

JEP 6 – Note of the meeting

The Panel heard from Sir David Eastwood, the Chair of the USS Trustee Board.

He gave the Panel an overview of the valuation process from the perspective of the Trustee including: the sovereign role of the JNC in terms of determining benefits; the principles upon which the Trustee operates; the impact of missing the statutory timetable set by the Pensions Regulator for completing the valuation; the calculation of technical provisions; the imposition of cost sharing; and the Board's view of its relationship with the JEP.

In the discussion that followed, the JEP considered issues around: the parallel processes of its own report and the decision of the Trustee to invoke cost sharing; the relationship between the Trustee and the Executive; the nature of the tests used by USS and possible alternatives; the performance of the various functions of the USS governance arrangements; the role of the TPR in this valuation process; the quality of information available to members and the Trustee's communication strategy; and the extent to which the Trustee was engaged in an on-going update of the valuation.

The Panel also separately considered evidence from Professors Miles and Gandy of Imperial College who presented contrasting views of the valuation and the security of benefits. Despite their differing views, the Panel found both presentations helpful and thanked both Professors for their evidence.

Finally the Panel took evidence from EY Parthenon who had performed a review of the HE sector on behalf of USS in advance of the 2017 valuation, as part of its assessment on the strength of the sponsor covenant. This had considered the future growth of the sector and factors that could constrain that growth. This work had contributed to USS's assessment that the sponsor covenant strength was strong.

The Panel continued to derive considerable insights from the submissions sent to it and remain keen to hear from stakeholders on issues relating to the valuation, including the tests which underpin it, the assumptions and process. Submissions should be sent to submit@ussjep.org.uk. All submissions will be treated in strictest confidence. **In order to ensure that submissions can be fully considered by the Panel it would be very helpful if submissions could reach the Panel by 17 August at the latest.**