THE STUDENTS' UNION SUPERANNUATION SCHEME

Minutes of the Annual Members Meeting held on Tuesday 12 March 2024 via Video Conferencing, 11:00 – 13:00

Full Name	Initial	Role	Firm	Item in Attendance
Participants				
Grant Suckling	GS	Trustee, Chair	IGG	All
Peter Shilton Godwin	PSG	Trustee		All
Nick Gash	NG	Trustee		All
Mark Crook	MC	Trustee		All
Ben Ward	BWa	Trustee		All
Attendance				
Peter Robertson	PR	CEO	NUS	All
Hannah Cosgrove	HC	Secretarial Support	IGG	All
Joe Ireland	JI	Secretarial Support	IGG	All
Keira Neale	KN	Secretarial Support	IGG	All
Chris Ramsey	CR	Scheme Actuary	Barnett Waddingham	All
Tim Williams	TW	Actuarial Team	Barnett Waddingham	All
James Faupel	JF	Fiduciary Manager	Schroders	All
Jessica Tuck	JT	Fiduciary Manager	Schroders	All
Paul Feathers	PF	Legal Adviser	Gowling	All
Alison Kime	AK	Legal Adviser	Gowling	All
Apologies				

Item No.	Agenda Item
Chair's Welcome & Executive Summary of the Year	
1.	GS welcomed everyone to the meeting and thanked those present for their continued engagement. It was noted that last year's minutes of the Annual Members Meeting are available on the Employer website and therefore taken as approved today. GS introduced himself as the Chair of Trustees of SUSS since 2021 and advised he has 25 years' experience as a professional trustee chairing boards and is an actuary by training. He confirmed the Trustees continue to meet their fiduciary duty to ensure that member benefits are paid as they fall due for the 2330 members and beneficiaries of SUSS, as well as ensuring the Scheme meets its regulatory and legislative requirements. **Composition of the trustee board** GS thanked the four co-trustees for their continued support, and for their ongoing hard work on behalf of the Scheme and its members. Being a Trustee takes a significant amount of time, effort and commitment. It was noted that Pete and Nick are Member Nominated Trustees ("MNTs") and Ben and Mark are Employer Nominated Trustees ("ENTs"). Peter Robertson represents NUS as the Principal Employer. This year saw the term of office of one of the MNTs, Nick Gash, come to an end. Following the MNT nomination process, which concluded in February, Nick was re-elected for a further six year term of office. **Vacancy for ENT** GS advised that the board continue to have a vacancy for an Employer Nominated Trustee and a question was raised around what does that entail and how the Trustees would provide support in the role. The Trustees are legally responsible for ensuring that the Scheme funds are properly invested and administered to provide retirement benefits to the members as they fall due. Trustees are required to act prudently to ensure that members' benefits are protected. They ensure the Scheme meets its governance requirements, including managing individual member cases requiring the exercise of discretion – for example when a member dies. Trustees are expected to attend four half day meetings a year, plus today's annual meeting. Trustees may be required to attend ad-hoc meetings as well as engaging via email between meetings, as and when decisions are needed. It's a voluntary role, alongside those with day jobs. Each Trustee has an allocated area of responsibility. Specialist pension knowledge is not a prerequisite of the role; Trustees develop knowledge and understanding of investment conditions and the workings of financial markets, and of the legislative framework affecting both employment and pensions. The Trustee board and IGG's secretarial team provide lots of support to enable Trustees to develop this knowledge. Being a member of a trustee board gives the individual the opportunity to learn more about pensions and financial markets, to develop transferrable skills for other roles and the chance to make a difference to others. GS confirmed there is lots of support available for the ENT role and encouraged any prospective candidates to get in touch with the secretariat team at IGG or Peter Robertson at NUS. **Succession planning** GS went on to outline the succession plan for the Scheme. He noted that this is difficult for trustee boards, particularly where the members and Employer contacts have long since changed since SUSS was set up and put in place. The Scheme is complex and it is essential that the Trustees have the skills to navigate its future; ensure the payment of member benefits as they fall due, as well as understanding the position of the Employers. The Trustees continue to engage with members as MNT positions become available as well as with the Employers for the ENT roles. He confirmed the board is open to ideas and volunteers on how to attract new Trustees and thanked the Employers for their suggestions so far which the board will consider in 2024.

	Governance structure GS confirmed there are different governance structures available to the Trustee board, such as a professional corporate sole Trustee or moving to a DB Master Trust that would remove the reliance on MNTs and ENTs. He noted that at present there is a capable, engaged and willing board in place. The Trustees offer valuable insight into the Member and the Employer experience, their history and their views. The structure was reviewed in 2023 and the board believe that this governance structure remains the most effective and appropriate option. **Accountability** As Trustees the primary responsibility is towards the members of SUSS, to ensure there is enough assets to pay members' benefits as and when they fall due. The funding position remains on track, despite being less well funded than a number of other pension schemes and there is a slow and steady recovery plan based on affordability of Unions to make good the shortfall/deficit by 2037. The Trustees also make decisions about where to invest the Scheme's assets and contributions, with an appropriate balance of seeking return and level of risk. There is ongoing monitoring of the investments' performance. **Collaboration** GS confirmed that there are currently 64 participating Employers in the Scheme. Peter Robertson from NUS is invited to represent those Employers at quarterly trustee meetings; and NUS are consulted with regards to decisions that need to be made on behalf of all the Employers. Over the past year one of the Trustees, Ben Ward, has continued to work hard on increasing discussions with industry bodies such as BUFDG and AHUA and this work will continue into 2024. GS noted the Trustees are conscious of the continued challenges faced by the Unions, particularly those impacted by the cost of living crisis, cuts in grants and reduction in student numbers (both domestic and overseas); the board continue to monitor the potential insolvency risk of the participating Employers and are pleased to note that all Unions have survived these challenging times to date. He encouraged any Union with concerns particularly in respect of their ongoing funding obligations to SUSS, to reach out proactively to the Trustees. As in 2022 the Trustees will issue a covenant questionnaire later this year. GS confirmed the Trustees continue to recognise the importance of each Employer's understanding of SUSS, including the strategy and the opportunities in regards to risk management, benefits and contributions payable going forwards. This year the Trustees have met with two Unions to talk about SUSS and would invite any Employers interested in this to contact the Trustees. **Incorporations** GS noted there will be an opportunity to incorporate again this year, as 12 Unions are not yet incorporated. The process will run between 1 July to 30 September. The briefing papers and template letters are now available on the scheme website. The website also holds lots of useful information regarding the Scheme; its history and helpful documentation, including prior year's Annual Meeting presentations and Minutes; Scheme Annual Report and Accounts. **2023 focus** GS noted the Trustee's disappointment in having to communicate details of a GDPR and cyber incident to the Employers. Cyber incidents take place across the sector and pension schemes with increasing frequency. The SUSS Trustees were notified of this incident where SUSS member data, and some participating Employer data was impacted following the incorrect sharing of some scheme-wide documents by Barnett Waddingham and a subsequent cyber security incident at the University of Manchester. The Trustees were able to respond quickly to the incident due to the robust incident response plan in place. The Trustees take the security of members' personal

data, and our participating Union/Employer data, very seriously; and expect the same standards of their service providers. GS apologised that this occurred and advised that the Trustees have worked with the Information Commissioner's Office ("ICO") and The Pensions Regulator ("TPR"). There was no ICO investigation into SUSS and the board have received confirmation from ICO and TPR that the right steps were taken and no further action is required.

GS confirmed the Trustees have received a request from a Union for a copy of the data breach report to the ICO, however following legal advice the board are unable to share this given its reference and the data it contains in regards to the University of Manchester cyber breach. The Trustees have been open and transparent in sharing what they can and continue to monitor their own and adviser's processes in regards to data. The Information Commissioner is satisfied with the robust response of the Trustees to the incident, there are no outstanding questions, and they have closed their files. The TPR caseworker is comfortable that the Trustees have taken all reasonable steps to contain the breach and notify members; in addition they are happy with the additional security/ID steps that Barnett Waddingham have put in place. On the call on 19th December last year TPR confirmed they were fully satisfied with the Trustees' actions, and the Trustees are unlikely to hear from them any further in relation to this incident.

GS advised that following the incident the Trustees have worked closely with their legal team and Barnett Waddingham on the issue, as well as the University of Manchester and UMSS. The board has also proactively engaged with the Information Commissioner, the Pensions Regulator and Barnett Waddingham, the Scheme administrators. Barnett Waddingham have instructed specialist advisers and forensic experts to not only investigate the incident, but to bolster the security of their systems and processes going forward; they also immediately put in place additional checks, including ID verification questions for members ringing their member help desk. Barnett Waddingham have also funded Experian monitoring for all members for a year, ending this August.

GS noted that cyber security is ever changing, and the Trustees recognise the importance to stay vigilant, being aware of the risks and considering the mitigations that can be put in place; and earlier this month the Trustees completed their annual cyber security training. The Trustees continue to review their cyber policies and documents as part of their ongoing work. It has never been more important to have in place robust risk management plans to actively manage the broad range of risks, including cyber, that pension schemes face. The Trustees expect the highest standards of security of scheme data and as a result felt it appropriate to review the services provided by Barnett Waddingham, both for Actuarial and Administration.

Adviser reviews

GS confirmed adviser reviews were held in Q4 2024 which included a tender exercise for both services, with four firms invited to tender for the actuarial services and three for the administration services alongside proposals from Barnett Waddingham as the incumbent adviser. The Trustees undertook robust reviews of each proposal, which was a valuable process to allow the Trustees to benchmark the market, complete a detailed review of the services available; and importantly review and seek assurances around data security processes and procedures. Following this process, the Trustees agreed to appoint Chris Ramsey of Barnett Waddingham as the new Scheme Actuary. The Trustees felt that this appointment will bring fresh ideas to the Strategy, whilst the experienced support actuary Tim Williams will remain in place, providing valuable knowledge of the Scheme. Following the administration review, the Trustees noted that despite the one off GDPR breach, Barnett Waddingham have provided a good administration service, with positive member feedback and value for money. The Trustees also recognised that there was a valuable synergy between Barnett Waddingham as actuary and administrator, in terms of ways of working brings cost savings due to shared practices. The Trustees agreed that Barnett Waddingham would remain as the Scheme's administrator.

Actuarial Valuation

GS advised that during the year the Trustees have worked hard with the Scheme Actuary; as well as consulting with NUS, as the Principal Employer, to complete the triennial valuation, as at

	30 June 2022, with contributions for Unions/Employers remaining at the previously agreed schedule. The valuation has now been signed off within the 15-month statutory deadline for submission. Following the completion of the valuation Barnett Waddingham have communicated the level of deficit repayment contributions for all the Unions. Recognising that some Unions were looking for flexibility in the recovery plan period, the Trustee introduced flexibility options, enabling Unions to pay their contributions by way of lump sums over a 3, 6 or 9 year period. In total 7 Employers have selected the lump sum option, of which 5 are making a 3-year prepayment; and 2 took the 9 year option. **2024 and beyond** GS noted the Trustees have received a number of questions in advance of this meeting in regards to the options and the impact of Employers exiting the Scheme. The Trustees, with advice from the Scheme Actuary, frequently discuss the options available to both the Trustees and the Participating Employers to potentially strengthen the funding position of the Scheme. As covered previously, on 31 March 2022 the University of Manchester Student Union (UMSU) completed a bulk transfer of their liabilities out of SUSS. Whilst the Scheme has received general enquiries around the bulk transfer option, there have been no further bulk transfers. There is another option available to Employers and Unions to exit SUSS; to pay their Section 75 ("S75") debt in full to the Scheme i.e. their share of the cost of securing members' benefits with an insurer. Two Student Unions, Queen Margaret University Students' Union and the University of Exeter Students' Guild have paid their S75 debt in full to the Scheme; and have therefore now ceased to participate in the Scheme with effect from 31 January 2024. The Trustees worked closely with the legal team at Gowling and the Scheme Actuary to establish a process to complete these cessation exercises, and to implement an appropriate methodology to calculate the value of the S75 debt. GS noted that if any Union is interested in exiting SUSS by paying their Section 75 debt in full they can contact the IGG secretarial team.
Legal Update	
2.	AK and PF introduced themselves as legal advisers to the Trustees of the Students' Union Superannuation Scheme (the "**Scheme**"). AK noted they advise the Trustees to ensure that they comply with the law, the rules of the Scheme and that they understand their legal duties. AK went on to outline the legal aspects of Employer departures. There are two scenarios to consider; where an insolvent Employer leaves a scheme involuntarily and when a solvent Employer chooses to leave. PF advised that, in the case of an insolvent Employer leaving the Scheme, provided that certain legal requirements are satisfied, the Pension Protection Fund ("PPF") will step in to provide that Employer's members with compensation in place of the benefits that they have earned in the pension scheme. Within the Scheme rules, when an Employer leaves the Scheme, the Trustees have a discretionary power to segregate a part of the Scheme. This means both the liabilities and a fair share of the assets which are attributable to an Employer can be segregated if it becomes insolvent. Although that is a discretion under the rules, overriding law dictates that, in the event of Employer insolvency, the discretion is deemed to be exercised such that the segregation takes place. The segregated part of the Scheme is then automatically entered into a PPF assessment period. This is a period of time during which the PPF will consider whether or not that segregated part of the pension scheme is eligible for PPF protection and in the event that it is, the PPF will step in and provide compensation in place of the benefits of the affected members. The Trustees' role during the assessment period is almost business as usual while the segregation of the liabilities and a fair share of the scheme's assets takes place. The Trustees still have to administer the benefits during the assessment period, albeit subject to some constraints, which again are imposed by overriding law. If at the end of the assessment period it is deemed that the segregated section is eligible for PPF protection, the PPF steps in and pays compensation in place of the pension benefits that people have earned. In this scenario the liabilities cease to be part of the Scheme and the PPF will take the assets attributable to the segregated part, to become part of the PPF assets. PF went on to outline the impact on the remaining Employers in the event that there is an insolvency. He advised there is no immediate material impact as the PPF provides compensation

	in place of benefits and takes away the assets that have been segregated. He noted that there will be a smaller pool of Employers that will be required to fund the Scheme going forward. AK then advised on the legal process for a solvent Employer exit, where an Employer can choose to leave the Scheme. This is different from the Manchester situation where the liabilities were transferred to another scheme. The Scheme rules say that the Employer must give notice to the Trustees, and that notice has to be in a particular form and comply with certain legal requirements. As with previous exits, GWLG have drawn up the notice in a deed of cessation which is signed by the Trustees, the NUS and the exiting Employer to ensure that the legal requirements are documented. Once the notice period has expired, a statutory debt is triggered, often referred to as a 'Section 75 debt', and that debt is owed by the exiting Employer to the Scheme. The amount of the debt is calculated by the Scheme Actuary and there are regulations that advise the actuary how to calculate the debt. The amount of the debt is intended to cover the exiting Employer's share of the Scheme's liabilities (including the Employer's fair share of any orphan liabilities). PF outlined what happens once an Employer has left the Scheme. Once the Employer has paid its debts, the Employer is legally discharged and therefore does not have any further obligations in relation to the Scheme. The impact on the remaining Employers is not dissimilar to that following the exit of an insolvent Employer, as there is now a smaller group of remaining Employers that will be required to fund a smaller deficit as the Section 75 debt was paid on the Employer's exit. AK confirmed that, if the Principal Employer wishes to leave the Scheme, a deed of cessation will be put in place to document the notice requirements (in the same way as for a solvent departure as discussed above). The deed will also document the appointment of a new Principal Employer. The exiting Principal Employer will not be released from its obligations as Principal Employer until a new Principal Employer is appointed.
Union Options	
3.	CR introduced himself as the new Scheme Actuary to SUSS, noting he is also a partner at Barnett Waddingham with responsibility for the overall client relationship with the Trustees. **Employer exits** CR advised that the University of Exeter Students' Guild & Queen Margaret University Students' Union exited the scheme on 31 January 2024. This means they no longer have any responsibility for funding the scheme in the future. In exchange they had to pay what is called their "Section 75 debt"; the Trustees' assessment of the amount that it would cost to purchase annuities with an insurer for all the liabilities they are responsible for (including their share of any orphan liabilities). It also covers the adviser costs of winding-up the Scheme, although this is an assessed value rather than an action that is taken. In total this resulted in a debt payment of about £4.8m. Several other Unions have since enquired about their Section 75 debt amount as they would like to understand how much it would cost in the event they did exit. CR went on to outline the positives and the challenges of exiting the Scheme. Upon leaving the Scheme the Employer has no further obligation to SUSS, all of the pension is risk removed and in cash terms, the debt is less expensive than in recent years (because of rising interest rates). One of the challenges of exiting the Scheme is the section 75 debt being based on solvency deficit. This is more than the Scheme Funding deficit as it is made up of the buy-out cost plus wind-up expenses. The debt is also higher than the share of SUSS's solvency deficit due to losing economies of scale. Finally there are legal and actuarial expenses due for exit, and expenses associated with the Employer appointing their own advisers. CR advised the implications for the remaining Employers through the following table, which shows the position for an example remaining Union:

Example remaining union position

	Before any exits	Exeter and Queen Margaret only (c£4.8m)	All unions enquired (c£32.5m)
Share of funding liabilities	5.0%	5.2%	7.2%
Share of funding deficit	£4.4m	£4.3m	£4.0m
Share of buy-out deficit	£5.3m	£5.3m	£5.3m

The Trustees will carefully consider whether any changes should be made to their investment strategy following any employer exits to protect the remaining employers.

CR noted the table shows three scenarios; no Employers exiting, just Exeter and Queen Margaret exiting and all the Unions that had enquired to date exiting (about 1/3rd of Employers). In summary, with the exits the overall buy-out position stays about the same and the funding position improves. However, the remaining Unions would pick up a greater share of any new deficit emerging in future after the exits compared with before. The Trustees are considering the impact of S75 exits on individual Employers, to see whether any changes should be made to the investment strategy to protect those Employers that choose to remain.

Following a question received by Portsmouth, CR noted that the remaining Employers will benefit from an improved funding position as Employers pay a premium for exiting the Scheme.

Following a question received by the Unions regarding the risk for remaining Unions, CR confirmed that there are risks with choosing to remain or leave the Scheme. Unions exiting the Scheme means the extra funds are invested to ensure the remaining Unions are appropriately managed.

A question was received by Gloucester asking whether the Scheme exits valuations are based on the Scheme's investment's performing better or worse than expected. CR confirmed the Scheme's assessment of debt paid is based on what it would cost to go to insurance market now and buy an annuity contract.

A question was received by the Unions regarding what happens if the PPF fund don't agree to compensate in the event of an insolvent Union and what is the likelihood of this happening? The legal adviser advised there are a number of reasons the PPF may not assume responsibility for the segregated part of SUSS; one circumstance would be that during the assessment period if the segregated part had significant assets more generous than the PPF compensation, the segregated section would remain segregated for the insurance transaction. There would be no detriment to the remaining Employers, just curtailment of those in the segregated section but the benefits would be greater than PPF compensation. It is unusual for the PPF not to agree to compensation during the assessment unless the Scheme can afford to provide better benefits than the PPF compensation. A follow up question was received regarding what communication members receive when S75 debt is paid by a Union. GS confirmed this would be communicated in the annual newsletter update to members.

	CR went on to provide a recap on other exit options available to Employers, with the default being Employers continue within SUSS paying Deficit Reduction Contributions and nothing changes. He outlined four other key options; exiting the Scheme, transferring to another Scheme and top up transfer values. Most Deferred Members of SUSS are entitled to take a transfer to another scheme but because of the underfunding, the Trustees currently pay only about half the value of their benefits on transferring therefore the uptake is low. There is an option for Unions to offer to top up transfers which is helpful for members and encourages more take-up. Despite paying the top up, this would still cost less than the funding cost and buy-out cost, so would still be financially beneficial to the Union and also reduces the Unions' risk too. There is also the option for Unions to pay deficit contributions in advance at a discount which was given at the last valuation, and is something that the Trustees will consider offering again at the next valuation. The final option is for Unions to transfer benefits to their own scheme, as Manchester's Union did by transferring to University of Manchester Superannuation Scheme. In this scenario members transfer to another DB scheme so the Employer needs to have another scheme (or set up a new scheme) and that scheme needs to be willing to accept the transfer. The share of the fund is reduced to pay for split service members, orphan members and the covenant premium. The main benefit of this is it gives greater control to the Union or University. The Union no longer has any liability to SUSS but the liability does exist to the new pension scheme. There will be a small reduction in deficit for the remaining Unions. A question was raised by the Unions regarding whether the Union that transfers has to take any of the debt of the split service or orphan members. CR advised that for a transfer the Union has to fully pay for the split service and orphan members so the Union has to top up any deficit in advance prior to transferring. A further question was raised, whether SUSS would improve top up offer. GS confirmed there are limited of funds available so this would reduce SUSS' funding level and, not doing so ensures fairness for all Employers.
Actuarial Valuation	

4.

CR provided a recap of the 30 June 2022 valuation results, as follows:

	Scheme Funding	Solvency
Liabilities	£242.3m	£261.4m
Assets	£106.7m	£106.7m
Surplus/(deficit)	(£136.6m)	(£154.7m)
Funding level	44%	41%

Maintained existing contribution levels
(Total c£9m pa, increasing at 5% pa)

Recovery Plan extended to 1 May 2037

Offered discounted 3-, 6- and 9-year payment options

CR noted since the valuation the position has improved significantly. The deficit has fallen more than expected and the funding has improved a lot more than expected. Similarly the buy-out position has also improved a lot which means S75 debts will be cheaper than previously. This picture is not unique to SUSS, USS's funding position shows a similar picture. The main reason for this is changes in long term interest rates. The higher interest rates are the greater the investment returns we expect in the future will be, hence the better funding position. Interest rates rising has been positive for SUSS but also means the Scheme is at risk if interest rates reduce faster than expected.

CR advised that this is just an approximate update and full valuations are carried out every three years in order to assess the funding position and agree any new contribution requirements. The three yearly timetable comes from legislation and the next actuarial valuation is due at 30 June 2025. The Scheme has up to 15 months after this to agree the valuation, after which any changes in contributions can be reflected in the Union accounts. At present it is expected that the next valuation will result in a shorter recovery plan because the funding position has improved. This is not certain due to a number of factors such as markets, reviewing assumptions, updated membership data and negotiation with the employers. CR noted that this will also be the first valuation when TPR's new funding rules come into force. It is expected TPR will be a lot more explicit about "what good looks like" and the Trustee board will need to think about the implications of this.

CR noted that the biggest uncertainty is most likely to be investment markets. The Trustees are currently looking at the amount of risk they are taking in their strategy to make sure they have the balance right. They are looking to reduce risk were possible, but not go too far to sacrifice too much return and therefore require more in contributions from Unions.

A question was raised regarding whether the future valuation is going to be used to cut the recovery plan duration rather than spreading the cost until 2037 like the last valuation. CR confirmed TPR's new Funding Code will have explicit requirements for actuarial valuations and TPR would like to see shorter recovery plans. The Trustees will consider this as part of the upcoming valuation.

A question was raised surrounding the ongoing review of GMP Equalisation within pensions and whether the costs and outcomes of this review will take into account the S75 exits. CR confirmed this this has been allowed for in the actuarial valuation so far and would only be a small number.

CR went on to note the PPF levy which is payable at the end of 2024. It is expected to be lower again this year for most Unions. CR reminded the Unions to keep an eye on their D&B score and make sure their information is up to date as this impacts the PPF levy.

	CR advised on the accounting for pension costs which is included as a note to annual accounts. The liability is based on the present value of all the contributions due from the Employer under the latest Schedule of Contributions which is updated every three years. These are discounted to the accounting date at a rate agreed by the auditors, updated every year. The Union may be asked to disclose some valuation assumptions which is taken from the latest Scheme Funding Report.

Principal Employer Update

5.

PR introduced himself as the director of NUS Charity. He noted that the Principal Employer, NUS UK, activities are delegated to NUS Charity. NUS UK are considering paying their S75 debt as the debt would be less than current deficit shown on their balance sheet. NUS UK's major asset is the preference shares in Howden UK&I. These are currently worth £13.2m and bring in £792k annually. They are guaranteed at the current return rate until 2029. It is unknown whether the dividend would extend past 2029. NUS UK's major liability is the SUSS Pension Scheme deficit. It is currently valued at £9.9m and costs us £787k annually. NUS UK are due to pay off the debt in 2037. The major assets/liabilities are shown below:

	Asset: Howden UK&I preference shares	Liability: SUSS Pension Scheme deficit	Net impact on NUS UK
Total value	£13.2m	(£9.9m)	£3.3m
Costs/income 23-24	£792k	(£787k)	£5k
End of contract	2029	2037	

PR advised the assets outweigh the potential liability by £3.3m and the amount paid out to SUSS is covered by shares with £5k remaining. The reasons NUS UK is considering the S75 debt is because the deficit payment starts to widen. The SUSS annual costs increase by 5% each year and from 2024/25 the annual income from the Howdens shares will not cover this, as follows:

Financial Year	SUSS deficit payments	Endsleigh receipt	Financial Gap
2024/25	£826,412	£792,000	(£34,412)
2025/26	£867,733	£792,000	(£75,733)
2026/27	£911,120	£792,000	(£119,120)
2027/28	£956,676	£792,000	(£164,676)
2028/29	£1,004,510	£792,000	(£212,510)
2029/30	£1,054,735	£ -	(£1,054,735)

A question was received from Liverpool Guild regarding clarification of whether the new Principal Employer needs to be in place prior to the current Principal Employer leaving. PR confirmed this would be dealt with together.

A question was received regarding requesting the S75 estimates and GS confirmed Employers should contact the SUSS secretarial team.

A further question was raised regarding the liability that NUS UK have and the liability that NUS Charity have. PR confirmed the balance sheet values at 30/6/23 year end are NUS UK c. £9.9m and NUS Services (the NUS Charity isn't the scheme member but owns NUS Services which is) is c. £2.5m.

Finally PR confirmed the NUS Charity would be willing to take on the Principal Employer role, if NUS UK decide to exit and the members approve this.

Investment Strategy Update

6.	PSG introduced himself as an MNT and pensioner of the Scheme, and lead Trustee on investment. He introduced JF from Schroders Solutions.

	PSG noted that in the 18 months since appointing Schroders the Trustees have been working with them to design an investment strategy as well as transitioning funds and getting reporting in place. The assets of the Scheme were transferred in May 2023 and investments have delivered positive returns above the target benchmark of gilts +2.4%, benefiting from strong investment markets. The Trustees have considered ESG within the investment and are pleased with Schroders' approach to sustainability, which was an important consideration when appointing them. JF went on to outline the market performance over 2023, noting there was a strong end to the year which masked another turbulent year. Global equities were up over 20% for 2023 with government bonds being flat. Performance was particularly strong in the final quarter of 2023, with half of the year's returns for global equities and the majority of credit returns achieved in this period. He confirmed that performance for the Scheme had been strong and this was reflected in the positive funding progress detailed earlier in the meeting. JF provided a recap on the investment strategy, noting 60% of the assets were allocated to Growth Assets tasked with providing outperformance to improve funding. The Scheme also has a strategic asset allocation of 40% to liability hedging assets, which aims to reduce the impact changing interest rates and inflation expectation have on the liabilities. Since 30 June 2022 there had been a 10% increase in the funding level directly as a result of strong Growth Asset performance and Union contributions into the Scheme. The Technical Provisions deficit has also improved from c.£140m at the 30 June 2022 actuarial valuation to c.£80m today. Growth outperformance and contributions have contributed to this too, but what's been far more impactful has been rising interest rates given the value of the liabilities has fallen far more than the value of the Scheme's assets. A question was raised by the Unions surrounding insuring liabilities. JF confirmed there is an option to purchase a annuity contract and buy-in a portion of the Scheme's liabilities. This option will be considered alongside a number of other opportunities. JF went on to outline Schroders' market outlook. Inflation fell significantly throughout 2023, providing flexibility for central banks to signpost easing monetary policy in 2024. The question now is when rate cuts happen and whether they reflect gradual policy normalisation or growth concerns. Schroders are closely watching evidence of economic buffers reducing, notably a decrease in savings and a gradual softening of the labour market. However, unemployment remains near record lows, and real wages rising help support consumer confidence. Economic fundamentals and corporate earnings do not suggest a recession, supporting a more neutral asset allocation for now. However, given economic buffers are waning, Schroders continue to maintain moderately sized risk hedges. Positive economic outcomes are still possible, and Schroders may look to add to risk assets if they see more attractive valuations, continued low unemployment and coordinated monetary and fiscal policy support but are vary of the risk associated with what is a significant election year globally. JF noted one of key benefits of Fiduciary Management is that the Scheme can be nimble and adjust to changing market positions. This means as recessionary fears have eased and Schroders have reduced recession hedges, the Scheme has benefited increasingly from the uptick in markets. He provided a breakdown of the SUSS growth portfolio, SUSS' core return-seeking allocation, and showed how the Scheme was positioned within the prescribed ranges over time. JF advised that sustainability is important to Schroders and is embedded across the portfolio to improve expected risk and return over the long-term. Schroders are committed to the climate transition and Net Zero by 2050, and its targets are approved by independent bodies. He noted the implied temperature rise metric, which calculates the degree of temperature rise on projected carbon emissions. Based on the portfolio this is 2.6°C, with Schroders pushing to reduce that to 2.2°C above pre-industrial levels by 2030 and 1.5°C by 2040, which they believe to be aligned with the Paris agreement.

	JF went on to outline Schroders' and the Trustees' agreed engagement priorities; Climate, Natural Capital and Biodiversity and Human Rights. He outlined some recent examples of these, as follows: - H&H Group - Engagement on the company's strategy for reducing the carbon footprint of the dairy cows in their supply chain and progress towards BCorp certification. This led to the company meeting the high standard of social performance and they were accredited with BCorp certification in December 2023. - Tyson Foods - Engagement to push the company to comply with World Health Organisation's ("WHO") Guidelines on antimicrobial use throughout supply chains. - Nike - Engagement on their cotton sourcing policy and any progress they had made on the traceability of the cotton used due to the lack of transparency over cotton sourcing in the industry. Lastly, JF noted that there were many more examples such as these which are detailed in the annual implementation statement in the accounts each year. He also signposted to Schroders' website where attendees could find out more about how Schroders think about and act sustainability in investment on behalf of the Trustees. A question was raised regarding the annualised investment return in the last 10 years and 3 years. PSG stated that the investment return needs to be considered in context of the Scheme's liabilities and the investment return has have exceeded the expected return in almost all of the last 10 years. The Trustees can obtain this information but it is not one of the KPIs measured. The Trustees and Fiduciary Manager focus more on the Scheme funding and impact of hedging of Scheme liabilities. A follow up question was asked regarding SUSS publishing the expected and actual KPIs in the last five years. PSG advised the investment returns are published annually in SUSS' Report and Accounts which is a public document available to all members.
Covenant Monitoring	
7.	BWa introduced himself as an ENT for the Scheme to provide an overview of the Scheme's covenant monitoring. He advised that the Trustees have put together new documents to provide an explanation and background of the Scheme which can be found on the SUSS website. The health of the wider sector has been challenging over the last few years. There is a divergence of financial sustainability due to fee income and student recruitment. A recent review of sector finances by the Joint Negotiating Committee for the Higher Education Sector (JNCHES) found that 25 to 30 universities are in financial difficulty. BWa advised the Trustees have a range of responsibilities under the Pension Schemes Act 2021 to ensure that Employers are fit for purpose and able to keep obligations. This is traditionally done through long term, light touch covenant monitoring. The Trustees want to do more covenant monitoring to ensure the figures from Employers are up to date in order to set DRCs as fairly as possible. There will be a questionnaire being issued to Employers later this year and the Trustees encourage participation. BWa noted the Trustees are engaging with Unions and Trustee boards both through formal meetings and informal conversations with executives and boards, and this offer is open to all Unions. Trustees' engagement with Higher Education Sector bodies is critical. SUSS maintains relationships with British Universities Finance Directors Group ("BUFDG") and Association of the Heads of University Administration ("AHUA") which opens dialogue to deal with misinformation regarding SUSS and NUS roles. A question was raised regarding where Unions can find information on which basket they were previously categorised by. BWa noted that the S75 debt will look at where the baskets are, although these are not as relevant as they were and the Scheme may look at re-basketing Participating Employers.
Questions	

8.1	GS thanked the Employers for their questions throughout. He noted that a question had been raised regarding more information on orphan liabilities and the Trustees will take this on board. A further question was raised regarding the information shared with members and GS confirmed the Trustees write to members annually and this will be covered in the newsletter later in the year.
8.2	GS thanked everyone for their time and asked the Employers to get in touch: 1. If you or your colleagues are interested in being a Trustee 2. If you would like us to meet your individual Union during the year 3. If you intend to incorporate 4. If you have queries around contributions, levies or are facing financial difficulties 5. If your key personnel from a SUSS perspective change GS directed the Employers to slides 54 and 55 for contact details. The meeting concluded at 13:00.