



The
University
Of
Sheffield.

Human
Resources.

USS Joint Expert Panel

By email only:

submit@ussjep.org.uk

13 June 2019

Director of HR and Communications

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Dear Colleagues

The University of Sheffield has convened a [Working Group](#) comprising colleagues from our academic community, UCU representatives, HR, Finance and Executive Board representation. This Working Group has been considering matters relating to the various USS Valuation processes since early 2017 and recommending to the University Executive and our University Council responses to the various consultation exercises undertaken.

The members of the Working Group would like to submit the following points to the Joint Expert Panel (JEP) to inform Phase 2 of the work jointly commissioned by UCU and UUK.

In terms of potential principles that could underpin future valuations and support the scheme's sustainability the Working Group makes the following points:

- To build trust in the data and any analysis undertaken, the work and basis/assumptions on which it is carried out must be open, transparent and allow stakeholders the ability to challenge and receive meaningful responses from the USS Trustee.
- It is important that any analysis undertaken by the USS Executive and Trustee is underpinned by appropriate actuarial standards. The quantification of the level of risk should be based on well established actuarial measures.
- The key employer and member stakeholders would benefit from a direct line of communications to the scheme actuary to facilitate these points.
- The methodology should be robust but understandable by those directly affected by its impact. A simpler approach to the valuation would be welcomed.
- There should be appropriate timeframes during the valuation process for meaningful engagement with stakeholders and to allow for proper consultation including the opportunity to gather the views of governing bodies of employers.



Regarding alternative paths to the valuation:

- Whilst acknowledging the need for prudence, it is neither necessary nor welcomed to layer prudence upon prudence in the valuation methodology.
- In particular the continued application of USS' "Test 1" is unhelpful both in regards to the level of prudence but more importantly is considered opaque to such an extent that it is very difficult to fathom the impact of its application and what impact it has on the overall valuation outcome.
- The position in USS which allows the Trustee to determine the valuation outcome and subsequent contribution levels following consultation with employer, rather than needing to seek the agreement of those employers (or their representatives) is a concern. In the interests of ensuring a greater level of meaningful dialogue and joint working amongst all stakeholders, it may be helpful to see a rule change to ensure appropriate agreement is sought in this regard.

The final point on which the Joint Expert Panel seeks views relates to how risk is shared in the scheme, including approaches to contributions and mutuality.

Our Working Group would like to make the point that the essential precursor to this issue is to establish a methodology for undertaking scheme valuations so that all stakeholders can objectively concur with the resulting assessment of the health of the scheme. Only once that point is reached can there be a sensible and informed debate over the most appropriate course of action to take.

I look forward to reading the JEP's report when it is published in September 2019 and hope that it will lead to a more constructive and collegiate approach to the management of the scheme in the interests of members, sponsoring employers and other key stakeholders.

Our Working Group would be happy to respond to any queries arising from this submission and can be contacted through me using the contact details at the head of this letter.

On behalf of The University of Sheffield USS Valuation Working Group,

Yours faithfully

A handwritten signature in black ink, appearing to read 'I. Wright', with a small dot at the end.

Ian Wright

Deputy Director of Human Resources