

WILTSHIRE PENSION FUND – FUNDING STRATEGY STATEMENT

Purpose of the Report

1. This report presents the draft Funding Strategy Statement (FSS) for the Wiltshire Pension Fund for consideration and approval.

Background

2. Under the Local Government Pension Scheme Regulations, all funds have a statutory obligation to produce a FSS. These are reviewed alongside the Triennial Actuarial Valuation.
3. This is the fourth FSS produced for the Wiltshire Pension Fund, the previous having been approved by this Committee on 1 March 2011. This version is more of an overhaul to fit in with the changing landscape compared to the previous ones.
4. There are no new policies within it that Members have not approved before. It also embodies the principles being used in the 2013 Valuation and is consistent with the Fund's current investment strategy.

Consideration for the Committee

5. The FSS outlines how the Fund calculates employer contributions, what other amounts might be payable in different circumstances, and how this fits in with the investment strategy.
6. New CIPFA guidance ("Preparing and maintaining a funding strategy statement in the Local Government Pension Scheme 2012") moves the FSS into the modern landscape which requires a number of changes to be incorporated.

What has changed?

7. The new guidance contains much more detailed information which simply wasn't there in 2010. Some of the main changes relate to the following areas:
 - **Understanding:** guidance refers to the need for different types of employer to understand their obligations;
 - **Employer register:** there is explicit mention of the benefits of monitoring the various employers in the Fund and their characteristics, to allow appropriate risk assessments to be made;
 - **Changing maturity of employers:** a feature of the LGPS in recent years, and the guidance explicitly acknowledges this.

- **Risk:** the guidance now refers to identifying the level of risk inherent in different approaches used for different employers (for instance varying lengths of recovery period);
 - **The wider community:** the guidance mentions the need to explicitly acknowledge the impact of pension funding requirements on employers, their budgets, their service provision and Council Tax. The Pension Fund does not exist in a vacuum, and the FSS needs to explicitly acknowledge this;
8. It has been prepared in collaboration with the Fund's Actuary and forms an integral part of the framework within which they carry out triennial valuations to set employers' contributions and to provide recommendations on funding decisions.
9. The report is split into three main areas:
- a) Basic Funding issues
 - b) Calculating contributions for individual Employers
 - c) Funding strategy and links to investment strategy
10. Once approved, this draft version will be issued to all participating employers with any comments to be submitted within 20 calendar days. Following the end of the consultation period, unless any significant amendments are required this document will then be published during October 2013.

Environmental Impact of the Proposals

11. There are no known environmental impacts with this proposal.

Safeguarding Considerations/Public Health Implications/Equalities Impact

12. There are no known implications at this time.

Financial Considerations and Risk Assessment

13. These are detailed in the body of the report. The purpose of the FSS is to adhere to *PEN008: Failure to comply with LGPS and other regulations* and to assist in mitigating *PEN006: Significant rises in employer contributions for secure employers due to increases in liabilities* which are highlighted elsewhere on this agenda.

Legal Impact of the proposals

14. There are no known implications at this time.

Reasons for Proposals

15. To fulfil the Wiltshire Pension Fund's statutory obligation that requires its FSS to be reviewed and published at least every three years.

Proposal

16. The Committee is asked to:
- a) approve the draft Wiltshire Pension Fund - Funding Strategy Statement 2013, as attached in the Appendix; and

- b) to publish the Funding Strategy Statement following the completion of the consultation period.

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Unpublished documents relied upon in the production of this report: None

Appendix A – Draft Funding Strategy Statement