Pi Partnership
Confident Modern Effective

Universities Superannuation Scheme ('the Scheme')

An independent articulation of the current governance arrangements

25 March 2026

The Universities & Colleges Employers Association (UCEA) commissioned Pi Partnership to produce an independent articulation of current USS Governance arrangements. It sets out the views and understanding of Pi Partnership. It is not an official document of the Scheme. It is designed to be a helpful summary for those who wish to know more about the history and governance surrounding the Scheme.

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Section 1 – Introduction

The Universities Superannuation Scheme (the Scheme) is one of the UK's largest open, private, hybrid pension schemes, combining defined benefit and defined contribution arrangements within a single governance and operational framework. Its scale, complexity and multi-employer structure mean that governance is not simply a compliance requirement, it is one of the key mechanisms through which trust, stability and long-term member security are maintained. As the Scheme has evolved, so too has its governance: shaped by statute, market conditions, changes in the higher education sector and shifts in regulatory expectations.

This articulation provides an independent overview, prepared by Pi Partnership, of how governance currently operates across the Scheme, giving a meaningful foundation for governance understanding that has not previously existed in a single document. It seeks to describe the governance arrangements as they exist as at 25 March 2026 and has three purposes:

1. **To set out the provenance, historical context and evolution of the Scheme's core governance components.** This includes explaining not only what exists today, but why these structures were established. For example, it covers the rationale for independent directors, the balance of powers between fiduciary and negotiating bodies, the nature and composition of committees, and the foundations of key mechanisms such as employer participation controls, valuation governance, and investment oversight.
2. **To describe how each governance component operates in practice**. This includes the decisions they make, the statutory and rule-based powers they hold, and the processes they follow. It provides practical examples illustrating real decision pathways, for example, how valuations are carried out, how benefits and contributions are determined, how employers are engaged, and how disputes are resolved. These examples highlight the lived reality of governance: the interactions, dependencies and safeguards that are not always visible from governing documents alone. In addition, Universities Superannuation Scheme Limited (the Trustee) has voluntarily adopted the Wates Corporate Governance Principles for Large Private Companies, as appropriate. Those Principles recognise that high standards of corporate governance support effective decision-making and help ensure that the interests of key stakeholders are appropriately considered. Where relevant, the report signposts to these principles as a source of wider reading for those who wish to explore these themes further.
3. **To explain how these components work collectively and interdependently**. The Scheme's governance is deliberately distributed across fiduciary, negotiating, advisory and representative bodies, each with a distinct role. Understanding how these roles intersect, overlap and are bounded is essential to understanding the Scheme's governance. Effective governance depends on this interaction, supported by clear accountabilities, structured challenge, appropriate checks and balances, and a shared commitment to long-term stewardship.

Readers are encouraged to refer to the **Primer** for foundational concepts and to **Appendix A**, which provides an inventory of key governing documents that support the governance framework described in the sections that follow. Throughout this articulation we use the term 'Stakeholder bodies' to refer to the Universities & Colleges Employers Association (UCEA) and the University and College Union (UCU).

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Section 2 – History, Scope and Purpose

This section explains why the Scheme was established, how its membership and employer base has evolved, and the principles that govern employer participation and withdrawal. It highlights the Scheme's role within the wider higher education sector and its position and purpose today, some 50 years on.

Why the Scheme was established

The Scheme was established by Trust Deed in 1974 and became operational from 1 April 1975. It replaced the Federated Superannuation System for Universities (FSSU), a defined contribution (DC) arrangement dating back to 1913, which was considered no longer suitable for the needs of a growing and modernising UK university sector. Under the FSSU, pension benefits varied between institutions, senior academics often required bespoke arrangements, and limited transferability hindered academic mobility. Reviews[1] concluded that UK universities needed a single, portable defined benefit (DB) scheme that would support long-term academic careers and provide uniform, secure and equitable retirement income across institutions. The Scheme was therefore created to deliver greater fairness and consistency in the provision of pension benefits for the UK higher education workforce, with uniform contribution rates for employers and members, and with members also able to make additional voluntary contributions.

Who the Scheme serves and how membership has evolved

The Scheme today serves an increasingly diverse workforce, with over 320 employers in total. Its core participation remains the pre-92 universities, which amongst others includes the Russell Group and Oxford and Cambridge colleges. Post-92 institutions, created through the Further and Higher Education Act 1992, participate on a limited basis. The Scheme is not their main pension scheme offering as they primarily use the Teachers' Pension Scheme, but limited participation was introduced to support sector-wide mobility and permit continuity for academic staff already in the Scheme. These post-92 institutions are typically large employers but have only a small proportion of their employees in the Scheme and accordingly, account for only a small proportion of Scheme liabilities.

Alongside these institutions, the Scheme now also includes over 100 smaller, non-higher education institutions, many of which are research institutes, educational charities, learned societies, student unions, sector bodies or university-linked spin-out companies. Many, though not all, have fewer than 10 individual Scheme members. Their inclusion within the Scheme reflects today's complex and interdependent UK higher education system.

Employer withdrawals have occurred at various points in the Scheme's history, including a small number in the past five years, typically involving non-higher education institutions for whom the Scheme proved less suitable. However overall, Scheme coverage across the UK higher education sector remains broad and includes employers representing around 95% of the regulated sector by income.

Membership patterns have changed significantly since the Scheme became operational in 1975. The sector is now characterised by greater mobility, shorter-term employment contracts and a wider mix of technical, professional and specialist roles, many meeting the Scheme's "comparable" definition as set out

[1] The Hale report (1960) noted that benefits from the FSSU tended to be lower than for other professionals and recognised that the public services and nationalised industries tended to have DB schemes. In 1963 the Robbins report foresaw a much larger higher education sector and '*stressed the desirability of freer movement of staff between higher education, government and other research establishments and industry*'. The Maddex report then considered the establishment of a DB scheme. {**Source**: The USS: How did it come to this?}.

in sub-rule 4.1.2 in the Trust Deed and Rules. Demographic trends, including ageing workforces, later retirement and evolving pay structures, have required the Scheme to accommodate a broader range of career trajectories and longevity expectations, while maintaining consistent and fair treatment across all employers.

Participation and withdrawal controls

Participation and withdrawal controls, as part of the Scheme's structure and design, play an important role in supporting long-term sustainability for Scheme members and employers. Participation in the Scheme is founded upon mutuality and exclusivity.

- **Mutuality:** All employers are required to singularly and collectively fund the Scheme and must enrol all employees in an eligible role into the Scheme (with certain limited exceptions), as defined by the Rules. For some employers, eligibility applies to all staff, and for others it's a subset of staff e.g. academic and comparable staff.
- **Exclusivity:** Subject to certain exceptions, employers cannot contribute to another pension scheme in respect of an individual in a Scheme eligible role, even if the employee opts out of the Scheme. An example where the Trustee has waived the exclusivity provision is for clergy in certain Oxford and Cambridge colleges who may remain in the Church of England scheme.

Employers enter the Scheme by signing a Deed of Accession and remain responsible for compliance with its terms, including ensuring contributions are paid correctly, providing timely data and reporting key events to the Trustee. The Trustee supports employers through portals, guidance, dedicated mailboxes, and ongoing engagement.

A strong employer covenant – the collective legal obligation and financial ability of employers to make good a funding shortfall if a funding deficit emerges – has been critical to the functioning of the Scheme. This has been particularly important given the role that the Scheme's funding position has played in ensuring that member and employer contributions remain affordable. The Scheme is a mutual, last-man-standing scheme. This means that all employers are jointly and severally liable for any deficit that emerges.

In 2019, the departure of Trinity College Cambridge[2] highlighted that, under the Scheme Rules at that time, employers were able to exit the Scheme unilaterally. The case focused attention on the potential weakening of the employer covenant if employers could unilaterally exit the Scheme thereby avoiding obligations they would otherwise have had, given the mutual, last-man-standing nature of the Scheme. This prompted renewed consideration of how employer exits could affect the strength of the employer covenant.

Following discussions between the Trustee and the Stakeholder bodies, the employer participation and withdrawal framework was strengthened. From September 2019, a moratorium on employer exits was introduced via changes to the Scheme Rules with the Stakeholder bodies consent. The current moratorium provisions in the Scheme Rules were introduced in 2021 following additional extensive discussions with the Stakeholder bodies as part of the 2020 valuation. The provisions mean that an employer wishing to exit ("withdraw") from the Scheme for the purposes of the Rules, can only do so with the written consent of the Trustee. Current Trustee policy is not to permit employers above a minimum size threshold (£50m income and £50m total assets) to withdraw, although such employers may cease benefit accrual and contribution payments once any section 75 debt has been settled. If consent is not given, even though they may be regarded as a "former employer" for the purposes of funding legislation

[2] Trinity College Cambridge paid their s75 debt before exiting the Scheme.

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(and have paid any section 75 debt due), they remain an employer under the Scheme Rules, with associated responsibilities even if they have no active members. Should UCEA wish to give notice to the Trustee to remove the moratorium on employers exiting the Scheme it would need to serve a minimum of 20 years' notice.

The Trustee also introduced a robust Debt Monitoring Framework (DMF) after consultation with Universities UK (UUK), as employer representative at the time, and employers. The DMF was introduced to mitigate the specific risk of rising employer debt levels but also serves to address moral hazard risk and strengthen covenant oversight, reflecting principles now embedded in The Pension Regulator's (TPR) DB Funding Code.

Overview of the UK higher education sector dynamics

The Scheme's covenant is shaped by the financial characteristics of the higher education sector and there is considerable variation in the business models of different institutions: academic vs vocational; research vs teaching; international vs domestic outlook; large vs small. Most institutions operate with limited surpluses and heavy reliance on cross-subsidies between teaching and research. Material cross-subsidies also exist within teaching itself, most notably through differential fee rates for domestic and international students and the varying proportions of domestic and international students across institutions. Competition for students, particularly international students, has therefore intensified.

While the financial position of some institutions may appear weak, underlying financial stability is typically long-term. Recent challenges such as inflation, immigration constraints, international tuition dynamics and post-COVID pressures have affected institutions unevenly. Research-intensive universities generally demonstrate a stronger resilience, while many post-92 and mid-tier institutions have faced more significant financial strain over recent years. Therefore, when it comes to funding the single employer contribution (see above) rate into the Scheme, cost and affordability are critical to many.

The Scheme's structure[3]

All new members automatically join the Retirement Income Builder, the Scheme's DB section, in which members and employers pay contributions on salary up to a threshold (from April 2025 of £71,484[4] per annum). This section now operates on a Career Average Revalued Earnings (CARE) basis. Contributions on earnings above this level are automatically directed into the Investment Builder, the Scheme's DC section which is also available to all members who wish to pay additional voluntary contributions and for receiving transfers from other pension arrangements. The CARE structure has applied to new joiners since October 2011, when the DB final-salary section closed to new entrants. In April 2016, the DB final-salary section fully closed to future accrual. The Scheme's DC section was then introduced in October 2016. When the Master Trust regulatory regime was subsequently introduced, the Scheme fell within scope due to its DC section and obtained Master Trust authorisation from TPR on 10 May 2019. The Master Trust requirements apply to the Scheme as a whole, covering both its DC and DB sections.

Scheme Funding position today

The Scheme has faced significant challenges over recent DB valuation cycles, particularly over the valuations from 2011 to 2020 where deficit recovery plans were required. During the later valuations in that period both employers and members reported that contribution levels were reaching the limits of

[3] The Scheme is not sectionalised and exists as a single fund. Whilst references are made in this document to the 'DB section' and the 'DC section' these are only used for convenience.
[4] This threshold changes annually.

affordability. Total contributions rose from 26% in 2017 to 31.4% in April 2022 despite reductions in the level of benefits being accrued.

The Joint Expert Panel (JEP), commissioned by UUK and UCU after industrial action in 2018, was established to assess the 2017 valuation and to seek to agree key principles to underpin the joint approach of UUK and UCU to future valuations. Its first report published in September 2018 focused on the 2017 valuation, and its second and final report published issued in December 2019 focused on future valuations (including the valuation process and how the long-term sustainability of the Scheme could be secured). The JEP's first report made proposals for adjustment of some valuation assumptions whereas its second report made a number of proposals including principles to guide future valuations. Some suggested changes to valuation governance and approach; greater transparency in communications; a review of the role, remit and effectiveness of the Joint Negotiating Committee (the JNC)[5]; and further consideration being given to the roles of UUK and UCU. Some of the JEPs proposals, such as the introduction of a dual discount rate and increasing the visibility of Trustee directors to the JNC, were taken forward, others following reflection were not.

Moving forward a few years and the 2023 valuation was completely different. Strong investment performance, and significantly improved conditions in financial markets saw the Scheme report a Technical Provisions surplus for the first time since 2008. The expected return outlook also helped to lower future service contributions enabling a substantial reduction in contribution rates. From 1 January 2024, total contributions fell to 20.6% (split 14.5% employer / 6.1% member). In addition, benefit uplifts and accrual improvements were also implemented from April 2024, returning benefits to pre-April 2022 levels.

The 31 March 2025 Scheme Report and Accounts show DB net investments of £73.3bn supporting 577,000 members, and DC assets of £3.5bn for 191,000 members.

The Scheme's purpose today (50 years from its establishment)

A Timeline showing key Scheme events during the last 50 years can be found in **Appendix B.**

The Scheme's purpose is set out in its Trust Deed and Rules[6], which establish the Scheme's legally binding purpose. This statement of purpose has remained unchanged ever since the Scheme's establishment. The Trustee's Articles of Association[7] define the Trustee's corporate role and powers as a corporate trustee, rather than the purpose of the Scheme itself.

At the time of writing, there are two more recent purpose statements also exist (available on the employers website). These were developed following discussions between the Trustee and Stakeholder bodies and provide a shared articulation of intent and strategic direction, but do not amend or override the Scheme's legally binding purpose as set out in the Trust Deed and Rules. The Stakeholder bodies' statement of purpose for the Scheme is: *"To provide a financially secure future and retirement for scheme*

[5] Please refer to **Section 3** of this articulation for more details about the JNC.

[6] Background B states: "The Scheme was originally established by a Declaration of Trust dated 2 December 1974 ("Declaration of Trust") for the purpose of providing pension and other superannuation benefits for future academic and senior staff of, and for such of the academic and senior staff then currently employed by, the universities in the United Kingdom and certain Institutions engaged in higher education or research and for such other persons employed by such universities and institutions who in any such case qualified for membership and elected to become members in accordance with the rules thereto."

[7] Article 1A states: "To undertake and discharge the office of Trustees of any superannuation scheme, pension scheme, widows' and orphans' scheme, provident or pension fund, or other fund, scheme, trust, club or association, and whether contributory or non-contributory, now or at any time hereafter established or carried on solely or primarily for the benefit of university teachers or other staff of comparable status of universities and similar establishments, or for the wives, widows, children, dependents or connections of any such persons and in particular shall act as the Trustee of the Universities Superannuation Scheme intended to be constituted under irrevocable trusts by the universities of the United Kingdom for the benefit of university teachers and other staff of comparable status."

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members and their families and support the long-term needs of the HE sector". The Trustee's statement of purpose is: "*Working with Higher Education employers to build a secure financial future for our members and their families*".



The Governance Supplement 2025 provides more information about ***'Wates Principle One – Purpose and Leadership'*** and what this means to the Trustee today building on the concept that *'an effective board develops and promotes the purpose of the company, and ensures that its values, strategy and culture align with that purpose'*.

Key Governance takeaways - History, Scope and Purpose

1. **Participation and exclusivity rules:** These ensure portability and fairness but require employers to meet consistent standards, making clear governance oversight is crucial.
2. **Withdrawal controls that safeguard stability:** The moratorium is an unusual feature designed to stabilise employer exits in a last-man-standing structure and provides certainty and longevity to employer support for the Scheme. The DMF was ahead of its time and now reflects current market practice, with principles embedded in TPR's DB Funding Code.
3. **Collective covenant at the core:** Periods of deteriorating funding positions can place pressure on contributions and benefits. However, the breadth of the employer base allows the Scheme to absorb short-term market volatility, because stronger institutions help stabilise overall covenant strength, enabling the Trustee to maintain a long-term investment and funding strategy.
4. **Open scheme, long-term commitments:** Remaining open to future accrual is now rare for a private sector DB scheme. Governance therefore requires a balance between prudence, exercised by the Trustee, and affordability, which is driven by benefit design within the remit of the JNC.
5. **Why it matters:** The Scheme occupies a distinctive position as a private, trust-based, hybrid pension scheme serving the higher education sector. Most participating employers are universities with long-term horizons and an embedded expectation that pensions support recruitment, retention and sector-wide mobility. The fact that the Scheme remains open for DB accrual reflects these structural characteristics of the sector, rather than short-term funding conditions. In this context, governance is central to sustaining confidence in the Scheme.

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Section 3 – Governance and Decision-Making Framework

This section explains how the Scheme's governance and decision-making framework operates, why authority is intentionally distributed across several bodies, and the overarching responsibilities and powers of each. It introduces three closely connected constituencies, which together form the Scheme's governance system:

A. Those holding fiduciary responsibility – the Trustee, whose directors include individuals appointed by both UCEA and UCU, alongside directors appointed by the Trustee itself (this latter category are referred to as 'independent' directors);

B. Those established within the Trust Deed and Rules – the Joint Negotiating Committee (JNC) and the Advisory Committee (AC); and

C. Organisations representing employers and members – the Stakeholder bodies, UCEA and UCU, who appoint members to the JNC and AC and play an integral role in the governance framework, both through those bodies and through their right to appoint directors to the Trustee Board.

Each of the constituencies referred to in A, B and C above has a distinct role, remit and responsibilities. Some of these distinctions arise because of law or regulation and some from the initial way in which the Scheme was constructed/has evolved over time. There are a number of points within the Scheme's governance framework when decisions or inputs are required from more than one of these constituencies whilst recognising the different scopes of their respect roles.

Further detail about the powers held by the JNC and AC and the wider powers held by the Trustee are provided in **Sections 4, 5 and 6** of this articulation.

A simple diagram of the Scheme's organisational structure is provided in **Appendix C**.

A summary of the key responsibilities of the Trustee and USSIM Boards and their respective sub-committees together with those of the JNC and AC is provided in **Appendix D.**

A – Those holding fiduciary responsibility

Constituency A comprises the Trustee, its board and its sub-committees and all its staff. The Trustee has fiduciary duties in respect of the Scheme. Its powers derive from the Trust Deed and Rules, common law and legislation and it is subject to regulatory oversight from TPR. The Trustee is responsible for paying out benefits correctly and efficiently; collecting contributions; managing investments; setting funding and risk strategies (including monitoring the employer covenant); and administer the Scheme. The Trustee does all this in compliance with legislation and common law.

The Scheme is exempt from the usual requirement under section 242(1) of the Pensions Act 2004 for at least one-third of trustee directors to be member-nominated because it meets the definition of a "relevant centralised scheme" under the Member Nominated Director (MND) Regulations. The board of the trustee company has directors appointed by UCU, UCEA and the Trustee itself. The latter category are often referred to as 'independent' directors in the sense they are not appointed by either UCU or UCEA. The inclusion of independent directors is an established corporate governance practice in the context of operating a large complex, multi-employer scheme.

Regardless of how Trustee Board directors are appointed, once appointed they must act solely in members' best financial interests, impartially between beneficiaries, prudently, and consistently with the proper purpose of the Scheme as set out in the Trust Deed and Rules. These fiduciary duties underpin trustee decision-making and are described in more detail in **Section 4** of this articulation.

Although the Trustee must implement proposed rule amendments made by **Constituency B** (the JNC) unless in exceptional circumstances fairness veto criteria are met[8], its overarching responsibility is to ensure that promised benefits are paid to members and to maintain the Scheme's operational effectiveness and legal compliance.

B – Those established within the Trust Deed and Rules to negotiate and advise

Constituency B comprises two governance bodies established within the Trust but independent of the Trustee. These bodies have decision making or advisory roles defined in the Scheme Rules. Whilst they have responsibilities to carry out the roles ascribed to them in accordance with the Scheme Rules, they do not carry fiduciary duties. There are two exceptions to this. Firstly, it is the Trustee's understanding that, when the JNC Chair exercises their casting vote, they do so in a fiduciary capacity, requiring consideration of the best interests of Scheme members and beneficiaries at that point (see **Section 5**). Secondly, the AC is subject to fiduciary duties when exercising its power to determine disputes (see **Section 6**).

The more significant of these bodies is the JNC which is at the centre of how benefits are designed. In certain circumstances, the JNC also determines how the contribution rate which is set by the Trustee is split between members and employers. The JNC has equal representation from UCEA and UCU, plus an independent chair who has a casting vote. The JNC's authority (and the implicit constraints on its role) arises from the Scheme Rules rather than from law or fiduciary obligation. The JNC gives practical effect to the principle that changes to future pension benefits are primarily a matter for negotiation.

The other body, the AC, has delegated responsibility to resolve Stage 2 Informal Dispute Resolution Procedure cases (often referred to as IDRs or IDRPs). The AC can also, when requested to do so by the Trustee, provide the Trustee with technical and procedural guidance, including interpretations of the Rules, although in practice this is a smaller part of its role, which is rarely used. The AC does not make funding or benefit design decisions.

More details about the JNC and AC are covered in **Sections 5 and 6** of this articulation.

C – Organisations representing employers and members

Constituency C comprises organisations that sit entirely outside the Trust but are present in the Scheme's governance through their rights to appoint members to the JNC and AC and directors to the Trustee Board. These bodies do not administer the Scheme or hold fiduciary responsibilities; instead, they bring the collective interests of members and employers into the governance process, with more details as to their responsibilities and activities set out below.

Employer Representation

Employer representation in the Scheme is rooted in long-standing sector structures for negotiating pay, pensions and employment conditions. Before the Scheme was established, the Committee of Vice-Chancellors and Principals (CVCP) played a central role in coordinating universities' positions in national negotiations, including on pensions. When the Scheme began, CVCP, and later its successor, Universities UK (UUK) were the sector bodies best placed to fulfil the employer role within the Scheme's governance, given their established structures for enabling strategic decision-making by sector leaders, including representation on the JNC.

[8] Veto tests require the Trustee to consider whether an amendment would (i) unfairly prejudice a group of members (ii) impose an unfair liability on employers or the Trustee (iii) create a risk of HMRC de-registering the Scheme under section 157 of the Finance Act (iv) be inconsistent with the Scheme's status as an irrevocable trust or (v) be unfair for another specified reason.

For decades, UUK represented employers in Scheme governance. Following valuation disputes and industrial action in 2017/18, the question of aligning Scheme employer representation with the body formally responsible for national pay bargaining was revisited, reflecting a longer held view among some employers that pension decisions should sit within the same framework as wider pay and benefits discussions. This appetite was noted in the JEP's second report and was followed by a consultation with employers, before representation subsequently transitioned from UUK to UCEA in August 2024.

The responsibilities of UCEA are summarised in the table below, and details of the UCEA Employer Pensions Forum and UCEA Pension Committee which inform UCEA's approach to pensions issues can be found in **Appendix E.**

UCEA's formal responsibilities
• Appointing UCEA directors to the Trustee Board. • Appointing and removing employer representatives on the JNC and the AC. • Holding the power to issue 20 years' notice to end the employer exit moratorium. • Engaging in formal consultations on behalf of the employers with the Trustee on certain aspects of the triennial valuation, including the Statement of Funding Principles; Technical Provisions methodology and assumptions; Recovery Plan (if applicable); Schedule of Contributions; and Part 1 of the Statement of Strategy.

Additional informal activities UCEA undertakes in support of its formal responsibilities
• Coordinates employer input during valuations, often commissioning actuarial and investment advice to inform sector responses. • Hosts the USS Employers Pensions Forum and the UCEA Pensions Committee (a sub-committee of the UCEA Board). Please see **Appendix E** for further details about this Forum and Committee. • Maintains ongoing engagement through frequent discussions with members of the Trustee Board and/or executive team on regulatory developments, valuation progress, covenant issues and wider strategic matters.

Member Representation

There has been a long-established tradition of member representation in higher education sector pay and pension matters. The Association of University Teachers (AUT), founded in 1919, represented academic and academic-related staff in national negotiations on salaries, conditions and pensions. When the Scheme was established in 1974, AUT naturally became a key channel through which member interests were expressed within its founding governance structures.

In 2006, the AUT and National Association of Teachers in Further and Higher Education (NATFHE) merged to form the University and College Union (UCU). Since that time UCU has had the right to appoint representatives to the JNC and the AC. UCU's role reflects a founding principle of the Scheme, that pension benefits form part of the wider employment relationship and should therefore be subject to negotiation. More about the history of the Scheme and its member representation can be found in the pamphlet, The USS: How did it come to this?

This representational model reflects the environment of the 1970s, when union participation across the higher education sector was significantly higher and UCU's predecessor organisations represented most academic staff. Incidentally, when statutory member-nominated trustee and director requirements were later introduced from 1997 and 2006 respectively, legislation allowed schemes with recognised trade

union representation to meet those requirements through existing collective arrangements, preserving continuity with the Scheme's original negotiated governance model.

Today, UCU participates in governance in its capacity as the representative for all Scheme members and not just for UCU members. It is on this basis that the Trustee engages with UCU. While UCU seeks to engage as widely as possible, there is a question around how the voices of members who aren't also UCU members, are reflected within the prevailing governance system.

The Trustee itself does engage with multiple mechanisms for wider member engagement beyond formal representation. Consistent with the Wates Corporate Governance Principles for Large Private Companies and company law, the Trustee has regard to the views of a wide range of stakeholders. These include views it obtains from member and employer surveys, its online panel (Member Voice), open meetings with members and employers, feedback channels and direct engagement with vice-chancellors and employer bodies amongst others. The Trustee Chair's defined contribution statement found in the Scheme Report and Accounts sets out this broader engagement approach and explains how these insights are collectively considered, where appropriate, in Trustee decision-making. Please also refer to **Section 9** for more information around engagement.

The responsibilities of UCU are summarised in the table below and details of wider working groups that both UCU and UCEA participate in, are set out in **Appendix E.**

UCU's formal responsibilities
• Appointing UCU directors to the Trustee Board. • Appointing and removing UCU representatives on the JNC and AC.

Additional informal activities UCU undertakes in support of its formal responsibilities
• Seeks to represents Scheme members' interests across Scheme related matters. • Engages with the Trustee on a range of Scheme related issues. • Develops its positions on the Scheme through UCU's internal union governance structures. • Maintains regular informal dialogue with the Trustee (including through UCU's pensions officer, JNC lead and General Secretary) to share member perspectives and concerns.

Making changes to the Scheme – Amendment powers

From inception, certain checks and balances were incorporated in the constitution of the Scheme. These sought to ensure that decisions affecting the design of pensions benefits would be negotiated by employers and members, while the Trustee retained the autonomy and independence needed to discharge its broad legal duties. This structure remains central to how the Scheme manages both routine updates to the Scheme Rules and major changes to the design of pension benefits.

The Rules provide two principal amendment routes.

1. JNC Initiated Amendments (Rule 79)

Rule 79 provides the JNC with a freestanding power to recommend amendments to the Scheme Rules at any time, i.e. independently of the valuation cycle. It is typically used for changes to benefit design, contribution levels, cost-sharing arrangements and for compliance with external legislation.

This rule gives the JNC substantial authority: when it makes a recommendation, the Trustee must implement it unless one of five fairness-based veto tests is met (please refer to footnote 8 on page 10). If

a veto is used, the Trustee must issue a reasoned statement explaining its grounds. Although rarely (if ever) invoked, this safeguard ensures that changes arising from negotiation do not undermine treatment or operational viability.

The Rule 79 route, being the standard method for benefit design changes, was used at the 2014 valuation, where cost-sharing and benefit design changes were agreed unusually before the valuation process concluded, rather than following its conclusion. Subsequently, valuation related changes to contributions have typically arisen through the valuation linked amendment mechanism under Rule 76 of the Scheme Rules, which is described in **Section 7** of this articulation.

2. Trustee Initiated Amendments

The Trustee also has a general power of amendment under the Scheme Rules, though this power is still subject to the consent of the JNC. This power is commonly exercised to make changes necessary for compliance, administration, governance or risk management matters. Examples include giving effect to new legislation, responding to regulatory expectations, reflecting developments in case law, maintaining internal controls, addressing technical issues or consolidating the Rules.

While these represent the usual and established uses of the Trustee's amendment power, it is important to note that the Scheme's Trust Deed and Rules do not impose an express restriction limiting the Trustee's power of amendment to these matters. Unlike some pension scheme rules, the Scheme Rules do not contain broad substantive prohibitions on the scope of amendment (for example, restrictions on altering benefits or contributions).

In practice, however, the Trustee operates within a well-established legal and governance framework informed by case law (including British Airways), which draws a distinction between the role of scheme sponsors in determining benefit design and the role of trustees in administering and operating the scheme. This has given rise to the principle of each party operating "in its lane". As a result, the Trustee hasn't typically sought to use its amendment power to make substantive changes to benefit design, leaving such matters to the JNC. This reflects customary practice and legal context, rather than an express technical constraint in the Rules themselves.

All Trustee initiated amendments under Rule 79 require formal JNC consent. Since November 2015 when the last formal set of Scheme Rules was adopted, 29 deeds of amendment have been completed, most initiated by the Trustee and relating to operational or technical updates, but all requiring JNC consent.

Making changes to the Scheme Rules – The process

Making changes to the Scheme Rules is a multi-staged process, involving legal drafting, JNC engagement, and Trustee oversight. Engagement through a structured process which is illustrated in the diagram set out in **Appendix F**. Given the scale and complexity of the Scheme, the amendment process is designed to be considered rather than expedited, with formal deed execution and JNC consent required for all amendments, including routine "housekeeping" amendments. As a result, timelines may be substantial as stakeholders navigate differing perspectives and/or competing priorities.

General powers relating to the operation of the Scheme

A summary of the general powers relating to the operation of the Scheme can be found in **Appendix G.** Further detail about the powers held by the JNC and AC and the wider powers held by the Trustee are provided in **Sections 4, 5** and **6** of this articulation.

The executive role

The Trustee comprises its board of directors and all its employees including the executive team. Together the Trustee and USS Investment Management (USSIM) have around 700 employees

operating across offices in Liverpool and London, making them substantial employers and entities in their own right. The day-to-day operations of the Trustee and USSIM are delegated to their executive teams.

Effective governance in the Scheme depends not only on the formal decision-making bodies, but on strong executive support to ensure that those arrangements work in practice. The executive team embeds governance across the organisation and provides the operational, secretariat and analytical capacity needed to support informed decision-making by boards and committees. The senior executive team includes the Group Chief Executive Officer, Chief Risk Officer and senior leaders responsible for funding strategy, operations, communications and employer engagement. These roles ensure that board and committee decisions are properly prepared, implemented, monitored and reviewed. The Trustee's staff are based in the Liverpool and London offices and work in functions including administration, funding, covenant, communications, finance, HR, legal, risk and strategy.

USSIM is the wholly owned subsidiary of the Trustee, and operates with its own executive structure, reporting to the USSIM board and executive committee. Its investment team is led by executives including the USSIM Chief Executive Officer and USSIM Chief Operating Officer.

Across the whole governance framework, the executive team plays a critical role in coordinating and providing advice and professional/operational expertise; maintaining institutional memory; supporting stakeholder engagement; and providing training. In a complex, multi-employer scheme, this operational capability is essential to translating governance structures into effective outcomes.

Note: The Stakeholder bodies, UCEA and UCU, also operate their own internal governance and executive arrangements to support their respective engagement with the Scheme.

Key Governance takeaways – Governance and Decision-Making Framework

1. **Not a bilateral model**: The Scheme's structure is not a bilateral model where two parties must agree before decisions can proceed. Instead, governance involves parties with very different and necessarily asymmetrical powers, meaning different bodies hold different types of authority. For example, the Trustee has unilateral decision-making power over most areas of scheme administration and investment strategy (see **Section 4** and **Appendices D and G**). The JNC meanwhile can in respect of changes to the Scheme Rules, recommend amendments which the Trustee must action unless specific conditions apply.
2. **Unusual power within a trust structure**: The JNC's ability to set benefits and in particular circumstances determine how contributions should be shared between members and employers, is not particularly common and requires strong processes to manage shared accountability.
3. **Clear separation of duties**: Fiduciary responsibilities (Trustee) and benefit design decisions (JNC) are purposefully separated to avoid role confusion.
4. **Evolution driven by legislative change**: The governance framework has evolved in response to legislative and regulatory change. In particular, developments such as the introduction of the JNC contribution-sharing provisions and changes associated with the Master Trust, have required adjustments to representation and decision-making mechanisms. These changes reflect a necessary adaptation to the external environment, while continuing to support collective representation of employer and member interests.

5. **Time and labour-intensive processes**: Multi-stage decision routes for rule amendment procedures can be inevitably slow, however given the complexity of the Scheme, required consideration and debate provides an element of protection for due process, proportionality and trust in outcomes.
6. **Why it matters:** Effective governance depends on everyone (i.e. the Trustee, UCU, UCEA, the JNC and AC) understanding their role, respecting boundaries, and recognising that the Scheme's scale and complexity make disciplined decision-making critical to the effective functioning of the Scheme.

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Section 4 – The Trustee

This section explains the role and responsibilities of Universities Superannuation Scheme Limited (USSL) as Trustee, why trusteeship was required from the Scheme's inception, and how its fiduciary governance model has evolved. It outlines the Trustee's statutory duties and powers, and how directors of the trustee company are appointed, trained and overseen within the regulatory framework. It also describes how the Trustee operates in practice, including its executive function, stakeholder engagement, transparency and value-for-money considerations, and ongoing engagement with The Pensions Regulator (TPR).

A simple diagram of the Scheme's organisational structure is provided in **Appendix C**, which includes the Trustee Board and its sub-committees. A summary of the key responsibilities is provided in **Appendix D**, which includes those of the Trustee Board and its sub-committees. A summary of the general powers relating to the operation of the Scheme can be found in **Appendix G**.

Origins of the Trustee

The origins of trusteeship in the Scheme lie in the legal and structural requirements that governed pension provision in the 1970s. When the Scheme was created in 1974, a trustee body was not optional, it was required. Under UK trust law an occupational pension scheme cannot operate without a trustee to hold assets, apply contributions, administer benefits and enforce the governing documentation. Without a trustee, there would be no legal person or entity capable of safeguarding members' pension rights or ensuring obligations were met. The alternative would have been a statutory public sector scheme created through legislation, such as the Teachers' Pension Scheme, but the higher education sector instead chose a private funded trust-based model capable of offering portability, consistency and independence. Trusteeship therefore formed the necessary legal foundation of the Scheme.

The founders selected a corporate trustee, progressive for that era, because the Scheme was immediately large and complex, with thousands of members and multiple employers. The Trustee Board's composition was also deliberate. Directors nominated by UCEA, UCU and by the Trustee Board itself (referred to as 'independent' directors) together created a blend of perspectives that reflected the Scheme's position as a pension scheme primarily for members in the higher education sector. Independent directors were also included from the beginning because of the different knowledge and perspectives required to manage a large scheme including regarding actuarial risk, investments and long-term funding.

Fiduciary duties and pensions law

Regardless of how they are nominated, all trustee directors owe the same legal and fiduciary duties:

- to act in members' best financial interests;
- to act prudently and responsibly in managing risk;
- to act impartially between different categories of members;
- to act only for proper purposes;
- to comply with the Trust Deed and Rules and pensions legislation; and
- to take appropriate professional advice.

These duties explain why the Trustee must sometimes take decisions that may be unpopular with employers or members. The Trustee's legal responsibility is to the Scheme and all members collectively, not to any constituency and decisions should be taken in that context. It is also worth noting that non-

compliance with fiduciary and/or legal duties can expose trustees to liability, financial restitution orders, regulatory penalties, and removal from office.

Over time pensions legislation and common law has increased obligations on trustees. The Pensions Act 1995 introduced greater controls, internal governance requirements and trustee knowledge expectations. The Pensions Act 2004 created The Pensions Regulator (TPR) and the scheme-specific funding regime, giving trustees explicit duties to assess covenant strength, manage funding risks and implement recovery plans. The Scheme's authorisation as a Master Trust in 2019 added further requirements in that the Chair and most of the Trustee Board must be non-affiliated[9]; all trustee directors must be assessed by TPR as "fit and proper"; new appointments are designated as regulatory "significant events" requiring notification to TPR; and those with the power to appoint directors to the Trustee Board must be identified and themselves meet fit-and-proper standards. These requirements were introduced to strengthen trustee independence, transparency and accountability; to ensure appropriate skills and experience; and to provide additional assurance that decision-making is robust and member-focused within a multi-stakeholder scheme.

Responsibilities and powers of the Trustee

Trustee responsibilities span the administration, investment and funding of the Scheme (specific details around valuation and investment matters are covered in **Sections 7 and 8** of this articulation). The Trustee sets the business plan and budget[10]; determines organisational design and operational strategy; appoints advisers including the Scheme Actuary, auditors and investment advisers; and makes all day-to-day decisions required for the Scheme's functioning.

The executive team is led by the Group CEO who is appointed by the Trustee Board. The executive team undertakes all day-to-day operations, with the Trustee Board and its sub-committees overseeing key aspects of those operations including risk appetite, internal controls and compliance frameworks.

As set out in **Section 3**, the Trustee also exercises a rule amendment power, enabling it to make changes it deems necessary or desirable. Whilst the power is not limited or constrained in any way, it is common for such changes to be in areas that relate to compliance with legal and regulatory areas, Scheme administration, investment matters and governance. This all reflects the Trustee duty to keep the Scheme lawful, efficient, operable and secure. The Trustee cannot, however, unilaterally amend the Rules of the Scheme as all Trustee initiated rule amendments require JNC consent.

The Trustee is also responsible for employer participation decisions including admissions, monitoring, exclusivity waivers and withdrawal considerations. Decisions about route, timing and approach to the settlement of section 75 debts, including the use of the moratorium, remain trustee-led, reflecting the centrality of covenant protection. The Debt Monitoring Framework is similarly a Trustee tool, although changes would typically be discussed with UCEA in advance.

A small number of significant decisions require both Trustee and JNC approval, including winding up the Scheme or selection of a new trustee, ensuring that fundamental changes cannot be taken unilaterally. Please see further details in **Appendix G**.

[9] For Master Trust purposes, a "non-affiliated" trustee is one who is not affiliated with a scheme funder, participating employer or member representative body, as defined in legislation. This differs from the concept of "independent" trustees within USS governance, who are appointed by the Trustee rather than nominated by UCU or UCEA, but may not necessarily meet the statutory definition of non-affiliated.
[10] The Trustee's operational costs are ultimately borne by the Scheme with the actuary including a set contribution amount for the Trustee's running costs within the overall contribution rate.

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The Governance Supplement 2025 provides more information about ***'Wates Principle Three – Director Responsibilities*** and examples of how the Trustee has built on the concept that: *'The board and individual directors should have a clear understanding of their accountability and responsibilities. The board´s policies and procedures should support effective decision-making and independent challenge'*.

Administration

Administration is an important element of Scheme governance. The Trustee is responsible for ensuring that administration services are effective, resilient, accurate and adequately resourced, with appropriate controls over data quality, cyber risk, business continuity and member experience. Oversight of administration therefore forms an integral part of the Trustee's governance responsibilities, supported by assurance reporting, risk management frameworks and escalation routes to the Trustee Board and its sub-committees.

Appointments, removals and training

The terms governing the appointment and removal of Trustee directors reflect a combination of regulatory requirements and Scheme-specific provisions. Regulation requires a fair, open and transparent appointment process and mandates that a majority of Trustee directors must be non-affiliated, with a maximum single term limit of five years and a total maximum of ten years. The Chair must also be non-affiliated. The Scheme follows corporate governance practice by limiting trustee director tenure to a maximum of nine years in total.

Under the Trustee's Articles of Association, UCU and UCEA appoint their nominated directors to the board, subject to Trustee approval. Following engagement with the Trustee over the role profile and skills expertise required by the Trustee Board for the role, UCU and UCEA manage their own selection and reappointment processes and choose their nominees. Independent directors are appointed by the Trustee Board (subject to consultation with the Stakeholder bodies), which determines the skills and experience required for all Trustee Board roles and manages succession planning. Removal of a director may occur automatically under statute, for example, if a director becomes disqualified under the Pensions Act 1995 or prohibited under companies legislation, or due to certain mental health-related orders. Removal may also occur under Scheme specific provisions where the Trustee Board determines that a director's continuation would jeopardise regulatory compliance (including Master Trust authorisation), or where the criteria set out in the Trustee's resignation and removal policy are met.

Training and competence requirements combine regulation and Scheme practice. Directors must complete TPR's trustee toolkit before appointment, and must undergo the Trustee's structured induction process, a repeated skills/knowledge assessment after six months, attend ongoing training throughout the year, and participate in annual performance appraisals with the Chair. These processes exceed regulatory minimums and reflect the complexity of overseeing a large, open, multi-employer scheme.



The Governance Supplement 2025 provides more information about ***Wates Principle Two – Board Composition'*** including examples of how the Trustee has built on the concept that *'Effective board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a board should be guided by the scale and complexity of the company '*.

Value for Money (VfM): an evolving concept

Central to the Trustee's role today, is its focus on delivering and demonstrating value for money (VfM) for members. This is an area which has seen increased legislation over recent years. For the Scheme, VfM has for many years been assessed on a holistic basis, including net investment performance, the quality and cost-effectiveness of administration and investment services, the effectiveness of governance processes, and how efficiently scheme resources are used. This includes the use of external benchmarking, such as CEM analysis[11], to compare administration and investment costs and performance against peer schemes.

For the Scheme, increased legislation and regulatory oversight regarding VfM reinforces the need for good governance across investment, administration, and communications today. Further regulatory scrutiny is anticipated around how trustees evidence decision-making, manage trade-offs and deliver outcomes over the long term, rather than simply demonstrating procedural compliance.



The Governance Supplement 2025 provides more information about **'Wates Principle Four – Opportunity and Risk'** and mentions VfM and examples of how the Trustee has built on the concept that *'The board should promote the long-term sustainable success of the Company by identifying opportunities to create and preserve value and establish oversight for identification and mitigation of risks.'*

Remuneration: Transparency and accountability

Trustee and senior executive remuneration is governed through formal policies and is disclosed in the Scheme's Report and Accounts. This includes remuneration for trustee directors, the Chair and board sub-committee roles, and provides context on how pay reflects responsibility, complexity and market benchmarks.

Transparent remuneration governance supports accountability, independence and the attraction and retention of individuals with the skills required to oversee a scheme of USS's scale. It also provides stakeholders with assurance that remuneration arrangements are subject to appropriate non-executive oversight and wider scrutiny, including the requirement for the JNC to consent to Trustee director fees under Rule 72.



The Governance Supplement 2025 provides more information about ***'Wates Principle Five – Renumeration'*** and what this means to the Scheme today building on the concept that *'A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company.'*.

How the Trustee works in practice today

In practice, the Trustee engages extensively with UCEA, UCU, members and employers. It provides updates to employer forums, engages with member groups (including its own Member Voice panel), commissions surveys and research, and bases decisions on a wide range of evidence. Trustee Board meetings occur frequently (typically at least 8 times a year) and are supplemented by committee meetings, workshops and ad hoc decision sessions.

[11] CEM Benchmarking provides comprehensive analysis of pension administration costs and service levels globally with over 400 pension funds involved.

Engagement with The Pensions Regulator (TPR)

Engagement with TPR is a central feature of Scheme governance. When the Scheme was founded in 1974, oversight of pension schemes was limited and largely shaped by trust and tax law. This changed fundamentally with the Pensions Act 2004, which created TPR and introduced a scheme specific funding regime, enforcement powers and heightened expectations around trustee competence, internal controls and risk management. Given its scale, open status and multi-employer structure, the Scheme is naturally one of TPR's most significant schemes. TPR has maintained engagement with the Trustee through thematic reviews, valuation scrutiny and ongoing dialogue. More recently the Scheme underwent 1-to-1 supervisory engagement, as did all very large schemes. This is TPR's most intensive form of oversight, assessing governance effectiveness, funding strategy, risk management and decision-making. Initial feedback emphasised clarity of governance and board capability with subsequent reviews recognising the Trustee's "no surprises" culture and proactive risk approach. Following an organisational restructuring, TPR has moved from 1-2-1 Supervision to a Named-Contact model, with the aim of engaging in a more targeted and risk-based manner. Engagement with TPR remains active, particularly during valuations and major strategic developments.

Key Governance takeaways - The Trustee

1. **Evolving regulation has reshaped governance:** Since the Scheme's creation, new legislation, Master Trust authorisation and increased TPR oversight have significantly widened the Trustee's duties and formalised expectations around competence and risk management. The Trustee must operate in a way that reflects these expectations and demands.
2. **Boards formed with appointees nominated by different stakeholders require careful role discipline**: Directors appointed by different stakeholders with different backgrounds bring different perspectives but all Trustee directors share identical legal and fiduciary duties. Managing these "multiple hats" is common in large schemes.
3. **An unusual power split**: While negotiation structures exist elsewhere in unionised schemes to review benefit change, the Scheme is unique in embedding them so directly into the Rules when it comes to substantive changes to the Rules, including to future benefits.
4. **Administration matters:** Oversight of administration services, including major platform changes, is one of the Trustee's core responsibilities.
5. **Remuneration - Transparency and accountability:** Disclosure of remuneration and related governance arrangements supports independence, skills retention and stakeholder confidence. As a check and balance, the JNC must consent to the aggregate amount available for Trustee director fees.
6. **VfM in an evolving regulatory concept:** Value for Money has long been assessed with reference to member outcomes. Recent regulatory developments have placed increased emphasis on outcomes, resilience and member experience, particularly in relation to DC provision.
7. **High operational demands**: Effective governance relies on the Trustee's skilled executive team, structured committees and well-run processes.
8. **Why it matters**: These features ensure decisions are lawful, balanced and durable, protecting member outcomes and supporting confidence in a complex, multi-employer scheme.

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Section 5 – Joint Negotiating Committee (JNC)

This section outlines the origins, purpose and powers of the JNC, a body embedded within the Scheme Rules to give employers and members a formal role in determining the benefit design of the Scheme, and more generally in relation to Scheme rule amendments. It explains how the JNC's authority differs from that of the Trustee, how its composition and decision-making processes operate in practice, and how regulatory changes have influenced its evolution. This section also clarifies the limits of the JNC's remit and why its negotiating function is part of the Scheme's governance architecture.

A simple diagram of the Scheme's organisation structure is provided in **Appendix C,** which includes the JNC. A summary of the key responsibilities of the Boards and Committees is provided in **Appendix D** which includes those general powers of the JNC.

Origins of the JNC

The JNC has been a defining feature of the Scheme's governance since its creation in 1974. The Scheme is a trust and it is for the appointed Trustee to administer the Scheme in accordance with the Trust Deed and Rules. Pensions were agreed to be a core element of academic remuneration, and decisions on benefit design and contribution sharing therefore required legitimacy through negotiation between employers and academic staff representatives. This was, and remains, the purpose of the JNC.

To embed this principle, the Scheme's founders established the JNC within the Scheme Rules (**Constituent B** of the governance framework – see **Section 3**), so that decisions on changes to the Scheme Rules would be taken with the formal involvement of the employer and member bodies via their elected representatives' participation on the JNC and the amendments themselves being subject to the JNC's consent, rather than by the Trustee alone. The JNC therefore became a central institutional mechanism for sector-wide bargaining on pension benefits. While shared amendment powers are not uncommon in UK pension schemes, the formal embedding of a JNC within the Rules is unusual.

Powers and Responsibilities of the JNC

The JNC's core responsibilities are set out in the Trust Deed and Rules. Its principal powers include:

- setting the future service benefit structure;
- determining the split of the aggregate contribution rate set by the Trustee, between employers and members (Rule 76 / 64.10);
- deciding how contribution changes emerging at a valuation should be addressed (Rule 76 / 64.10);
- overseeing the cost-sharing mechanism under Rule 64.10 / 76 (see **Section 7** of this articulation for more details);
- recommending Rule 79 amendments to the Rules at any time and providing its consent or otherwise to any changes proposed by the Trustee {Note: All rule amendments require the JNC's consent (Rule 79.5.1) regardless of whether they originated from a JNC recommendation (Rule 79.7) or the Trustee (79.1).

Rule 79.7 is the JNC's most significant power. Under it, the JNC may recommend amendments to the Scheme Rules (including changes to benefits) independently of the valuation cycle, and the Trustee must implement them unless exceptionally one of three fairness-based veto tests applies (please refer to

footnote 7 on page 10). This gives the JNC major influence over pension benefit related decisions, while the Trustee maintains fiduciary oversight and decision-making power in respect of funding, investment, administration, covenant and statutory compliance. The JNC also holds additional authorities under the Rules, including:

- consent to certain institution-specific rule modifications (Rule 44.4);
- approval of Scheme winding-up (subject to Trustee consent) (Rule 80);
- review of the DC investment charge subsidy and the cap on that subsidy (Rule 7.7); and
- approval of remuneration for Trustee directors and certain committee members (Rule 72);

The JNC has no authority over investment strategy, valuation assumptions, scheme administration or Trustee Board appointments.

A Terms of Reference exists for the JNC but it is not published and has not been reviewed for several years.

Composition, Chair and appointment processes

The JNC consists of an equal number of employer and member representatives (five each), supported by an independent Chair who holds a casting vote. The Trustee's understanding is that the Chair exercises the casting vote in a fiduciary capacity, requiring consideration of the best interests of the Scheme's members and beneficiaries at that point. While many of the Chair's wider functions are administrative in nature and would not ordinarily be regarded as fiduciary, it is recognised by the Trustee that there may be circumstances beyond the exercise of the casting vote in which the Chair is required to prioritise the interests of members and beneficiaries. In such circumstances, those functions may also be fiduciary in nature. By contrast, the other JNC members act as negotiators and may consider constituency interests, but do not have to exercise their votes in a fiduciary capacity.

For its first 40 years, the JNC rarely required the Chair's casting vote. Since 2016, however, the casting vote has been used five times. This increased use of the Chair's vote on most occasions reflects changing economic conditions, increased cost pressures on the Scheme, and the need for the JNC to take more challenging decisions on future benefit design.

From time to time the process to appoint a JNC Chair has not run smoothly. The quorum for certain decisions could also be affected if the JNC Chair was absent.

The process and terms of appointment for the JNC members appointed by UCU and UCEA are not set out in the Rules and in practice are different for UCEA and UCU respectively. UCEA typically selects senior institutional, HR or financial leaders as JNC members and tenures have historically been longer than for UCU appointed JNC members. Longer tenures naturally aids continuity. UCU uses annual democratic elections and maintains an active system of alternates. For UCU representatives, annual elections promote accountability but can compromise continuity, especially during valuation cycles, where specialist knowledge takes time to build.

For both UCEA and UCU, representatives often need to consult their wider constituencies, meaning items can remain on the JNC agenda for extended periods before formal decision-making is possible.

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How the JNC works in practice

The JNC is provided with secretariat services by the Trustee. Some meeting materials are also provided by the Trustee's executive team. Historically, the JNC relied more heavily on the executive information and support. In recent years, reflecting regulatory expectations and the complexity of the Scheme, the Stakeholder bodies have increasingly commissioned functional legal and actuarial advice to support their JNC members.

The JNC receives a substantial amount of information from the Trustee much of which is confidential and provided on a voluntary basis, including valuation briefings, updates on key strategic changes, regulatory updates and so forth. While detailed minutes are not published, the JNC produces a brief summary report for publication following each meeting (called an enhanced report) which sets out the business that the JNC discussed. The JNC also approves a report which summarises its annual activities for inclusion in the Governance Supplement which is published alongside the Scheme's Annual Report and Accounts. Summary reports of the activities of the AC and Trustee Board sub-committees are also included in the Governance Supplement.

Although the JNC can obtain its own advice where reasonable to do so, in practice this rarely happens. However, as mentioned above, each Stakeholder body (i.e. UCEA and UCU) can and frequently does seek its own independent advice outside the JNC process. These stakeholder-specific advice channels are confidential and separate from JNC business.

A typical non-valuation decision follows these stages:

1. A piece of business is raised by UCU, UCEA or the Trustee for inclusion on the agenda (though the final agenda is decided by the JNC Chair).
2. The party raising the issue drafts relevant papers and in some cases the Trustee's executive team may provide supporting materials or papers. For example they assist with the drafting of benefit design specifications and arrange for the drafting of Deeds of Amendment to the Scheme Rules.
3. UCU and UCEA representatives consult their respective constituencies where needed and when they consider it necessary, may also take their own professional advice.
4. Formal deliberation takes place at the JNC meeting (at times with prior negotiation between UCU and UCEA outside of the formal JNC meeting).
5. Decision by majority vote or, if needed, the Chair's casting vote.
6. Resolution on the subject matter of the votes recorded and shared with relevant parties.
7. Implementation by the Trustee, where necessary/appropriate.

The Rule amendment process is set out in the diagram in **Appendix F.**

The JNC is not a shadow Trustee board

Despite its significant role in benefit design and contribution splitting decisions, the JNC is not a trustee body and does not parallel the Trustee Board's functions and responsibilities. Key distinctions include:

- JNC representatives (except the Chair in the view of the Trustee) do not owe fiduciary duties, although they do have legal duties to perform their role and the responsibilities vested in them. The Trustee must act in members' best financial interests, whereas the UCU and UCEA appointed JNC members may legitimately reflect their constituency's negotiating position.
- The JNC has a limited remit and has no authority over for example funding assumptions, investment strategy, covenant assessment, scheme administration, risk frameworks or regulatory compliance.

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- The Trustee remains responsible for the whole administration of the Scheme, including delivering benefits, setting investment strategy, assessing covenant risk and ensuring statutory compliance, regardless of JNC decisions.

Stakeholder bodies sometimes express a strong interest in investment strategy and/or funding principles, but decision-making in these areas sit firmly within the Trustee's remit. This distinction is essential to maintaining legal compliance, operational coherence and fiduciary discipline.

Key Governance takeaways – Joint Negotiating Committee

1. **JNC powers embedded in the Rules**: Rule 79 allows the JNC to recommend binding rule changes outside of valuation cycles, which the Trustee must implement (subject to veto). While such powers are not uncommon in pension schemes, their exercise by a JNC embedded within the Trust is unusual.
2. **Greater use of the Chair's casting vote signals increased pressure**: Historically rare, it has become more common as Scheme funding pressures have increased and constituency positions have diverged.
3. **Continuity shapes decision-making:** In a scheme as complex as USS, it inevitably takes some time for newly appointed JNC members to get up to speed. Continuity of experience and scheme-specific knowledge supports effective decision-making. Representative appointment cycles, including UCU's annual rotation arrangements, can influence continuity and the pace of complex negotiations.
4. **Increased reliance on external advice**: Both UCEA and UCU now routinely commission their own advice on key topics. This reflects the technical complexity of the issues under consideration, particularly in times of deficit, and supports informed participation within a multi-stakeholder governance framework.
5. **Role and remit clarity is essential**: JNC representatives negotiate with each other; the Trustee must administer the scheme consistent with its legal obligations and fiduciary duties. Confusing these roles and the respective remits risks governance friction.
6. **No agreed updated Terms of Reference**: Although the Scheme's Trust Deed and Rules set out the JNC's responsibilities, the absence of a modernised Terms of Reference makes the JNC's operating framework less defined than for example that of the Trustee Board and its sub-committees.
7. **Why it matters**: Understanding these dynamics is critical for effective governance, predictable decision-making and maintaining trust across a diverse stakeholder community.

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Section 6 – Advisory Committee (AC)

This section explains the origins, purpose and evolution of the Advisory Committee (AC), describing its powers under the Scheme Rules, how it is constituted, how it interacts with the Trustee and other bodies, and how it operates in practice today as a technical, interpretative and dispute-resolution forum.

A simple diagram of the Scheme's organisation structure is provided in **Appendix C**, which includes the AC. A summary of the key responsibilities of the boards and committees is provided in **Appendix D**, which includes the AC.

Origins of the AC

The AC is a rules-based committee established under the Scheme Rules to support internal dispute resolution and, if the Trustee so requests, to assist the Trustee with interpretation and provide guidance on the application of the Scheme Rules. It was created at the inception of the Scheme, at a time when there was a need for a structured forum to advise the Trustee on complex, technical and member-related issues. At that point in time, pensions legislation did not require the same degree of professional advice as is now required, and the Trustee did not have the executive capacity including a legal team, that is has today.

Powers and responsibilities of the AC

Under Rule 65, the AC performs three main functions:

For and on behalf of the Trustee:

1. **Internal Dispute Resolution (IDR):** The AC exercises delegated authority to determine Stage 2 complaints under the statutory dispute process. This includes reviewing Stage 1 decisions, considering Ombudsman precedent and ensuring the Scheme's approach remains fair and legally robust. It is likely in performing this role for and on behalf of the Trustee it carries fiduciary responsibilities, in the same way the Trustee would if exercising the role itself. Where a complaint involves a significant issue of principle or policy, the additional members of the AC may refer the matter to the Trustee board. Please refer to page 26 for details around 'additional members'.

On the request of the Trustee:

2. **Rule Interpretation:** It may advise the Trustee, if requested, on any matters of difficulty in interpreting or applying the Scheme Rules. The Rules are detailed and technically complex, and interpretation questions frequently arise in areas such as death benefits, incapacity, eligibility, and discretionary augmentations. In practice this is a smaller part of its role for the AC to be asked their opinion on Rule interpretation, as the Trustee takes legal advice from legal advisors appointed under s47 Pensions Act 1995 and has an internal legal team.
3. **Advice to the Trustee on Powers and Discretions:** The AC may provide guidance on how Trustee powers should be exercised, including augmentation cases (if requested by the Trustee), dependency assessments and Rule-based discretions (excluding matters which fall within the Investment Committee's role).

Although it is an advisory and quasi-adjudicative body, the AC does not carry fiduciary responsibilities; when exercising the functions given to it directly. Only when it is performing the IDR function does it carry a fiduciary responsibility.

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Composition, appointment and skills

The AC consists of six ordinary members: three UCEA appointees and three UCU appointees. When exercising its dispute resolution function, two *additional members* (one appointed by the UCEA nominated Trustee Board directors and one by the UCU nominated Trustee Board directors from amongst their number) join for the relevant case(s). If neither additional member nor their alternate is available, an independent Trustee Board director may be temporarily appointed by the Trustee Board.

The Chair is drawn from within the committee and alternates biennially between UCEA and UCU appointees. Unlike the JNC, there is no independent Chair.

Members require sufficient understanding of the Scheme's Rules, benefits and administrative processes. The Trustee provides training, including on Pensions Ombudsman determinations and Scheme specific procedures, to support consistent and informed decision-making.

How the AC interacts with other bodies

The AC receives support from the Trustee's executive team, which prepares papers, provides legal and technical input, and reports annual complaint trends. Matters may be escalated to the Trustee Board, where significant issues of principle arise; to the JNC, if a Rule amendment would resolve the underlying issue; or other governance committees, if the issue has broader implications. Requiring Trustee directors to act as additional members of the AC for the purposes of IDRs helps to ensure feedback loops and visibility of emerging issues between the two forums. In addition, the Rules require all decisions of the AC to be notified to the Trustee Board.

How the AC operates in practice today

As the Trustee's in-house legal and technical functions have grown, much of the AC's workload is dispute resolution rather than technical interpretation or broader policy work. Examples of the AC's activities over recent years include decisions on serious ill-health commutation, dependency assessments and advice on the use of the augmentation power.

Key Governance takeaways – Advisory Committee (AC)

1. **A Rules-based advisory body inside the Trust**: The AC is unusual in its formal embedding within the Scheme Rules. Many DB schemes rely solely on trustee advisers rather than a representative committee with interpretative and quasi-adjudicative functions.
2. **Evolution of focus as the Trustee's legal capability has expanded**: As the Trustee's in-house legal and technical functions have grown, the AC's role has naturally shifted toward dispute resolution, rather than specific rule-interpretation issues or broader advisory work.
3. **Representative composition is uncommon**: Employer/member representation in a quasi-adjudicative function is uncommon and requires training, consistency and impartiality.
4. **Why it matters**: The AC provides a structured, representative forum primarily for dispute resolution, supporting fairness and consistency in decision-making. It performs its function in a legally grounded way by providing objective insight informed by member and employer experience and supported by the Trustee's executive.

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Section 7 – The Valuation

This section explains how the valuation process works in the Scheme, including the statutory requirements that govern it, the respective responsibilities of the Trustee, the JNC and employers, and the role of professional advice. It also outlines how information is shared and how decisions are made. A detailed process map and typical timescales for each stage of the valuation cycle are set out in **Appendix H.**

Statutory Framework

The Scheme's valuation process sits at the heart of its long-term financial management and is governed by a blend of statutory requirements, trust law, and Scheme specific rules. Under the Pensions Act 2004, the Trustee must carry out an actuarial valuation at least once every three years and ensure that the Scheme has an appropriate funding strategy supported by a Statement of Funding Principles, a Schedule of Contributions, Statement of Strategy and, where required, a Deficit Recovery Plan. The Trustee must take actuarial advice throughout this process, and the Scheme Actuary must formally report on the financial condition of the Scheme and make recommendations as they see fit. This statutory framework has provided additional requirements alongside the Trust Deed and Rules existing allocation of responsibilities to the Trustee and the JNC.

Trustee responsibilities

The Trustee is responsible for determining the Scheme's funding strategy, valuation methodology and actuarial assumptions, taking account of advice from the Scheme Actuary, investment advisers (USSIM, Mercer and others) and covenant specialists. These inputs ensure that the funding strategy integrates views on market conditions, investment risk, expected returns and employer covenant strength.

In line with legislation, the Trustee must consult UCEA, acting as the single consultee, on the proposed Technical Provisions (the assumptions which underpin the valuation of the Scheme's liabilities), the Statement of Funding Principles, the Schedule of Contributions, Part 1 of the Statement of Strategy and any Recovery Plan. UCEA then, separately, consults employers to inform its responses to these consultations. The Trustee also consults employers more broadly, and directly, on the Statement of Investment Principles and Part 2 of the Statement of Strategy. Once the actuarial analysis is complete, the Trustee determines the overall contribution rate required to fund future service and address any deficit. This contribution determination is a unilateral Trustee power under Rule 6.1 and has existed since the Scheme's creation.

JNC responsibilities

Although the JNC has no role in setting valuation assumptions or determining the overall contribution rate, the Trust Deed and Rules give it a specific and important role once the contribution requirement is known. Under Rules 64.10 and 76, if a valuation shows that contributions need to rise or fall, the JNC must decide how to apportion this change between employers and individual members. Options include adjusting future benefits, amending the employer/member split, or a combination of both.

If the JNC cannot reach a decision within three months of receiving the Scheme Actuary's report (or a longer period permitted by the Trustee), a default applies: 35% of the contribution change falls on members and 65% on employers. Although the Rule 76 process is not always triggered in full, it provides a framework for progressing valuation outcomes and resolving disagreement where required. In recent valuations, including those between 2017 and 2023, the Trustee has issued a Rule 76 report to the JNC.

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In some valuations, the cost-sharing provisions within Rule 76 have also applied. Taken together with the JNC Chair's casting vote, these mechanisms provide a means of resolving deadlock and enabling valuations to be concluded. It is recognised that the process is not necessarily quick and the indicative time limits set out in Rule 76 have not always been met in practice.

The JNC may also use Rule 79.7 to propose amendments to the Scheme Rules to deliver any agreed benefit changes (please see **Section 3** for details of Rule 79.7). The Trustee must implement these proposed amendments unless one of five fairness-based veto tests is met (please refer to footnote 8 on page 10).

Additional Valuation-related provision: Rule 76.3

In addition to the main amendment powers under Rule 79, the Trust Deed and Rules include a specific provision in Rule 76.3 which allows benefits to be altered by the Trustee in consultation with the JNC and in accordance with the requirements of Rule 79 (so any Trustee proposed rule amendment would require the consent of the JNC) where a valuation shows that there is insufficient funding and such action is considered necessary. The inclusion of Rule 76.3 expressly draws the Trustee into the valuation discussion by recognising that funding stress identified through the Rule 76 process may require consideration of benefit changes, particularly where that process does not itself deliver a clear outcome. However, it does not alter the underlying authority to amend benefits, which remains subject to the Rule 79 consent framework.

Employer responsibilities

Employers participate collectively in the Scheme under the last-man-standing structure, meaning that all employers are jointly and severally liable for the Scheme's liabilities. Employers should engage with consultations run by UCEA, understand the implications of valuation outcomes and implement any contribution or benefit changes affecting their staff. Employers also provide critical data and insight to support the Trustee's understanding of covenant and affordability.

Information sharing

Given the scale and complexity of the Scheme, information flows are extensive and structured to respect the distinct roles of the Trustee, UCEA, UCU and the JNC. The Trustee shares early indications of the direction of travel of the Scheme's funding position with JNC representatives and engages iteratively as the valuation process develops. Detailed covenant analysis is not routinely shared, reflecting its commercially sensitive nature; however, the Trustee's high-level assessment of covenant is typically summarised through the Technical Provisions consultation process and, where appropriate, through presentations to the JNC on the key themes arising. Engagement on valuation methodology has taken place ahead of some valuations, including in advance of the 2026 valuation, while investment considerations have typically been addressed later in the valuation cycle.

While it did not alter the formal allocation of responsibilities under the Rules, in relation to the valuation the JEP (please refer to page 7) arguably accelerated changes that were already under way in how information is shared, shaping the enhanced engagement approach used in subsequent valuations, including 2020 and 2023.

The 2023 valuation

The 2023 valuation provides an example of how a valuation can be concluded more efficiently where funding conditions are strong and there is a shared imperative among stakeholders. Recovery in markets following the 2020 valuation, including higher expected returns, strong asset performance and reduced future benefit commitments, resulted in a materially improved funding position by March 2023. This

created scope to restore benefits to pre-April 2022 levels from April 2024, which was a shared stakeholder objective.

To facilitate this, stakeholders agreed to an accelerated timetable, enabling the Trustee to progress analysis, consultation and decision-making efficiently. The valuation also benefited from methodological continuity, with no changes made to the approach adopted in 2020, reflecting both the material changes already introduced at that valuation and the expectation that methodology would be revisited for the 2026 valuation in light of the new DB Funding Code and TPR's updated covenant guidance. By contrast, in valuations such as 2017 and 2020, deteriorating funding conditions and evolving assumptions during the valuation period required additional analysis and engagement, contributing to more extended and contested processes.

The 2023 valuation experience can be interpreted as a function of favourable funding conditions, shared objectives and methodological stability, rather than as evidence of a fundamentally different valuation process. The test of whether incremental valuation and governance process improvements have fundamentally changed relationships and decision making is only likely to come if the funding position deteriorates in future.

Process map and typical timescales

A detailed valuation flow, including statutory steps, Trustee and JNC decision points, advisory inputs, engagement channels and typical, is provided in **Appendix H**.

Key Governance takeaways: The Valuation

1. **A standard statutory framework but applied at scale and with the added complexity of Rule 76**: As with all DB schemes, valuations follow the Pensions Act 2004. What differs is the Scheme's scale and complexity and the level of scrutiny the higher education sector and Stakeholder bodies want in relation to actuarial, covenant and investment matters (including where those matters are not within their remits). Rule 76 also adds steps to the process.
2. **A uniquely split decision model**: The Trustee sets assumptions and the required contribution rate, while the JNC itself determines how contribution changes are shared and/or benefit changes made. This is an uncommon governance feature amongst pension schemes.
3. **Front-loaded analysis and intensive engagement**: The Trustee begins preparatory work many months before the valuation date, sharing certain information iteratively with UCEA and UCU. This structured engagement reflects both best practice and lessons from previous valuations.
4. **2023 as a process success**: Early engagement, clear governance roles and aligned stakeholder objectives supported timely decision-making. Stable market conditions over the valuation period also reduced complexity given valuation processes tend to be more straightforward in surplus or strong funding positions than in deficit scenarios. How much transparency helped can only be tested at a time of deficit.
5. **Why it matters**: Effective valuation governance sustains trust and broad stakeholder support, ensures affordability decisions are grounded in evidence, and protects long-term scheme stability. Clear separation between Trustee-led assessment of funding and covenant and stakeholder-led decisions on scheme design and costs is designed to maintain objectivity within the assessment process.

Section 8 – Investment Matters

This section explains how investment governance in the Scheme has developed, from its origins in 1974 through to the establishment of USS Investment Management Ltd (USSIM) as a Financial Conduct Authority (FCA) authorised and regulated investment manager in 2012. It sets out the legal and regulatory framework that underpins investment decision-making, the respective roles and responsibilities of the Trustee, the Investment Committee and USSIM, and the points at which employers and other stakeholders are engaged, both during valuations and through the statutory SIP consultation. It concludes by describing how these components operate in practice.

A simple diagram of the Scheme's organisational structure is provided in **Appendix C**, which includes USSIM. A summary of the key responsibilities of the boards and committees is provided in **Appendix D**, which includes the USSIM board and its sub-committees.

Investment governance - origins

Investment governance has been a defining feature of the Scheme since it was established in 1974. The founders created a funded, private-sector pension arrangement rather than seeking government's authority to initiate a statutory public scheme, meaning that the Trustee would need robust powers to invest and steward assets on behalf of members. In the early decades, the Trustee Board exercised these powers directly, taking advice under what would later become section 36 of the Pensions Act 1995. This structure was common among large schemes at the time, but the Schemes rapid growth in scale, diversification and technical complexity eventually demanded a more specialised investment capability.

This led to the creation of USSIM, with Articles of Association adopted in 2012. Moving investment activity into a regulated entity aligned the Scheme with global best practice. It allowed for more sophisticated portfolio construction, clearer segregation of legal and regulatory roles, and authorisation and regulation by the FCA. The establishment of USSIM also mirrored the Trustee's long-term ambition to be an active, globally diversified investor capable of managing large allocations in private markets and complex public-market strategies. USSIM acts as the Trustee's delegated investment manager and adviser under the terms of an Investment Management and Advisory Agreement (IMAA).

Legal and regulatory framework

The Trustee's investment responsibilities are grounded in trust law, the Pensions Acts 1995 and 2004, and the Occupational Pension Schemes (Investment) Regulations 2005. The Trustee must invest assets prudently, act in the best financial interests of members, exercise powers for proper purposes only, and take appropriate investment advice. These duties influence every aspect of strategic investment decision-making.

The Scheme Rules, particularly Rules 67 and 68, provide the Trustee with a wide investment power subject to legislative limits such as employer-related investment restrictions, borrowing constraints and diversification requirements. The FCA authorised and regulates USSIM to provide investment management and advisory services to the Trustee (USSIM's only client). The Trustee's instructions, delegations and restrictions are set out in the IMAA between the Trustee and USSIM. Importantly, the FCA regulatory perimeter means that neither the Trustee Board nor its sub-committees may conduct regulated activities such as dealing or arranging transactions. USSIM advises the Trustee on investment strategy; USSIM implements that strategy; but crucially the Trustee remains ultimately responsible for investment performance.

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TPR provides further expectations through the General Code and DB Funding Code, requiring trustees to articulate investment beliefs, set objectives, monitor managers, oversee risk and ensure value for money.

The Trustee Board responsibilities

The Trustee Board holds the legal investment power and remains responsible for setting the Scheme's investment objectives and long-term investment strategy. It determines the high-level Responsible Investment (RI) and Environmental, Social and Governance (ESG) framework, approves the Statement of Investment Principles (SIP) for both DB and DC sections, and maintains oversight of risk appetite, liquidity expectations and asset allocation ranges. The Trustee must also consult employers individually on the SIP, a distinct requirement not channelled through UCEA, and must consider employer feedback when finalising it.

During valuations, the Trustee's responsibilities extend further: its investment assumptions feed directly into Technical Provisions, and the Trustee must consult UCEA as the single employer representative on the proposed Technical Provisions, Statement of Funding Principles, Part 1 of the Statement of Strategy and the Schedule of Contributions. These elements are closely linked to investment strategy, market expectations and covenant strength, meaning investment and funding decisions must be aligned and informed by coordinated advice from USSIM, the Scheme Actuary and external advisers.

Investment Committee (IC) responsibilities

The IC is a sub-committee of the Trustee Board responsible for overseeing the investment of the Scheme's assets and the performance of the Trustee's asset manager, USSIM. The IC engages with USSIM to oversee the performance of other asset managers; considers strategic matters relating to development of the Scheme's investment strategy; and makes decisions or recommendations to the Trustee Board as appropriate. Although some of the Trustee directors appointed by UCU and UCEA sit on the IC, they do so in their capacity as Trustee directors, not as representatives of UCU or UCEA. The IC is not a stakeholder forum. To be clear, the IC cannot instruct USSIM on individual transactions, nor can it undertake regulated activities; its function is strategic oversight and assurance.

USSIM responsibilities

USSIM manages assets on a fully discretionary basis, pursuant to s.34 of the Pensions Act 1995, within parameters set by the Trustee in the IMAA. Its responsibilities include portfolio construction, asset selection, risk management, stewardship activity and the appointment and oversight of external managers. USSIM also provides regulated investment advice under section 36 of the Pensions Act, alongside broader non-regulated strategic advice to support decision-making by the IC and Trustee. All assets remain legally owned by the Trustee; USSIM never takes ownership, even where the Scheme holds direct stakes in companies.

Engagement with stakeholders

Although investment decision-making is reserved for the Trustee and USSIM, the Trustee maintains extensive stakeholder engagement given the material impact of investment risk on the funding position of the Scheme. Engagement typically increases around valuation periods.

During the phase of the valuation process when the valuation investment strategy (VIS) is reviewed and, if necessary, reset the Trustee supported by USSIM, typically undertakes engagement with employers and the Stakeholder bodies. This engagement often includes webinars, discussion packs and briefings to individual employers, Russell Group finance directors, UCEA and UCU representatives, the Valuation Technical Forum (previously the Stability Working Group) and the Trustee–Employer Investment

Discussion Forum. In 2023–24, VIS outreach by the Trustee directly engaged employers representing over 40% of active membership.

Whilst, under the Scheme Rules and legislation, consultation on the valuation Technical Provisions assumptions and methodology, as well as the Statement of Funding Principles and any Recovery Plan is with UCEA as the nominated employer representative, the Trustee is required by legislation to consult with all participating employers (which includes UCU) directly with regards to the Scheme SIP.

Investment powers and constraints

The Trustee's investment powers derive from the Scheme Rules and legislation and are delegated to USSIM under s34 of the Pensions Act 1995 by the IMAA. The Trustee and any manager to which the Trustee has made a delegation under s34 may invest in any assets permitted by Rule 67, subject to limits such as the 5% cap on employer-related investments, a prohibition on employer-related loans, and restrictions on borrowing. USSIM's FCA permissions govern the specific types of assets and instruments that USSIM may use. The Trustee cannot provide guarantees. It must also ensure that assets are held by approved custodians.

How the model works in practice

In practice, the investment model balances strategic independence with oversight. The Trustee sets long-term objectives and strategy, consistent with its legal and regulatory duties. The IC provides technical and strategic challenge. USSIM provides investment advice and applies its investment management discretion to deliver performance, manage risk and compliance and identify opportunities consistent with the Trustee's objectives. Employers are engaged at key consultation points, particularly during valuation cycles and SIP reviews, but do not, and cannot, participate in investment decision-making.

This structure enables the Scheme to have an investment model comparable to leading global pension funds, while ensuring compliance with UK trust law, FCA regulation and TPR expectations.

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Key Governance takeaways: Investment Matters

1. **A recognised fiduciary framework but applied in an open, sector-backed scheme at scale**: Like any scheme with a DB element, the Trustee must invest prudently under trust law and regulation. The Scheme is distinctive because of its size, open status, and the nature of its sector-wide covenant and employer backing. This supports a long-term investment horizon and the ability to invest across a broader range of growth assets than other UK schemes.
2. **Separation of strategy and execution**: The Trustee sets long-term strategy while USSIM, which is authorised and regulated by the FCA, implements it through its discretionary investment management. This clear division is common in large funds internationally. USSIM also provides investment advice to the Trustee.
3. **Creation of USSIM is a rare feature**: Few UK DB schemes operate an in-house FCA-regulated investment manager with full discretion. Establishing USSIM has allowed the Trustee to benefit from greater agility and accountability in the management of complex portfolios, as well as cost benefits from insourcing expertise compared to engaging third party managers.
4. **Structured oversight without operational interference**: The IC provides challenge and oversight but cannot direct individual transactions, an important legal, regulatory and governance safeguard.
5. **Extensive stakeholder engagement**: Employers (including UCU) are consulted on investment strategy in line with statutory requirements and at key points in the valuation, supporting transparency. Legally, Stakeholder bodies can have no formal decision-making role in respect of investment decisions.
6. **Why it matters**: Strong investment governance ensures strategic clarity, supports optimum return generation, manages risk effectively and underpins affordability and benefit security across a large, multi-employer scheme. Where significant investment capability is held in-house, this also places increased importance on governance arrangements that manage the complexity of the relationship between the Trustee and USSIM. This includes clear delineation of roles and responsibilities; careful management of situations in which individuals may hold roles across multiple committees or organisations; and maintaining objectivity when operating under different legal and fiduciary "hats". Effective coordination across governance structures and contractual arrangements is therefore essential to ensure that these functions operate together as intended. Only USSIM can take investment decisions: a breach of the FCA regulatory perimeter is a criminal offence.

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Section 9 – Stakeholder Relationships and Engagement

This section explains how stakeholder relationships and engagement operate across the Scheme's governance framework. It brings together themes referenced throughout this articulation, focusing on how the Trustee, employer and member representatives, regulators and the executive team interact to look to support informed decision-making, effective oversight and long-term stability.

Engagement as a core feature of governance

The Scheme's governance is supported by sustained engagement between the Trustee, UCEA and UCU as the recognised employer and member representative bodies. Given the Scheme's size, complexity and negotiated design, effective governance depends not only on formal powers and rules, but on clear articulation of roles, shared understanding of responsibilities and trust between parties.

The Scheme's Report and Accounts and accompanying Governance Statement describe how these inputs are considered by the Trustee Board.

The Governance Supplement 2025 provides more information about ***'Wates Principle Six – Stakeholder Relationships and Engagement'*** including examples of how the Trustee has built on the concept that *'Directors should foster effective stakeholder relationships aligned to the company´s purpose. The board is responsible for overseeing meaningful engagement with stakeholders, including the workforce, and having regard to their views when taking decisions.'*

Engagement between governance bodies

In summary and as described within the relevant sections of this articulation, engagement includes:

- **JNC Chair-to-Trustee Board Chair/GCEO engagement:** Meetings between the Chair of the JNC and the Trustee Board Chair or Group Chief Executive to support alignment and information flow.
- **JNC and AC constituency feedback**: UCEA and UCU representatives on the JNC and AC routinely engage with their respective constituencies to form collective positions and informal (and from time to time formal) mandates and report back on JNC and AC business.
- **Valuation engagement:** Structured engagement before and after the valuation date, including information sharing, training sessions and attendance at the Valuation Technical Forum meetings (and previously at meetings of the Stability Working Group).
- **Formal reporting mechanisms:** Regular updates from the Trustee to the JNC and AC, particularly during valuations, rule changes and major strategic developments.
- **Advisory Committee escalation:** The AC considers dispute resolution for the Trustee and may escalate matters to the Trustee Board where issues of policy or principle arise, although in practice this is rare.
- **Working groups and forums:** Use of standing and issue-specific groups including the Valuation Technical Forum, Superannuation Working Group (UCU only) and Employer Pension Forum (UCEA only), to support understanding and test emerging proposals.
- **Training and capability building:** Training provided to Trustee Board directors, JNC and AC members, particularly around valuations, regulatory developments and complex technical issues.

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- **Executive facilitation:** The executive team provides essential operational, analytical and secretariat support, enabling effective engagement, continuity and implementation across bodies.
- **Regulatory engagement:** Ongoing engagement between the Trustee and TPR, including valuation-related discussions and supervision activity, supporting transparency and regulatory confidence.

Key Governance takeaways: Stakeholder Relationships and Engagement

1. **Multi-party engagement supports more formal governance:** The Scheme's governance is built around structured engagement between the Trustee, UCEA and UCU, alongside regular day-to-day interaction at an operational level.
2. **Roles and boundaries:** Clear articulation of roles and boundaries is essential to maintaining trust and effective working relationships.
3. **Union representation embedded in the framework:** The role of UCU as the member representative body which seeks to represent members reflects long-standing sector arrangements. Member views are channelled through this structure alongside broader Trustee-led engagement with members.
4. **Executive support enables engagement:** Effective relationships depend on strong executive support to coordinate information, manage expectations and maintain continuity across bodies and over time.
5. **Why this matters:** In a large, open scheme operating in a public-facing sector, sustained engagement and mutual understanding are critical to supporting confidence, stability and long-term decision-making.

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Section 10 – Legal and Regulatory Requirements

The Scheme operates within the legal and regulatory frameworks that apply to UK occupational pension schemes. Substantial legal and regulatory requirements underpin many of the governance arrangements described throughout this articulation and are referenced where relevant in earlier sections. This section does not repeat those requirements in detail; instead, it draws them together to provide an overview of the key regulatory obligations shaping the Scheme's governance today. It also introduces newer regulatory concepts that have become increasingly important in recent years, including the General Code of Practice and the Effective System of Governance (ESOG). Together, these frameworks reflect heightened regulatory expectations around integration, assurance and long-term resilience.

A Timeline showing key regulation events during the last 50 years can be found in **Appendix B.**

Core legislative framework

The Scheme's governance is underpinned by the Pensions Acts 1995 and 2004, the Pensions Schemes Act 1993 and the Finance Act 2004 and associated regulations, which establish various trustee duties, funding and investment obligations, disclosure standards and regulatory oversight by TPR. The Trustee is legally responsible for ensuring compliance with these requirements and must take appropriate professional advice in discharging its duties. While other bodies within the Scheme's governance framework have defined roles and responsibilities, legal and regulatory accountability for the administration of the Scheme ultimately rests with the Trustee.

The Scheme's hybrid structure means the Trustee must operate within both defined benefit (DB) and defined contribution (DC) regulatory regimes at the same time. For DB provision, the scheme-specific funding regime requires triennial actuarial valuations, supported by Statements of Funding Principles, a Schedule of Contributions, Statement of Strategy and, where necessary, Deficit Recovery Plans. These requirements place clear responsibilities on the Trustee to assess funding risks, employer covenant strength and investment strategy over long time horizons.

Because the Scheme includes a DC section (the Investment Builder), it is also subject to the Master Trust regulatory regime. Master Trust authorisation, obtained in 2019, was a statutory requirement rather than a discretionary governance choice. Once within scope, the Master Trust standards apply across the Scheme as a whole, including areas of governance that affect both DB and DC provision. These requirements introduce enhanced regulatory expectations around Trustee Board composition and independence, fitness and propriety assessments, systems and controls, financial sustainability, continuity planning and engagement with TPR.

As a result, key aspects of the Scheme's governance framework are shaped by law and regulation rather than by the Trustee or the Scheme's stakeholders. This includes prescribed requirements around Trustee Board composition and independence, Chair status, term limits, director appointment and removal processes, and regulatory notifications and supervision. These requirements are embedded through the Scheme's governance processes, policies and core documents, including the Trustee's Articles of Association, Corporate Governance Framework Policy, committee terms of reference, risk management framework and internal control arrangements. Together, these ensure that governance practice operates consistently with the high regulatory standards that apply to the Scheme, including effective oversight of key service providers and ongoing assurance of operational resilience.

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Alongside Master Trust requirements, the DC section is subject to additional obligations specific to member-borne risk, including controls over charges, oversight of default investment arrangements, production of an annual Chair's DC Statement, enhanced disclosure of costs and charges, and formal value for money (VfM) assessments. While many governance processes are shared across the Scheme, these DC-specific requirements necessitate additional monitoring, reporting and assurance activity by the Trustee.

Looking forward, regulation increasingly expects DC schemes to focus on member outcomes at and beyond retirement, including requirements around decumulation and post-retirement value. In the context of the Scheme's design, all members accrue benefits in the DB section, with DC provision operating alongside this as part of the overall structure rather than as a standalone arrangement. These developments therefore reinforce the importance of effective governance and administration of the DC element within the wider Scheme framework.

The General Code and Effective System of Governance

As an authorised Master Trust, the Scheme is legally exempt from the statutory requirement to establish and operate an Effective System of Governance (ESOG) under section 249A of the Pensions Act 2004, and from the requirement to produce an Own Risk Assessment (ORA). The Trustee must nonetheless comply with TPR's General Code and be able to evidence that it has effective systems of governance and risk management in place.

As a matter of good governance, to support the robustness and transparency of the Scheme's governance arrangements, the Trustee has reviewed the ESOG requirements and plans to keep this under ongoing review. Similarly, while an ORA is not required, regulatory expectations in relation to the ORA are being considered as part of the Trustee's broader approach to risk management.

Regulatory oversight and coverage

The Scheme is subject to oversight from multiple regulators, reflecting its structure and activities. TPR is the primary regulator for scheme administration, governance, funding, and trustee oversight. The FCA regulates USSIM. Data protection, employment and company law requirements also apply across different parts of the organisation. More details around how the Trustee and governance bodies interact with regulators is set throughout this articulation.

Key Governance takeaways: Regulation and Governance requirements

1. **Mandatory, scheme-wide regulation:** Master Trust requirements apply to the Scheme as a whole, raising governance expectations across both DB and DC sections.
2. **DB funding regulation remains a central part of the Trustee's responsibilities**: While the Scheme operates within the Master Trust framework for its DC section, the DB funding regime remains one of the most significant areas of regulatory oversight. This includes actuarial valuations, funding strategy, investment strategy alignment, employer covenant assessment and long-term funding planning, all of which form a core part of the Trustee's statutory responsibilities.
3. **The Trustee retains ultimate legal responsibility for the Scheme**: Although many governance and operational activities are delegated to committees, advisers and service providers, legal responsibility for the proper administration of the Scheme and compliance with legislation ultimately rests with the Trustee Board. Effective oversight, advice and documented decision-

making are therefore fundamental governance requirements rather than discretionary governance practices.

4. **Why this matters:** The regulatory environment for large pension schemes continues to evolve, with increasing emphasis on governance effectiveness, resilience, member outcomes and transparency. For the Trustee, operating a large open hybrid scheme for the workforce of the sector's employers, which are supported to varying degrees by public funding, regulatory compliance is not simply a technical exercise but a core part of maintaining confidence in the Scheme's long-term stewardship.

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Appendix A – Governance documents and artefacts

The following documents make up the governance framework:

- Corporate Governance Framework policy: USS website
- USSL articles of association: USS website
- USSIM articles of association – *This document is available from Companies House.*
- Scheme Rules: USS website
- The terms of reference ("TOR") for the USSL Board, USSIM Board and their committees (contained within the Corporate Governance Framework policy – see above)
- The investment management and advisory agreement ("IMAA") – *This document is not in the public domain.*
- The Statement of Investment Principles ("SIP"): USS website
- The defined contribution section default Statement of Investment Principles ("DC Default SIP"): USS website
- USSL's Director appointment, removal, evaluation and training policy ("Composite Policy") – *This document is not in the public domain.*

Other documents / sources that relate to governance include:

- The USS: How did it come to this? (history pamphlet): Higher Education Policy Institute
- Scheme Annual Report and Accounts: USS website
- Governance Supplement to Annual Report and Accounts: USS website
- General governance content from USS's "how we're governed" web page: USS website
- The Trustee Chair's DC Statement contained in the Scheme Annual Report and Accounts sets out its broader engagement approach and explains how these insights are collectively considered in the Trustee's decision-making (see above)
- Other useful information on USS website: – a wide range of other information/briefings e.g. on investment, VFM, valuations and the TCFD report: USS website

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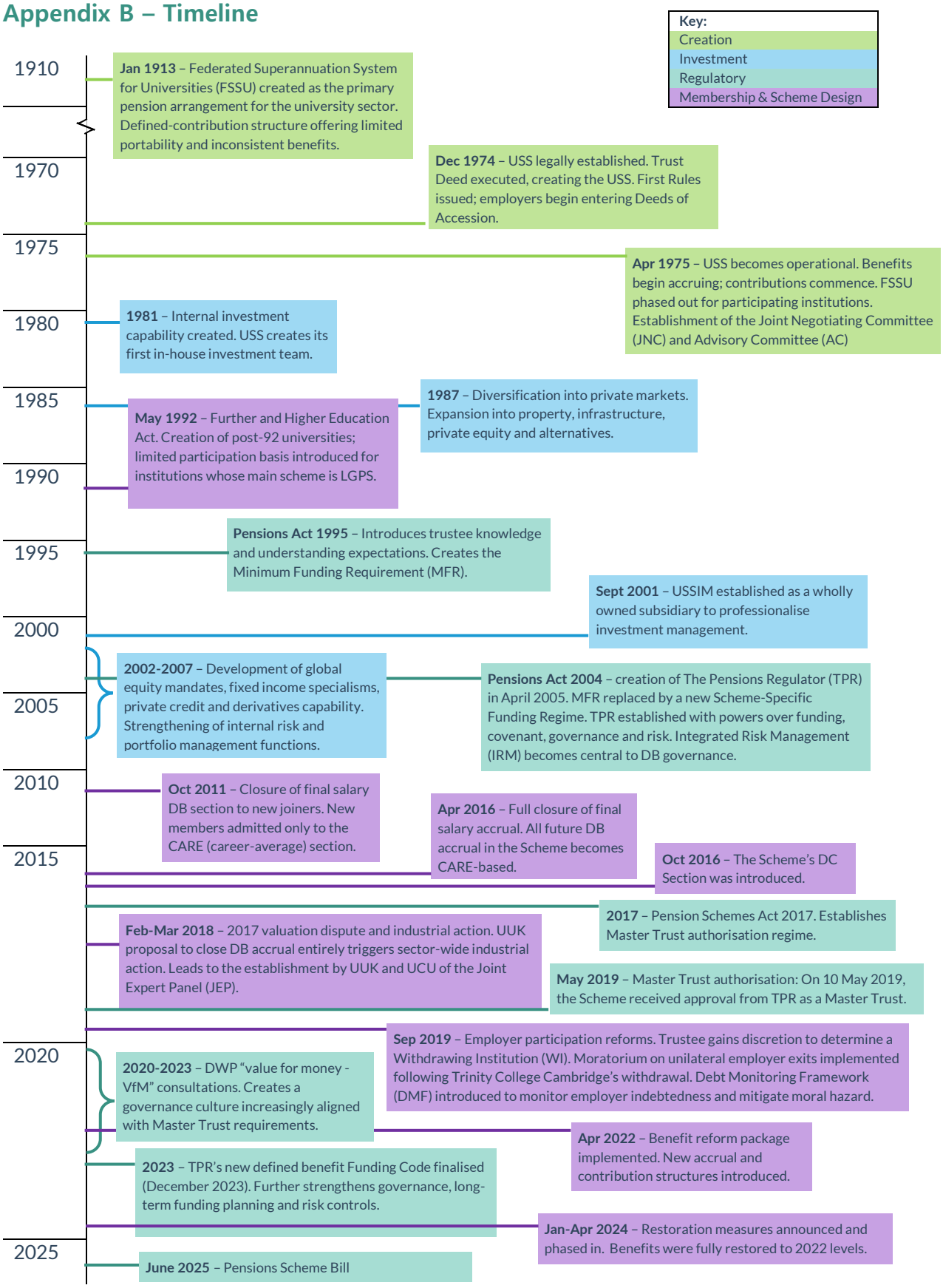
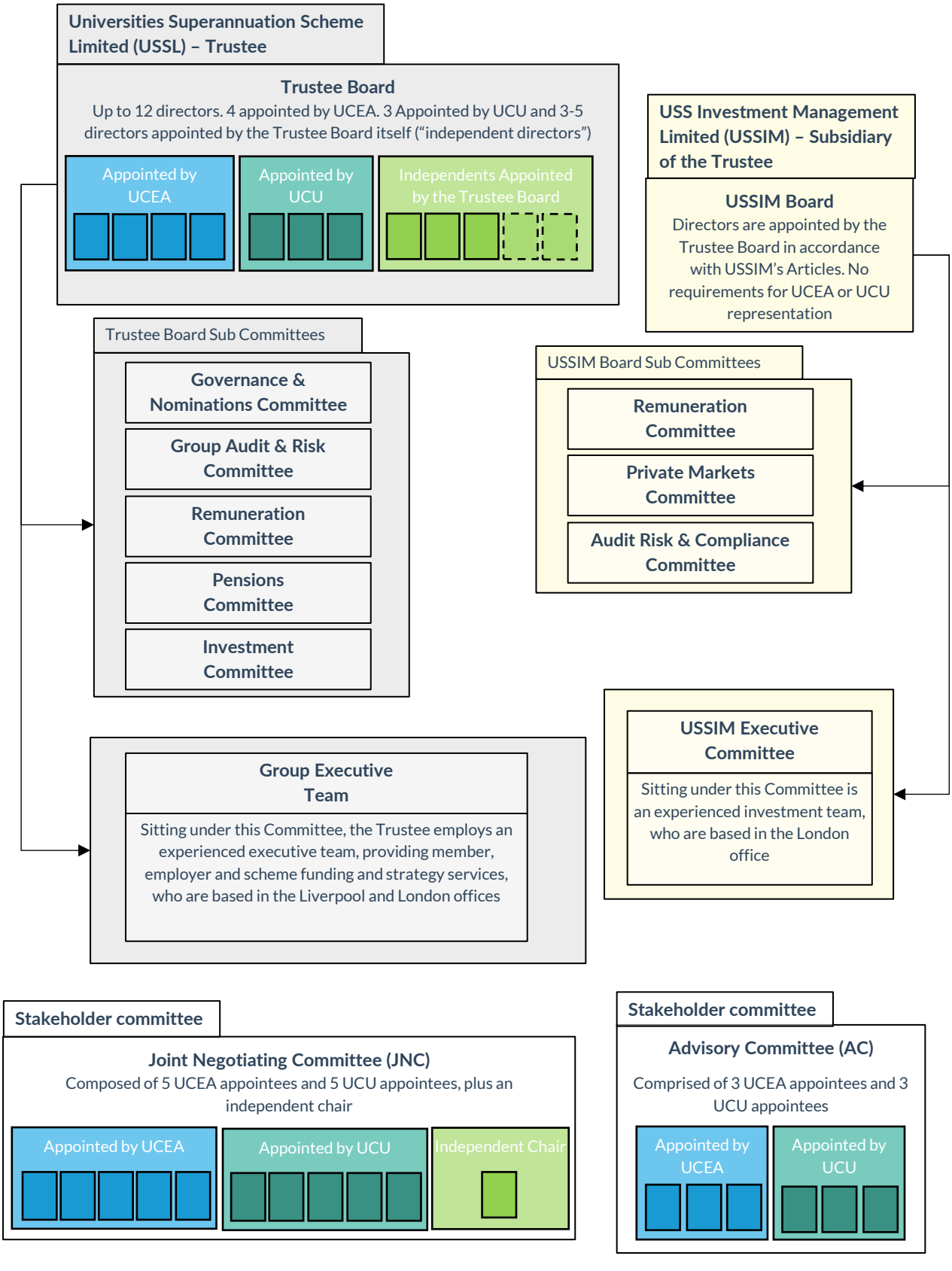
Appendix B – Timeline



Appendix C – Simple Organisational Structure

See the **Primer** for a detailed interactive map



Appendix D – Board and Committee Key Responsibilities

	Key Responsibilities
Trustee Board (TB)	• Provides overall leadership, strategy & oversight of USS Group. • Ensures the Scheme is adequately funded, contributions are collected, benefits are paid on time, & effective administration is in place. • Oversees investment, funding strategy, employer engagement, legal compliance. • Approves key appointments (CEO, USSIM CEO, Trustee & USSIM Board directors, key advisers, auditors) and approves valuations, SIPs, & major contracts. • Trustee Board directors acts in accordance with their duties as directors.
Governance & Nominations Committee (GNC)	• Oversees USS's governance framework, including its voluntary compliance with the Wates Principles & Corporate Governance Code, as appropriate. • Oversees Trustee Board & USSIM Board recruitment, succession planning, director evaluations & training. • Reviews governance policies & supports Trustee Board in ensuring board composition reflects required skills, experience & diversity. • Approves the Corporate Governance Framework Policy.
Group Audit & Risk Committee (GARC)	• Provides oversight of audit, financial reporting, & internal controls. • Monitors risk management framework across USS, including 'red' rated events & regulatory compliance. • Recommends to the Trustee Board the appointment/removal of external auditors & the Scheme's annual report & accounts. • Oversees assurance across the three lines of defense. • Approves the whistleblowing policy.
Remuneration Committee (RemCo)	• Sets and oversees remuneration strategy, policies, & performance-related pay across USS Group. • Ensures alignment of remuneration to USS's long-term strategic objectives, purpose, values and culture, as well as appropriate motivation, retention and recruitment of quality staff. • Recommends pay structures for Trustee Board directors, JNC & AC members. • Considers risk & audit input to ensure prudent risk management in remuneration.
Pensions Committee (PC)	• Oversees Scheme administration services provided to members & employers. • Focuses on member & employer engagement, service delivery, member options. • Reviews regulatory, policy & strategic developments affecting pensions delivery. • Approves member service development (e.g. journey, coms, DC flexibilities). • Recommends to the Trustee Board rule changes, employer participation frameworks & major supplier contracts in relation to pensions delivery. • Oversees performance of the business & delivery against business plan.
Investment Committee (IC)	• Oversees USSIM's investment of scheme assets, both DB & DC. • Advises the Trustee Board on investment strategy & risk appetite. • Approves DB liability benchmarks, allocation limits, securities lending framework, & investment scorecards. • Monitors USSIM performance & Responsible Investment strategy. • Recommends the SIP, DC Default SIP & the valuation investment strategy to the Trustee Board.

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	Key Responsibilities
USSIM Board	• Provides overall leadership, strategic direction, & oversight of USSIM. • Approves material investment & outsourcing decisions. • Approves the USSIM annual financial statements, key investment risk & exclusions policies, & oversees material communications with USSIM's regulators. • Oversees assurance on business performance, risk appetite & compliance, & reviews reports from its three sub-committees. • Approves & oversees delegations, mandates & frameworks for its committees. • Oversees competent & prudent management, effective internal control, & compliance with regulatory & statutory obligations. • Recommends the investment segment budget and business plan and USSIM total remuneration and strategy to the Trustee Board (and its relevant sub-Committees) for approval.
USSIM Remuneration Committee (USSIM RemCo)	• Ensures USSIM remuneration arrangements support the business plan, recruitment retention, & USS Group's purpose & risk appetite. • Recommends the USSIM remuneration policy, total remuneration pot, & incentive plan design for approval by USSIM Board. • Oversees compliance with legal, regulatory, & FCA Remuneration Code principles, including for identified Material Risk Takers. • Considers risk & audit input to ensure prudent risk management in relation to remuneration.
USSIM Private Markets Committee (PMC)	• Provides early-stage guidance and approval of proposed private market transactions above delegated thresholds. • Reviews material private market investment decisions (i.e. those it doesn't have authority to approve) & reports to the USSIM Board. • Monitors the asset management activity of USSIM's Private Markets Group & provides input on existing investments, if required. • Provides guidance on transactions that could materially increase the reputational risk profile for USSIM, USSL or the Scheme.
USSIM Audit, Risk and Compliance Committee (ARCC)	• Approves the external audit plan, compliance monitoring plan, & key risk & control policies for USSIM (e.g. Permitted Assets, Treasury Risk). • Recommends to the USSIM Board approval of USSIM's annual financial statements, internal audit plan, & Risk Governance Policy. • Oversees the effectiveness of USSIM's external & internal audit functions & reviews management responses to findings. • Monitors the adequacy of USSIM's internal control & risk management frameworks, including top & emerging risks. • Oversees compliance with FCA rules, the Consumer Duty, & internal policies. • Oversees the performance of the risk, audit, & compliance functions & management of conflicts of interest.
Joint Negotiating Committee (JNC)	• Negotiates & determines scheme benefit design through its power to propose scheme rule amendments. • Considers rule amendments & cost-sharing when valuations require contribution and/or benefit changes.

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	Key Responsibilities

Advisory Committee (AC)	• Exercises the dispute resolution function under s.50 Pensions Act 1995.
	• On the request of the Trustee (rarely used in practice):
	  ○ Advises the Trustee, on request, on the exercise of powers & discretions.
	  ○ Provides views on interpretation/application of scheme rules & complaints from members/employers.

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Appendix E – Employer and Member Forums

UCEA Employer Pension Forum

This is a broad-based forum for employers to consider both current and longer-term pension issues affecting the higher education sector. It provides a mechanism for employers to exchange views, establish common ground and develop coordinated positions, informed by consultation with member institutions. The group monitors the impact of existing and emerging regulation on pension provision, develops strategic perspectives on how higher education institutions can continue to offer affordable and sustainable pensions, and makes representations or engages with the Trustee and UCU where appropriate. It may establish sub-groups to consider issues relating to specific pension schemes and serves as the advisory group to the UCEA Board on matters relating to scheme reform.

UCEA Pension Committee

This Committee has overall responsibility for considering, establishing common positions on and advising the UCEA Board on all pensions matters. The Committee helps to develop employer views on current pensions issues and provides guidance to UCEA representatives. This will include monitoring the impact of current and future regulation on pension provision, considering pension provision in the context of overall pay determination and developing a longer-term view of strategic pensions issues to enable Higher Education Institutions to offer affordable and sustainable pensions in the context of the total cost of remuneration.

Valuation Technical Forum

This forum provides an early, informal space for discussion between the Trustee, UCU and UCEA on the technical aspects of the valuation. It focuses on the key assumptions, evidence and risk considerations that influence the Scheme's funding position, including the development of the funding position, sensitivity analysis and the drivers of valuation outcomes. It brings together representatives from UCU and UCEA, the Trustee and actuarial advisers, enabling shared understanding, exploration of differing perspectives and identification of common ground ahead of formal decision-making by the Trustee.

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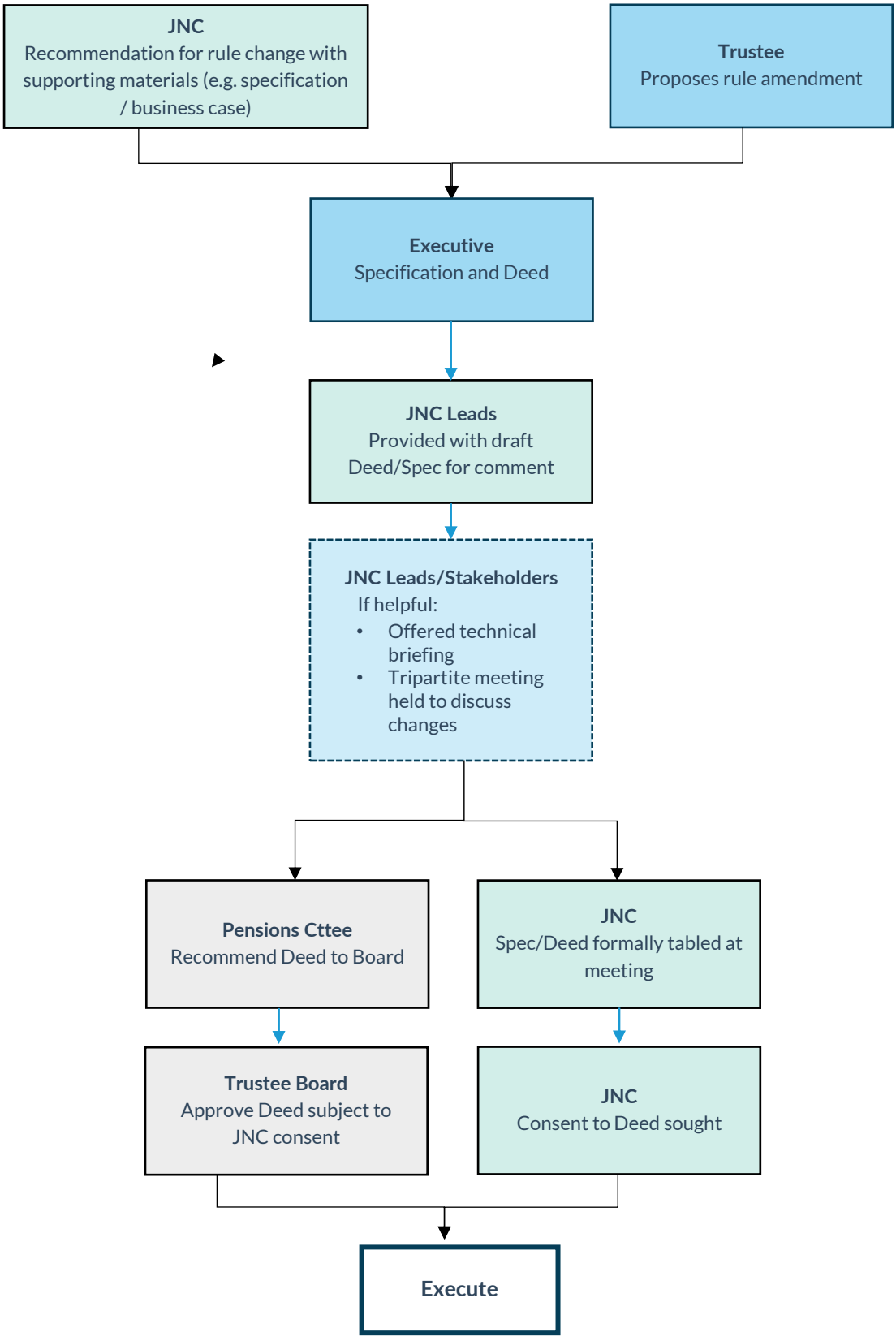
Appendix F – Rule Amendment Process



Appendix G – General Powers Relating to the Operation of the Scheme

Area	Decision / Power	Held by	Comments
Benefits and Member Options	Pension Increases	Trustee	Set under the Rules, applied annually
	Communication policy changes	Trustee	Trustee determines communication terms
	Enhanced incapacity pension adjustments	Trustee & in some limited circumstances AC	AC provides approval alongside the Trustee in certain limited circumstances
Employer Participation	Admission of new employers	Trustee	Trustee assesses eligibility and conditions for entry
	Exclusivity waivers	Trustee	Permits alternative scheme membership in limited cases
	Withdrawal or removal of employers	Trustee	Includes removal for late payment
	Changes to participation terms	Trustee (JNC consent in specific cases)	Required where member eligibility or accrued rights are affected
Dispute Resolution	Internal Dispute Resolution (IDR) Stage 1	Trustee	First-stage determination of member complaints
	IDR Stage 2	AC (delegated by Trustee)	AC acts on behalf of the Trustee
Trustee Appointment & Governance	Appointment of new trustee company	JNC approval required	Trustee cannot unilaterally replace itself.
	Removal of the trustee company	Trustee	Removal power sits with the corporate trustee
Scheme Continuity / Winding Up	Decision to wind up the Scheme	Trustee & JNC (joint approval)	Both bodies must agree
	Decision that Trustee ceases to administer the Scheme	Trustee & JNC (joint approval)	Protects Scheme continuity
Covenant & Risk Frameworks	Amendments to the Debt Monitoring Framework	Trustee	Discussed with UCEA in practice before implementation. Material changes require consultation with UCEA, discussion of more minor changes is voluntary at the discretion of the Trustee.
Sector Level Powers	Serve notice to end the exit moratorium (20 years' notice)	UCEA	Sector-level decision; UCEA expected to consult employers first

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Appendix H – Valuation Process

Pre-valuation date

Typically starts 9-12 months in advance of the Valuation date – the Trustee Board (TB) considers the methodology to be used for the valuation

- The Trustee Board (TB) commissions advice on valuation methodology from the Scheme Actuary (SA). The executive coordinates such advice.
- In considering expected investment returns, TB commissions advice from investment advisers which feeds into the Investment Committee (IC) and then to the TB and Scheme Actuary (SA). Separate Covenant advice is also sourced.
- Training at the TB around valuation requirements and/or process typically takes place, and the preliminary valuation methodology is often considered.

Typically within 9 months in advance of the valuation – preliminary engagement on the valuation with stakeholders

- Heavy front-loaded engagement is typically undertaken before the valuation date.
- Pre-valuation communications generally begin early; for example by issuing a: Heads of Institutions letter or other documentation.
- Training around valuation requirements, process and preliminary valuation methodology may be provided to Stakeholder bodies and UCEA is often heavily involved through informal channels.
- Recent valuations have also included engagement with Stakeholders through joint informal working groups which SA attends as required.
- There is no formal role for UCU in relation to valuations but substantial information is typically provided as part of the engagement with Stakeholder bodies referred to above.

Valuation date

Formal valuation every 3 years at 31 March {e.g. next formal valuation is March 2026}

- Data extract is sourced from the in-house administration team and shared with the SA to feed into the calculations.

Setting the Technical Provisions and consulting with UCEA

Within 3 months of the Valuation date the TB considers the relevant data and analysis to establish their proposed funding methodology and assumption

- Continuation of pre-valuation work.
- The TB decides on the assumptions to propose in the technical provisions consultation based on advice from the SA.

Months 3-6 months Trustee consults with UCEA on their proposed (referred to as the Technical Provisions consultation)

- The Trustee consults with UCEA on the proposed technical provisions assumptions (further SA advice as necessary).
- Informal touchpoint with the JNC to tell them the high-level information that will be covered in the technical provision consultation. Typically this includes an indicative contribution rate (based on current benefits).
- The TB considers UCEA's response to the technical provisions consultation before finalising the assumptions.

Confirmed Funding Position / JNC Considers Contribution Rate / Employer Led Consultation

Month 7 – TB confirms the funding position (serves the Scheme Actuary's Report) and any change in the overall contribution rate, to the JNC

- A Rule 76 report (which is a short form actuarial report setting out the funding position of the Scheme) is provided to the JNC. The Trustee also serves notice on the JNC setting out the contribution rate for the current benefit structure.
- The Trustee typically invites the SA to attend a JNC meeting to explain the Rule 76 report and prevailing contribution rate.
- If the Trustee determines that there should be a change in the overall contribution rate (based on current benefits), the JNC then considers how it will be met (e.g. via benefit changes and/or by the change in the proportions by which the aggregate contribution rate is shared by members and employers).
- If the JNC cannot agree how to address any increase or decrease in required contributions within three months of receiving the SA's report (or a longer period allowed by the Trustee), a default cost-sharing mechanism applies (see further **Section 7**).

Month 11-15 – Anticipated employer-led consultation with affected employees on potential changes to contributions and benefits proposed by the JNC (if needed)

- Webinars to support the Technical Provisions consultation are typically offered by the Trustee.
- Engagement via Employers Pension Forum and new pensions committee.
- 15 months is the statutory deadline for completing the valuation. There is engagement with TPR throughout the process and there are standard documents which need to be produced.