

Public summary of the Valuation Technical Forum meeting on 16 February 2023

Present

| Forum attendees | Trustee Board directors |
|---------------------------------------|-------------------------|
| Melanie Duffield (Chair) | Dame Kate Barker |
| Steve Golden (USS) | Dr David Watts |
| Steve Towers (USS) | Russell Picot |
| Jeff Rowney (USS) | |
| Jay Khimji (USS) | |
| Richard Barker (USS) | |
| Aaron Punwani (LCP) | |
| Anthony Odgers (UUK) | |
| Stuart McLean (UUK) | |
| Margaret Monckton (UUK) | |
| John Coulthard (Aon) | |
| Dr Jackie Grant (UCU) | |
| Professor Mark Taylor-Batty (UCU) | |
| Dr Renee Prendergast (UCU) | |
| Derek Benstead (First Actuarial) | |
| Professor Dennis Leech (UCU observer) | |

Notes and matters arising

The note of the meeting of 14 December were approved.

It was agreed that the request to publish information on the 5% failure self-sufficiency rate be deferred until a full review of information shared with the committee was completed.

Valuation update

It was confirmed that capital market estimates comparisons were due to be considered by the Investment Committee and would then be shared with the VTF.

Summary of approach to setting inflation

The discussion considered how USS capital market expectations compared to other industry providers. An overview was given by the Trustee on the approach to construct inflation and interest rate assumptions as part of the valuation process.

The forum asked if there was a view from the market on the future expectation of interest rates. The Trustee explained that it was not straight forward to take a read from the market as many views exist, ranging from those who expect interest rates to increase from current levels to those whose expectation is that they would revert to negative values.

Valuation workstreams

The forum noted an update from the technical workstreams and that the timeline remained on track. Questions were raised on the covenant workstream and the Trustee was asked to consider what may be different this time round given the improved funding position of the scheme. The value of the covenant support package seemed more difficult to quantify if there was to be a surplus for instance.

End of December FMP

The forum noted the update from the Trustee and raised questions to ensure that the technical detail was understood both in terms of contributions expected to be paid over 2023 and how a surplus could be used to address changes made as at 1 April 2022.

Look ahead to 10 March agenda and 23 March Board

It was agreed that TPR be invited to the next meeting of the forum.

The forum suggested that it would be helpful to spend time considering how to use surplus and what information should be made available to stakeholders, and a look ahead to addressing volatility within valuation methodology and how that could be developed potentially beyond this series of VTF meetings.

Any other business

There was no other business.