

## 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 Committee approves and adopts the revised Funding Strategy Statement set out in Appendix 1 to this report.**

#### 1. Introduction

- 1.1. The Local Government Pension Scheme (LGPS) Regulations 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 2013 Actuarial Valuation, a revised FSS has been drafted in conjunction with the Fund Actuary (Barnett Waddingham). The document is set out at Appendix 1.
- 1.3. As agreed by the Committee at its last meeting, the revised document was sent out to Fund Employers for consultation on 9<sup>th</sup> July through Pensions Line, the quarterly e-zine for Devon and Somerset LGPS employers, with a closing date for comments of 1<sup>st</sup> August. No comments were received.
- 1.4. Whilst the content of the document has not substantially altered, it has been revised in order to reflect updated regulations and practice. The main changes are summarised below.

#### 2. Revisions to the FSS

- 2.1. Section 1 - Introduction  
This section has been re-worded slightly and the reference to the appropriate regulation is updated in accordance with the Statutory Instruments that set out the new 2013 LGPS scheme. The intention of the section is still to establish title and ownership.
- 2.2. Section 3 – Purpose of the Fund  
Two bulleted purposes have become three – meeting costs have been separated out from paying out monies.
- 2.3. Section 6 – Funding Strategy, Section 7 - Funding Method, Section 8 – Valuation Assumptions and Funding Model, Section 9 – Deficit Recovery/Surplus Amortisation Periods, Section 10 – Pooling of Individual Employers, and Section 11 – Stepping.  
Previously one overlong section, this has been broken down into six sections to aid reference. Otherwise unchanged except for some specific detail around future pay inflation assumptions (previously section 6.3.4) that is no longer relevant.

- 2.4. Section 12 – Cessation Valuations (previously section 7)  
Previously one paragraph, this has been broken down into two. Otherwise, is unchanged.
- 2.5. Section 13 – Links with the Statement of Investment Principles (SIP) (previously section 8)  
Now only one paragraph, a second paragraph on the discount rate (previously 8.1.2) has been omitted as unnecessarily repetitive.
- 2.6. Section 14 – Risks and Counter Measures, Section 15 – Financial Risks, Section 16 – Demographic Risks, Section 17 – Regulatory Risks, and Section 18 - Governance (all previously section 9)  
Previously another overlong section, this has been broken down into five sections to aid reference. Otherwise, is unchanged.

### **3. Conclusion**

- 3.1. As no comments have been received from Fund Employers, members are asked to approve the revised FSS. The document will then be published on the website, and all employers will be notified where they can access the document.

**Mary Davis**

**Electoral Divisions: All**

Local Government Act 1972

List of Background Papers - Nil

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