

## **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 2016 valuation.
6. The FSS has been updated to reflect a number of technical changes as advised by the actuaries. The most significant changes are an additional section covering Exit Credits (page 16) and an expanded Regulatory Risk section (page 18) addressing the ongoing uncertainties associated with the LGPS benefit structure i.e. GMP equalization, the McCloud/Sargent cases regarding age discrimination in transitional protections in public sector schemes, and the cost management process. To comply with MHCLG guidance the FSS sets out the allowance made in the 2019 valuation for these uncertainties.
7. The section regarding grouping of employers for the purpose of setting contribution rates has been supplemented by a new Appendix 3.
8. The revised draft document has also been sent to the Fund's employers, and the members of the Local Pension Board.

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 2020.

### **Legal Implications**

10. The FSS must be revised and published in accordance with Regulation 58 of the Local Government Pension Scheme Regulations 2013 (as amended), whenever there is a material change in policy on the matters set out in the FSS.
11. The recommendation seeks approval of the FSS. This is a technical document the content of which Legal Services are unable to comment upon. However, Legal Services understand that the Fund employers and the Fund Actuary have been consulted and that their views have been considered when formulating the FSS.
12. In considering this matter, the decision maker must have regard to the Council's wider obligations under the Wellbeing of Future Generations (Wales) Act 2015, the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards.
13. Any decision must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. standing orders and financial regulations; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its tax payers; and (h) be reasonable and proper in all the circumstances and comply with any equalities legislation

### **Financial Implications**

14. No financial implications arise directly from this report.

### **Recommendations**

15. That the Committee approves the revised Funding Strategy Statement.

**CHRISTOPHER LEE**  
**CORPORATE DIRECTOR RESOURCES**

Appendix 1 Funding Strategy Statement