproductively introduce new risks into the Scheme. USSL's approach needs to be balanced towards the long-term objectives and purpose of the Scheme

considering the unique attribute of USS being a sector-wide Scheme. The funding and investment strategies should be driven by a focus on the long-term sustainability and health of the Scheme.

Reconsideration of employer risk appetite

UUK will encourage employers to consider questions of risk appetite and reliance on covenant in as broad and balanced a manner as possible. To enable this, USSL will be expected to provide detailed information about the potential benefits, as well as the downside, of increasing or maintaining their risk appetite and the extent to which the covenant supports the scheme.

Engagement with TPR

Stakeholder engagement with TPR should, as far as possible, be undertaken on a partnership basis.

Comprehensive understanding of Risk

Stakeholders would like to explore a more comprehensive assessment of the wide range of risks within, and to, the Scheme. UUK will encourage employers and both UCU and UUK will encourage USS to take a broader approach to risk. Both UUK and UCU are strongly committed to the continuation of the Valuation Methodology Discussion Forum and to ensuring engagement in discussion of very broad understanding of and approaches to risk with the Trustee and The Pensions Regulator (TPR).

Trustee and Scheme Actuary visibility, accountability and engagement with stakeholders

Stakeholders expect Trustee and Scheme Actuary visibility and engagement with stakeholders via JNC and other fora. This includes, but is not limited to, participation in joint fora and joint JNC/Trustee meetings, including Trustee attendance at the JNC on a regular basis and Scheme Actuary attendance as required by the JNC. This will help to ensure closer engagement and will foster greater Trustee accountability to all stakeholders.

Acting in partnership

The scheme trustees, employers (through UUK as their representative body) and members (through UCU as their representative body) should work together in partnership to ensure the Scheme aims are met. To enable democratic participation and effective representation of members of the Scheme, stakeholders will work together to ensure JNC representatives have both adequate information and sufficient allocated time to prepare for and participate in meetings and allied negotiations.