

Report for: Pensions Committee 22nd November 2016

Item number: 9

Title: Funding Strategy Statement (FSS)

Report authorised by: Tracie Evans, Chief Operating Officer (COO)

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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key decision

1. Describe the issue under consideration

- 1.1. To consider the draft Funding Strategy Statement attached at appendix 1 of this report and agree to the statement being circulated for consultation with the participating employers. A final report will be presented to the March 2017 meeting together with the actuarial valuation report as at 31st March 2016.

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

- 3.1. To agree that the draft Funding Strategy Statement is circulated for consultation with pension scheme employers subject to any further changes agreed at this meeting.

4. Reason for Decision

- 4.1. The Fund is required to keep the FSS under review and to update the statement where there has been a material departure from current policy. CIPFA guidance on reviewing and update of the FSS makes clear that Funds should consult with appropriate stakeholders when updating the FSS.

5. Other options considered

- 5.1. None.

6. Background information

- 6.1. The Pension Fund is required to maintain a Funding Strategy Statement (FSS) that sets out the basis on which contributions are set and in particular the plan to achieve and maintain sufficient assets to meet the pension liabilities. The FSS is normally updated prior to agreeing the tri-annual valuation report to ensure that the two documents are consistent. There is a requirement that changes to the FSS are consulted upon with scheme employers prior to implementation.

7. Contribution to Strategic Outcomes

- 7.1. None.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

- 8.1. The FSS determines the basis on which contributions are paid by the Council and other employers. To protect the Council, assumptions and procedures are prudent but not excessively so. There is provision to offer stability of contributions to those employers such as the Council that are financially strong.

Legal

- 8.2. The Fund must keep the funding strategy statement under review and, after consultation with such persons as it considers appropriate, make such revisions as are appropriate following a material change in its policy set out in the statement, and if revisions are made.
- 8.3. In reviewing the funding strategy statement the Fund must have regards to the guidance set out in the document published in March 2004 by CIPFA, the Chartered Institute of Public Finance and Accountancy and called "CIPFA Pensions Panel Guidance on Preparing and Maintaining a Funding Strategy Statement and the statement of investment principles published by the administering authority under regulation 12 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 (members should note that this Regulation is due to be replaced by Regulation 7 in the proposed new Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016) which is at the moment being consulted on.

Equalities

- 8.4. There are no equalities issues arising from this report.

9. Use of Appendices

9.1. Appendix 1 – Draft Funding Strategy Statement

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.