

JNC Enhanced Report, 10 February 2021

Attendees

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

Stakeholder updates

UCU

A UCU representative provided an update on the recent [UCU Higher Education Sector Conference](#), noting that it provided an opportunity for the UCU mandate on the USS 2020 valuation to be renewed, confirming a commitment to defend the defined benefit section of the scheme and to negotiate for the lowest possible member contribution rates.

The UCU representative confirmed that the [UCU 2021 Congress](#) is to be held over a number of days in late May and early June. Elections for the UCU JNC negotiating team will be held as part of the Higher Education Sector portion of the Congress, and the UCU mandate on USS will also be debated further.

UCU noted that they have been in conversation with the Trustee on [responsible investment matters](#) and are keen to develop this engagement further.

A UCU representative expressed the expectation that the [1 March appointment of Dr David Watts](#) as a UCU nominated member of the Trustee Board should help to further facilitate conversation between UCU and the Trustee.

UCU noted they are in correspondence with tPR on the 2020 Valuation. They went on to discuss the UCU belief that the USS scheme has a 'strong' covenant rating.

A UCU representative asked that alternate members of the UCU JNC negotiating team be allowed to observe all future JNC meetings, in order to ensure they are fully apprised of the ongoing discussions if they're called to attend. The JNC Chair agreed to this and noted that UUK alternates would also be given the opportunity to observe all JNC meetings too.

UCU representatives noted the usefulness of the [Valuation Methodology Discussion Forum \(VMDF\)](#) and asked for confirmation on where the Trustee found common ground with the findings of the VMDF. A Trustee representative confirmed that these areas had been documented in [Annex A of the Technical Provision Consultation Document](#).

UUK

A UUK representative noted that their focus is on finding an affordable and satisfactory outcome to the 2020 valuation for both employers and members. They wish to address current opt out rates and ensure the scheme is suitable for all eligible employees.

UUK noted that they are working with their actuarial advisors to prepare for next steps in the 2020 valuation and are briefing Vice-Chancellors and sector bodies to keep them informed. They also noted that they are in correspondence with tPR over matters relating to the 2020 valuation.

Following on from this update there was further discussion amongst UUK, UCU and Trustee representatives on the discussions with tPR that each group is undertaking. This conversation developed into a discussion on member understanding and confidence in the valuation process and following on from this there was a technical discussion on the valuation methodology with contributions from UUK, UCU, the Trustee and a representative of the Scheme Actuary.

Financial Management Plan update

The JNC noted the FMP monitoring position, based on the 2018 valuation monitoring methodology, [as at 31 December 2020](#).

A USS representative noted that recent RPI reform announcements and any impacts on the FMP as a result of them are under consideration by the Trustee.

A detailed conversation on Trustee valuation methodology followed, with input from UUK, UCU, Trustee and Scheme Actuary representatives.

Update from the Trustee on the 2020 valuation timeline

The JNC were invited to consider a proposed timeline for the 2020 valuation. A USS representative noted that the version shared was fluid in order to account for the different considerations that could materially affect the timeline.

A UCU representative acknowledged the timeline as draft and emphasised that if finding a mutually acceptable outcome to the 2020 valuation could potentially mean a delay to the proposed timeline, it would be worthwhile. A UUK representative noted that employers will do all they can to expediate the conclusion of the 2020 valuation, and that it is critical that employers are allowed adequate time to respond to a consultation.

The group discussed the scheduled 1 October 2021 contribution increases and the process and timeframe for updating the [USS schedule of contributions](#). The group acknowledged the challenging timeframes and the JNC Chair also noted that all involved are keenly aware of the impact on members and the wider HE sector.

Additional matters covered at the meeting

The JNC agreed to use time held in diaries on 17 February for an informal discussion on the methodology questions covered in this meeting. An invitation was extended to the Chair of the Trustee Board to attend this informal session.