



<u>Committee and Date</u>	<u>Item</u>
Pensions Committee	
19 March 2020	
10 am	Public

FUNDING STRATEGY STATEMENT

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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 2019 Actuarial Valuation.

2. Recommendations

- 2.1 Members are asked to approve the Funding Strategy Statement at Appendix A.

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. Climate Change Appraisal

5.1 The Fund takes Responsible Investment very seriously; it is a key process the investment managers go through before investing where thorough due diligence is undertaken considering all risks including climate change. The investment managers vote on the Fund's behalf, BMO engage with companies on the Fund's behalf and the Fund is a member of the Local Authority Pension Fund Forum (LAPFF) and a signatory to the UK Stewardship Code.

6. Background

6.1 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.

6.2 The Shropshire Fund first produced a Funding Strategy Statement in 2004. This Statement was revised in 2017 following 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 2019 actuarial valuation.

6.3 The Funding Strategy Statement has been prepared in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (as amended) and guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

7. Purpose of the Funding Strategy Statement

7.1 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 by taking a prudent longer-term view of funding those liabilities;
- establish contributions at a level to "secure the solvency" of the pension fund and the "long term cost efficiency"; and
- to have regard to the desirability of maintaining as nearly constant a primary rate of contribution as possible.

7.2 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.

8 Consultation and Publication

- 8.1 The preparation of the Statement has run in parallel with the 2019 actuarial valuation. In consultation with Mercer, officers have updated the FSS to incorporate the latest valuation assumptions. A copy of the Funding Strategy Statement (FSS) is attached at Appendix A.
- 8.2 In preparing the FSS the Administering Authority is required to consult with participating employers. Employers were updated on the content of the draft Funding Strategy Statement at the Employers Meeting on 15 November 2019. All employers were sent a draft of the updated FSS and asked for comments back by the 9 March 2020. No comments were received back during the consultation process. Members were made aware of the changes to the draft FSS at the last committee meeting in January 2020, where Mercer provided an update.
- 8.3 Members are asked to approve the updated FSS. Following approval copies will be distributed electronically to employers, investment managers and independent advisors. It will also be available on the website.

9. Monitoring and Review

- 9.1 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 Investment Strategy Statement. 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 January 2020, Draft Funding Strategy Statement.

Cabinet Member

N/A

Local Member

N/A

Appendices

A – Funding Strategy Statement