

## Consultation Questions, University of Edinburgh Response, 28 February 2020

### Principles to underpin the valuation:

1. What are your views on the introduction of a scheme purpose statement, and do you agree that such a statement can be useful?

*We believe a scheme purpose statement would be a useful document as long as it is agreed and adhered to by all parties.*

2. Do you believe it helpful to set out valuation principles, and what are your views on the principles as proposed by the JEP?

*It is helpful to set out valuation principles and it is vital that all parties sign up and adhere to the spirit of the principles.*

3. Do you have any further comments on the valuation principles or the JEP2 report's section 6?

*All parties would need to sign up, in good faith, to the spirit of the principles.*

### Good Governance

4. Do you believe that the scope of areas of governance considered has been appropriate, and if not which additional areas do you believe would be helpful to be reviewed?

*Over three quarters of USS members within our Institution are not members of UCU, we are therefore concerned that the majority of the active membership are not appropriately represented at the JNC. It would be helpful to consider alternative models of how the majority of active members can be effectively represented.*

5. What are your views on the specific recommendations as they apply to the trustee board, to the JNC, to UUK and to UCU?

*Trustee Board – agree JEP's comments but also needs to be more transparent and timely in its communications with members.*

*JNC – there needs to be more focus on collaborative working and negotiation to increase trust in this group's mission rather than use of the casting vote. The introduction of the purpose statement and valuation principles should, if adhered to, provide a platform for greater collaboration.*

*UUK – we support the JEP's recommendation that another body, such as UCEA, may be better placed to sit on the JNC on behalf of employers. We consider it would be an improvement for both pay and pensions issues to be represented by the same body.*

*UCU – as mentioned in response to question 4, the majority of the active membership of USS are not members of UCU and therefore not represented on the JNC and this needs to be addressed. We*

*would encourage further consideration of the most appropriate way to consider the views of the entire active membership.*

6. Do you have any additional comments on valuation governance or the JEP2 report's section 7?

No

#### Alternative paths to the valuation

7. What are your views on the outlook for the scheme being that it is an ongoing scheme, and also the various references by the JEP to it staying open?

*We agree the scheme should continue as an open, ongoing scheme but would welcome urgent work to re-design/re-structure the scheme to ensure long-term stability and sustainability, for employers and members.*

8. In relation to risk appetite, what would employers find helpful in order for them to better understand the risk and reward trade-offs in USS?

*Any analysis of the relationship between risk and reward should be explained in the wider context of the views of the Pensions Regulator (tPR) and the dynamics between tPR and the Scheme Trustees.*

*An appreciation of the attitude toward risk of members would also be welcome. As well as representing many diverse employers there is not a unified member profile – this further supports the requirement to further investigate options for members.*

9. Do you agree that the JEP's proposals regarding a dual discount rate approach warrants further analysis and examination?

Yes

10. Do you have any additional comments on potential approaches to the 2020 and future valuations or the JEP2 report's section 8?

No

#### Taking account of the needs of members

11. Are you concerned with the level of opting-out of USS, and if so what do you believe the principal reasons for it are?

*Our experience is that members opt out not only due to affordability but also because they are either employed on a range of contract types or they do not intend to stay in the UK and are concerned about accessing USS benefits overseas. This would suggest to us that a more flexible scheme structure/a range of options would be beneficial for employees.*

12. Do you support the recommendations that further analysis is undertaken on the option of tiered member contributions?

*Yes*

13. Do you support the recommendation that further analysis is undertaken on flexible options for members, for example lower cost saving options?

*Yes, please see our answer to Q11 above. We do understand however that flexible options would need to be clearly communicated to members to ensure they fully understand the trade-off between reduced benefit for reduced contributions.*

14. Do you have any additional comments on the needs of USS members of JEP2 report's section 9?

*No*

#### Mutuality

15. Do you support the view expressed by the JEP on the issue of mutuality within the USS?

*Yes*

16. Do you have any additional comments on mutuality within the scheme or the JEP 2 report's section 10?

*No*