

Bill Galvin
Chief Executive Officer
USS Limited
Royal Liver Building
Liverpool
L3 1PY

By email

4 May 2022

Dear Bill,

Consultation on proposed changes to the USS Statement of Investment Principles

Thank you for your letter to all scheme employers dated 31 March 2022 regarding the proposed changes to the USS Statement of Investment Principles, and for the informal engagement with employers on investment strategy in the months leading up to this consultation.

UUK recognises that this particular consultation is undertaken by the USS Trustee with all USS employers individually, and we hope and anticipate that you will have had a number of responses from employers sent to you directly. You will be aware that UUK has communicated with employers about this consultation, and has distributed a paper from UUK's actuarial advisers, Aon, to employers to help in framing their responses.

I set out below headline comments from UUK on the consultation, drawn from the responses by individual employers and from the advice from Aon. We would ask the USS Trustee to consider the detailed comments provided by Aon and the questions raised in its paper dated 19 April 2022 (enclosed).

In broad terms, we believe there is support in principle for the overall direction set out by the USS Trustee in the SIP; the headline objective of reducing volatility in the scheme's funding (at a level of cost and risk which is acceptable to employers) seems entirely appropriate. However, these are important issues, and whilst there is the sense of outline support it is clear that employers have raised a number of questions and challenges to which we hope you will respond (not least as to the timing, speed and extent of these strategic changes, and to ongoing engagement).

**Chief Executive
Alistair Jarvis**

Universities UK
Woburn House
20 Tavistock Square
London
WC1H 9HQ

Telephone
+44 (0)20 7419 4111

twitter
@universitiesuk

email
info@universitiesuk.ac.uk

website
www.universitiesuk.ac.uk

Company limited by
guarantee and registered
in England and Wales
Number 2517018

Registered charity number
1001127

We think it may, therefore, be helpful if an enhanced dialogue / forum is established between the USS Trustee and scheme employers, so that the questions raised by employers (and by Aon in the enclosed paper) can be discussed and better understood, and so that employers can provide both strategic and more detailed inputs to the Trustee as the strategy progresses. We would be happy to speak with you about the possible form of any further dialogue, should you consider it appropriate.

We hope that these comments are helpful to the USS Trustee as it considers the individual responses of employers to the consultation, and in due course finalises the revised version of the statement. Please do let me know if you would like any further details.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'A. Jarvis', with a long horizontal flourish extending to the right.

Alistair Jarvis CBE
Chief Executive

Enc: Aon's Review of Statement of Investment Principles paper, 19 April 2022