

Universities Superannuation Scheme Limited (“USSL” or “Trustee”) **Director Job Description**

A vacancy has arisen on the board of directors of USSL, the trustee of USS, for a UCU appointed director who is also a pensioner member of the Scheme.

Position: Pensioner director of USSL board (“**board**”) and member of USSL

Responsible to: Chair of the board

Universities Superannuation Scheme (“**USS**” or the “**Scheme**”) is the largest pension scheme in the UK, with total fund assets of more than £68 billion (at 31 March 2019). The Scheme’s trustee is Universities Superannuation Scheme Limited (“**USSL**”), a corporate trustee, which provides scheme management and trusteeship. USS Investment Management Ltd (“**USSIM**”), a wholly owned subsidiary of USSL, is the principal investment manager and advisor to USSL.

The role of the board (and therefore its directors) is to provide the overall leadership, strategy and oversight of USS and the subsidiaries that help run and invest its assets including USSIM. This role includes monitoring and oversight of USSL’s operations, ensuring competent and prudent management, sound planning, proper procedures for the integrity of financial information and the maintenance of adequate systems of internal control, and for compliance with statutory and regulatory obligations.

Key responsibilities include overall oversight of the administration of the Scheme to ensure that:

- (i) USS is adequately funded;
- (ii) the assets of the Scheme are properly invested in line with the Scheme’s investment principles and relevant law;
- (iii) benefits are paid when they fall due;
- (iv) the Scheme is effectively administered in line with objectives and relevant legislation, regulation and regulatory guidance including that issued by the Pensions Regulator (“**TPR**”);
- (v) the Scheme and its administration continue to meet the needs of the UK higher education sector; and
- (vi) there is appropriate oversight of USSIM.

The board is comprised of ten to thirteen directors comprising:

- Four directors appointed by Universities UK (“**UUK**”);
- Three directors appointed by University and College Union (“**UCU**”)¹; and
- Between three and six independent directors appointed by USSL.

There is no distinction in terms of powers, duties and responsibilities between directors appointed by UUK and UCU and those appointed by USSL.

Duties and powers

As a director of the Trustee, the principles of trusteeship impose certain fiduciary duties and responsibilities on the board and each individual director. TPR’s *Trustee guidance* provides a general overview of the duties and responsibilities. These are broadly summarised below:

¹ At least one of whom must be a pensioner member, as defined in the Scheme Rules.

- To act within the framework of the law and the regulatory requirements and in accordance with the Scheme Rules and other documents that govern the Scheme;
- To act in the best interests of members and beneficiaries. A duty to balance fairly the interests of different groups, to act impartially between different classes of beneficiaries (not necessarily to act equally) and to not act with any sense of “constituencies”. Once appointed, all directors share the same responsibilities to the entire membership;
- To pay benefits on time and correctly;
- To act prudently, honestly and conscientiously, with the utmost good faith;
- To take advice on technical matters and on any other matters with which the director is not fully familiar. Decisions should be taken only by persons with the right skills, information and resources needed to take them effectively;
- To derive no personal gain from the Scheme (other than as a member or where payments have been authorised by the board, such interest having been declared where known);
- To invest and ensure the safe custody of the Scheme’s assets; and
- To ensure that proper records and accounts are kept and that information is communicated and disclosed as legally required.

Directors’ responsibilities

All directors of USSL are required to comply with the director responsibilities and duties set out in the Companies Act 2006 and all other relevant legislation. In order to carry out the role in accordance with the principles outlined above, directors are expected:

- To adhere to the principles of trusteeship;
- To understand and be committed to the aims of the Scheme;
- To devote sufficient time to undertaking the role, including preparation for meetings, board meetings and committee meetings of which they are a member;
- To review all documents required to be approved by the board;
- To constructively challenge, debate intelligently and test recommendations from committees (where applicable), the USS group executive and USSIM and to challenge advisers to ensure sound decisions are made;
- To ensure they have sufficient knowledge and understanding to undertake the role (both at commencement of their tenure and at all relevant times), including undergoing training and improving knowledge and understanding (on an ongoing basis) in accordance with the Trustee Knowledge and Understanding requirements of the Pensions Act 2004, any other relevant legislation and specific requirements of the Scheme;
- To reflect annually on board performance and individual performance and carry out identified actions for improvement, including undertaking appropriate training and education to develop and refresh knowledge and skills;
- To disclose any conflicts of interest;
- Not to use, directly or indirectly, or disclose any confidential information relating to the USS group or the Scheme for any purpose other than the proper fulfilment of their duties (in order to discharge this responsibility, it is essential for directors to separate this role from any other positions/commitments);

- To meet all legal and regulatory requirements in relation to fitness and propriety including (but not limited to) honesty, integrity, financial soundness, competence and conduct; and
- To submit to and satisfy the requirements of any appropriate criminal record, financial or other checks and provide any information or evidence reasonably required to establish a director's fitness and propriety or to satisfy any other regulatory requirements.

In addition to fulfilling their duties as a director, each USSL director automatically becomes a member of USSL (a company limited by guarantee) on appointment.

Technical and behavioural skills / competencies

The law requires that trustees and directors have knowledge and understanding in a number of specified areas. Although training is provided, and the Trustee has the benefit of the skills of the group executive and the assistance of professional advisers, board directors are required to have the skills and competencies listed below at an appropriate level to enable them to discharge their functions as non-executive directors.

USS is the largest private pension fund in the UK by reference to assets under management. Enabled by its relative scale, USS chooses to perform many pensions administration and investment management activities in-house. This reduces agency issues, and overall costs. The USS Group therefore has significant responsibilities for the management and execution of complex operational and advisory functions at scale and would in its own right be a sizable pensions administration or investment management business. The experience, expertise and capabilities required below should be seen as proportionate to the oversight and governance of an organisation of this nature. All directors are therefore required to have the general technical and behavioural competencies set out below.

Technical competencies²

- **Strategic thinking:** Focus on strategic issues and a willingness to share responsibility for USS's strategic vision; impact of legislative requirements; link between strategy and daily running of the Scheme.
- **Pension Technical:** Legal and regulatory framework; trust, pensions and tax law as applied to both defined benefit and defined contribution schemes.
- **Funding:** Principles for funding of the Scheme and valuing of liabilities; the impact of the employers' financial position; impact of the Scheme's investment policy.
- **Investment:** Legal and regulatory framework; investment principles, practices and options; the nature of risk and reward; asset classes and strategic asset allocation.
- **Administration:** Administration and audit requirements, application of the Scheme Rules, operational risks and risk management.

Behavioural competencies

² An appropriate level of numerical skills is key to fulfilling the 'funding' and 'investment' technical competencies.

- **Communication and influence:** Demonstrable good communication skills including the ability to transfer thoughts and express ideas; engage and influence others and gaining their support.
- **Numeracy:** strong mathematical skills, ability to understand and analyse complex numerical information and to make the right conclusions and decisions.
- **Planning and organising:** Establish courses of action to achieve objectives; determine priorities; allocate resources effectively.
- **Teamwork:** Cooperate and work with others toward solutions that accomplish objectives; engaging with the executive, where appropriate, outside of formal board and committee meetings in relation to the director's areas of specific expertise (including by the provision of guidance, advice and support whilst recognising the delineation of executive and non-executive activities).
- **Decision-making:** Make rational and realistic decisions, using relevant knowledge and experience.
- **Leadership:** Create a shared vision and sense of direction; clarify means of achievement; generate enthusiasm, commitment and trust to the vision and purpose of the Trustee company; commitment to the board code of conduct. At all times, role model the values of the USSL in interactions with other directors and members of the executive team.

TPR's Scope Guidance document and Codes of Practice: 07: Trustee Knowledge and Understanding 15: Authorisation and supervision of master trusts and 13: Governance and administration of occupational trust-based schemes providing money purchase benefits should be consulted for more details on technical competencies.

Specific Skills and Experience

It is **essential** that the successful candidate meets the following criteria as at the date of appointment:

Pensioner Member

- The successful candidate must be a pensioner member of the Scheme as defined by the Scheme Rules upon and during their appointment.³
- Deep understanding of the views of pensioner, active and deferred members of the USS Scheme and their beliefs and preferences in relation to the products, flexibilities and services offered by the USS Scheme to its members.

General Capabilities and Experience

- The successful candidate must have a good understanding of the Higher Education Sector and must also have a good understanding and/or working knowledge of the role of trade unions in industrial relations.
- The successful candidate must be willing to work with and engage with UCU in order to understand UCU's views.

³ The Scheme Rules provide that "**Pensioner Member**" means a *pensioner* who is drawing a pension from the *fund* by reason of having been a *member* or would in the opinion of the *trustee company* have been so but for the pension being commuted under rule 53 (Commutation above lifetime allowance) or rule 54 (Total commutation for serious ill-health).

- The successful candidate must have demonstrable expertise and capabilities proportionate to the governance and oversight of the USS Group (reflecting the scale and complexity of the Group and the significant responsibilities that the USSL board has). Whilst there is some flexibility as to how such capabilities could be demonstrated the following are examples of the types of competencies that would be highly valued:
 - Knowledge of DB, DC and mixed benefit pension funds.
 - Experience as an executive director, non-executive director or trustee of a large, complex organisation.
 - Proven track record as a board and/or committee member.
 - Excellent working knowledge of corporate governance best practice and/or TPR's codes of practice and guidance in relation to the effective trusteeship of pension funds.
 - Knowledge of financial regulation and associated codes of practice (e.g. FCA, FRC etc).

As it is anticipated that all USSL directors will join one or more of the USSL board's sub-committees it is desirable (but not essential) for the successful candidate to also have the competencies that would make them a suitable candidate to join one or more of the board's sub-committees. Examples of the types of competencies required by the different sub-committees are as follows:

Audit committee

- Experience as a member of (or adviser to) an audit committee in a large and complex (preferably financial services organisation) and an understanding of the effective operation of audit committees.
- Recent and relevant financial experience.

Governance and nominations committee

- Significant knowledge and experience of the principles, practice and implementation of effective corporate and scheme governance arrangements.
- Excellent knowledge of corporate governance best practice including the UK Corporate Governance Code and TPR's codes of practice and guidance in relation to effective trusteeship of pension funds.
- Understanding of the USSL board's role in, and responsibilities for, sound governance and administration.
- Experience of recruitment principles and practice and an understanding of effective board/senior management succession planning.
- A knowledge and understanding of performance management methodologies including appraisal processes, skills auditing and effectiveness reviews and the process by which they feed into performance improvement.

Investment committee

- Understanding of macroeconomics, investment principles, different assets classes and strategic asset allocation.
- Understanding of investment choices and implications for members.
- Understanding of investment valuation, including private market assets.
- Understanding of best practice in relation to ethical investment, responsible investment and the use of ESG investment criteria.

Policy committee

- Knowledge and understanding of strategic pension policy issues.

- Experience of DB and DC pension fund arrangements including new product and service developments.
- Experience of trust deed and pension scheme rules.
- Practical knowledge/experience of effective member and employer engagement, education and communication strategies.

Remuneration committee

- Knowledge of the investment management business environment, especially with regard to remuneration practices.
- Remuneration practices in commercial organisations (asset management or public companies).

Time Commitment and term of initial appointment

In addition to being members of the USSL board, it is anticipated that directors will become members of one or more of the board's sub-committees, and may be asked to chair a committee. Directors are expected to attend all (or almost all) meetings. The USSL board typically meets 8 times a year in person (and additional meetings are arranged where necessary). Directors are also required to attend the annual Institutions Meeting and the additional training and strategy sessions arranged for the USSL board throughout the year. The board's sub-committees typically meet 4-8 times per year. In addition, directors are encouraged to participate in other events for stakeholders or staff e.g. Investment Team Open Day. Meetings are held at USSL's offices in London or Liverpool. Directors must ensure that they can make sufficient time available to discharge their responsibilities effectively.

The appointee will be expected to meet with UCU approximately 3 times a year and also attend bi-monthly conference calls.

USSL is committed to ensuring that its board has all of the necessary knowledge and understanding to run the Scheme. For this reason, prior to commencement of their appointment to the board, USSL directors are required to complete the TPR toolkit (or evidence their completion of an equivalent programme). On appointment they will also be expected to complete an induction programme (leading to an enhanced time commitment during their initial few months on the board). Thereafter, USSL directors are expected to take opportunities to develop and refresh their knowledge and skills throughout the course of their appointment, including familiarising themselves with the key challenges and areas of risk facing the UK higher education sector and changes in the pensions landscape.

The selected candidate will be appointed to the board for an initial 4-year term of office (although there is the possibility in certain circumstances to extend this term, by mutual agreement). At the end of the initial term of office there may be an opportunity for the successful candidate to apply for reappointment.