



<u>Committee and Date</u>
Pensions Committee
20 March 2014
10.30 a.m.

<u>Item</u>
11
Public

FUNDING STRATEGY STATEMENT

Responsible Officer Justin Bridges

e-mail: justin.bridges@shropshire.gov.uk

Tel: (01743)
252072

Fax (01743)
255901

1. Summary

- 1.1 The report informs Members of the requirement to publish an updated Funding Strategy Statement. It sets out the Funding Strategy Statement which forms the basis of the 2013 Actuarial Valuation.

2. Recommendations

- 2.1 Members are asked to approve the updated Funding Strategy Statement.

REPORT

3. Risk Assessment and Opportunities Appraisal

- 3.1 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.2 There are no direct environmental, equalities or climate change consequences arising from this report.
- 3.3 Regular monitoring against published Funding Strategy Statement will give early warning of areas of difficulty.

4. Financial Implications

- 4.1 There are no financial implications to consider in this report as the value of the fund does not affect the resources of the Council.

5. Background

- 5.1 The requirement for LGPS administering authorities to prepare a Funding Strategy Statement was brought in under the Local Government Pension Scheme (England and Wales) (Amendment) Regulations 2004.
- 5.2 The Shropshire Fund first produced a Funding Strategy Statement in 2004. This Statement was revised in 2010 at the last actuarial valuation. The Statement outlines the basis on which the actuarial valuation of the Fund is conducted. It is now necessary to update the Funding Strategy Statement for the 2013 actuarial valuation.

6. Purpose of the Funding Strategy Statement

- 6.1 The Funding Strategy Statement (FSS) aims to;-
- establish a clear and transparent fund-specific strategy which will identify how employers' pension liabilities are best met going forward;
 - support the regulatory requirement to maintain as nearly constant employer contribution rates as possible; and
 - take a prudent longer-term view of funding those liabilities.
- 6.2 The FSS applies to the Fund as a whole whilst at the same time recognising that there will be conflicting objectives which need to be reconciled. The FSS is written and implemented by the administering authority. The position of individual employers is reflected in the FSS but it is a single strategy for the Fund as a whole. In recognising the position of individual employers in a single strategy statement the FSS supports the long term sustainability of the pension fund.

7 Consultation and Publication

- 7.1 The preparation of the Statement has run in parallel with the 2013 actuarial valuation. In consultation with Mercers, officers have updated the FSS to incorporate the latest valuation assumptions. The FSS includes the Independent Actuary's recommendation to collect deficit recovery amounts as lump sum payments rather than as a percentage of salaries. A copy of the Funding Strategy Statement (FSS) is attached at Appendix A.
- 7.2 In preparing the FSS the Administering Authority is required to consult with participating employers. Employers were consulted on the updated content of the Funding Strategy Statement during February 2014. All employers were sent a draft of the FSS and asked for comments none of which were received.
- 7.3 Members are asked to approve the updated FSS. Following approval copies will be distributed electronically to employers, investment managers, independent advisors and trade unions representing contributors. It will also be available on the website.

8. Monitoring and Review

- 8.1 The FSS must be reviewed formally at least every three years at the time of the triennial valuation. The FSS will be monitored in the inter-valuation period. It will be revised and published to reflect any material change in policy or to the Statement of Investment Principles. Scheme employers will be consulted regarding any changes.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee, 24 November 2010, Funding Strategy Statement.

Cabinet Member

N/A

Local Member

N/A

Appendices

A – Funding Strategy Statement