

Subject	Funding Strategy Statement Consultation	Status	For Publication
Report to	Local Pensions Board	Date	3 November 2022
Report of	Head of Pensions Administration		
Equality Impact Assessment	Not Required	Attached	No
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1 Purpose of the Report

- 1.1 To seek the Board's views on the Funding Strategy Statement and associated policies as part of a wider consultation with stakeholders.
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2 Recommendations

- 2.1 Members are recommended to:
- a. **Note and comment on the proposed Funding Strategy Statement and associated policies to be issued for consultation**
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3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Listening to our Stakeholders

to ensure that our stakeholders' views are heard within our decision making processes.

Effective and Transparent Governance

to uphold effective governance showing prudence and propriety at all times.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report address the various funding risks identified in the Corporate Risk Register.
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5 Background and Options

- 5.1 Members may recall at the previous Board meeting in August 2022 a report was provided regarding some proposed changes to the Funding Strategy Statement (FSS)

that were being consulted on informally with employers. The changes were relatively technical in many cases reflecting changes in the way in which things are expressed by the new actuary but there was also a significant change to the way in which contribution rates would be set for contractor bodies in future (the proposed “pass-through” arrangements).

- 5.1 Following the informal consultation in the summer, the draft new FSS will shortly be issued to employers for formal consultation. In addition to the proposed change outlined in paragraph 5.1 above, the main difference from the existing FSS is that it has now been separated into a reduced ‘core’ FSS with a range of ‘satellite’ policies that would previously have been incorporated into a single FSS document. The advantage of this approach is two-fold:-
- A) Employers and other stakeholders should more easily be able to locate the specific policy document they are interested in (e.g. the Fund’s admission policy);
 - B) If required, it will be possible to consult on any individual changes to specific aspects of the FSS in future without the need to consult on the entire document, most of which is likely to be unchanged
- 5.2 A current example of the latter point is that the policy on cessations (primarily admitted bodies leaving the SYPA fund when there are no longer any active members) has been separated from the core FSS. This is currently being reviewed in the light of the recent turbulence in the financial markets to minimise the risk to the fund and will therefore be consulted on separately.
- 5.3 Whilst reviewing the FSS in conjunction with the new fund actuary, the opportunity has been taken to include a number of additional policies for clarity which would not specifically have been addressed in any detail in the existing FSS. One of these relates to the fund’s policy on allowing employers to make pre-payments of contributions, another relates to contributions reviews in between valuations and the third is the fund’s policy on dealing with bulk transfers.
- 5.4 The full list of policies to be issued for consultation with employers is shown below and attached (albeit the documents are currently in draft form with some minor updates required) and the Board are invited to make any comments they feel appropriate.

Appendix A – Core FSS

Appendix B – Pass Through Policy

Appendix C – Admissions Policy

Cessations Policy (temporarily removed – see above)

Appendix D – Bulk Transfers Policy

Appendix E – Contribution Reviews Policy

Appendix F – Academies Policy

Appendix G – Covenant assessment and monitoring Policy

Appendix H – Prepayments Policy

Appendix I – ill health Risk Management Policy

6 **Implications**

6.1 The proposals outlined in this report have the following implications:

Financial	None directly, though the principles set out in the FSS do contribute to the assessment of employer contribution levels
Human Resources	None
ICT	None
Legal	Funds have a statutory obligation to consult on changes to the FSS
Procurement	None

Jason Bailey

Head of Pensions Administration

Background Papers	
Document	Place of Inspection