

Report to: **Pension Committee**

Date: **27 February 2017**

By: **Interim Chief Finance Officer**

Title of report: **Funding Strategy Statement (FSS)**

Purpose of report: **This report covers the review of the Funding Strategy Statement (FSS) for the East Sussex Pension Fund.**

RECOMMENDATIONS – The Committee is requested to approve the Funding Strategy Statement (FSS).

1. Background

1.1 It is the responsibility of East Sussex County Council, acting in its capacity as Administering Authority to the East Sussex Pension Fund, to prepare, publish and maintain the Funding Strategy Statement having regard to guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) in a document entitled "Guidance on Preparing and Maintaining a Funding Strategy Statement".

1.2 Local Government Pension Scheme Regulations require each administering authority, after consultation to prepare, maintain and publish a written statement setting out their funding strategy.

1.3 The statement was prepared by the Council in collaboration with the Fund's Actuary, Hymans Robertson. The statement includes a policy on stabilising employer contribution rates. In 2016 there has been a review of the stabilisation approach adopted during previous valuations. This review concluded that continuing to use this method was still valid and would not result in significantly worse long-term benefits when compared to having no method of stabilisation. The revised statement is effective from 1 April 2017.

1.4 The statement is reviewed every three years in line with the valuation of the Fund, and the next valuation will be 31 March 2019. However, a revised statement can be issued in the interim if any significant or material change arises.

2. Funding Strategy Statement (FSS)

2.1 The purpose of the strategy statement is:

- to ensure the long-term solvency of the Fund, using a prudent long term view;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund;
- to reflect the different characteristics of different employers in determining contribution rates; and
- to use reasonable measures to reduce the risk to other employers and ultimately to the Council Tax payer from an employer defaulting on its pension obligations

2.2 The statement sets out the key financial and demographic assumptions, staff turnover and retirements and future contribution rates. Adjustments to individual employer contribution rates are applied both through the calculation of employer-specific future service contribution rates and employer's asset share. The strategy sets out the key risks and controls. The risks identified link in with the Pension Fund Risk Register.

3. Consultation

3.1 In compliance with the Regulations, the FSS must be subject to consultation with the Fund's employers before publication, and this document has been circulated to all relevant interested parties for comment.

4. Conclusion and reasons for recommendations

4.1 The Committee is recommended to approve the Funding Strategy Statement (FSS) that reflects the outcome of the 2016 triennial valuation, and 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 statement.

PHIL HALL

Interim Chief Finance Officer

Contact Officers: Ola Owolabi, Head of Accounts and Pensions, 01273 482017
ola.owolabi@eastsussex.gov.uk

Local Member(s): All

Background Documents

None