

REPORT OF CORPORATE DIRECTOR RESOURCES

FUNDING STRATEGY STATEMENT

Reason for this Report

1. The Pension Committee Terms of Reference set out the Committee's responsibility for the strategic governance of the Cardiff & Vale of Glamorgan Pension Fund.
2. The Terms of Reference include the review and approval of the Fund's Funding Strategy Statement (FSS). The draft FSS is attached as an appendix to this report.

Background

3. The Funding Strategy Statement (FSS) sets out how the administering authority aims to meet the regulatory requirements to ensure that funds are available to meet pensions liabilities as they fall due whilst keeping employer contributions as constant as possible.
4. The FSS is normally reviewed every three years as part of the Triennial Valuation following consultation with the Fund Actuary. The administering authority must also consult with "such persons as it considers appropriate" and have regard to guidance published by CIPFA, the Chartered Institute of Public Finance and Accountancy.

Issues

5. The actuaries have prepared the draft FSS (attached as Appendix 1) as a revision of the statement published after the 2013 valuation.
6. The revision takes account of the updated guidance published by CIPFA in September 2016. In particular it reflects the change in emphasis in the 2013 Regulations in which securing the long-term solvency of the Fund is a requirement whilst maintaining a constant contribution rate is desirable. It also reflects the requirements of the Public Service Act 2013 for a review by the Government Actuary's Department of LGPS valuations.
7. A paragraph has been added to refer to the Well-being of Future Generations (Wales) Act 2015. The Act requires public bodies in Wales to act "in accordance with the sustainable development principle" which means acting in a manner which seeks to ensure that the needs of the present are met without compromising the ability of future generations to meet their own needs. The obligations of Scheme Employers under the

Act are aligned with the obligations on the administering authority to give priority to the long term cost efficiency of the Fund.

8. The revised draft document has also been sent to the Fund's employers, the members of the Local Pension Board and the independent advisers, and comments have been invited by Friday 3 March.
9. The FSS is to be approved and published before the completion of the actuarial valuation. The Actuary's report and certificate of contribution rates must be signed by 31 March 2017.

Legal Implications

10. The purpose of the first recommendation is that the Committee note the content of the FSS as attached to this report. As this is in draft it must be appreciated that the final version may be subject to amendment.
11. The second recommendation does not seek a decision and the purpose is to update the Committee on progress of the FSS. The body of the report and background information notes that there is a statutory obligation to consult on the FSS. This creates a legitimate expectation that the results of any consultation will be considered in proposing the final draft of the FSS.
12. The third recommendation is a delegation of the approval of the FSS to the Section 151 Officer of the Council and such any decision flowing from this delegation should be recorded appropriately, fully and properly informed and taken in accordance with advice received from the Fund's professional advisors together with consideration of any responses of the consultation.

Financial Implications

13. No financial implications arise directly from this report.

Recommendations

14. That the Committee note the content of the draft FSS as attached.
15. That the Committee note that the draft FSS is currently being consulted upon.
16. That the Committee delegate approval and publication of the final FSS to the Corporate Director Resources, in consultation with the Chair of the Committee, provided that the advice of the Fund Actuary is sought and taken into account in any approval of the FSS.

CHRISTINE SALTER
CORPORATE DIRECTOR RESOURCES