

FUNDING STRATEGY STATEMENT

Report of the County Treasurer

Please note that the following recommendations are subject to consideration and determination by the Committee before taking effect.

Recommendation: That the Board notes the revised Funding Strategy Statement set out in Appendix 1 to this report, and submits any comments to the Investment and Pension Fund for consideration.

1. Introduction

- 1.1. The Local Government Pension Scheme (LGPS) Regulations 2013 require all Pension Administering Authorities to prepare a Funding Strategy Statement (FSS) in consultation with all Employers participating in their respective Fund.
- 1.2. Following completion of the 2016 Actuarial Valuation, a revised FSS has been drafted in conjunction with the Fund Actuary (Barnett Waddingham). The document is set out at Appendix 1. The document has been revised in order to reflect updated regulations, practice and actuarial assumptions.

2. Revised Funding Strategy Statement

- 2.1. The purpose of the FSS is to explain the funding objectives of the Fund and how the costs of the benefits provided under the Local Government Pension Scheme are met through the Fund. It also defines the objectives in setting employer contribution rates and the funding strategy that is adopted to meet these objectives.
- 2.2. The FSS sets out the assumptions used by the Actuary in the actuarial assessment, and how the Devon Fund plans to achieve long term cost efficiency while aiming to maintain contribution rates as stable as possible. It also analyses the risks to the funding strategy and how those risks are managed. It should be read in conjunction with the Investment Strategy Statement. These assumptions have been updated to reflect the 2016 Actuarial Valuation.
- 2.3. The other main changes in the revised FSS are set out below:
 - Section 5 Key parties – scheme members have been added.
 - Section 8 Deficit Recovery/Surplus amortisation periods – largely unchanged but now the deficit recovery period at Fund level is stated.
 - Stepping of employer contribution rates – this provision has been deleted as no stepping is allowed for in the Valuation.
 - Section 10 Cessation Valuations - new second and third paragraphs have been added to reflect the extra experience and expertise that have been added to the approach added during the inter-valuation period.

- Section 11 – Links with the Investment Strategy Statement – new second paragraph added to tighten the approach.
- Section 12 Risks and counter measures – largely unchanged but Governance now includes a paragraph on the risk review of employers the Fund undertakes with the Actuary on a minimum three-yearly basis along with the communication of results to letting authorities in the event of an adverse result involving an admitted body.

3. Conclusion

- 3.1. The Board is asked to review the draft Funding Strategy Statement and consider whether it complies with the regulations, and provides an effective and efficient strategy to meet the Fund's liabilities and achieve full funding. In addition to comments from the Pension Board, the draft FSS will also be sent out for consultation to Fund employers through Pensions Line, the quarterly e-zine for Devon and Somerset LGPS employers.
- 3.2. Any comments from the Pension Board or Fund employers will be brought to the attention of the Investment and Pension Fund Committee and will be taken into consideration in the final version to be approved by the Committee.

Mary Davis

Electoral Divisions: All

Local Government Act 1972

List of Background Papers - Nil

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