

REPORT OF CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 4

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 proposed FSS is attached as Appendix 1 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 although amendments to the FSS within this three year cycle may be necessary. 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 and other regulatory bodies such as the Scheme Advisory Board (SAB).

Issues

5. The FSS was last considered by the Pension Committee at its meeting in November 2021 where amendments to the drafting to include Employer Exit flexibilities and Deferred Debt arrangements were agreed. An updated FSS has been drafted by the Fund's Actuaries, AON, as part of the 2022 tri-annual valuation process and is attached as Appendix 1. As a consequence of the FSS being updated at the end of 2021 the changes proposed in the updated version are limited. The most significant change is on page 11 of the FSS where new drafting has been included to outline the procedure for dealing with the Removal of Surplus for Employers whose Funding Level is in excess of 110%. Drafting has also been updated for the Fund's approach for considering McCloud implications (P20/21). Appendix 3 provides a tracked changes version of the FSS compared to 2022 version
6. Following the Employers Forum held on 12th December, the updated FSS was circulated to individual Employers, commencing a period of consultation which invited comments on the draft FSS by Tuesday 17th January 2023. No comments on the drafting of the FSS

were received by this date, with only a few minor formatting changes being received. The draft FSS was then considered by the Local Pension Board at its meeting on 24th January where the Board were comfortable that the updated FSS could be presented to the Pension Committee.

Legal Implications

7. 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.
8. 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.
9. In considering this matter, the decision maker must have regard to the general legal advice set out below should be considered.

General Legal Advice

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 eg. 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.

The Council also has to satisfy its public sector duties under the Equality Act 2010 (including specific Welsh public sector duties). Pursuant to these legal duties, Councils must in making decisions have due regard to the need to (1) eliminate unlawful discrimination, (2) advance equality of opportunity and (3) foster good relations on the basis of protected characteristics. The Protected characteristics are: age, gender reassignment, sex, race – including ethnic or national origin, colour or nationality, disability, pregnancy and maternity, marriage and civil partnership, sexual orientation, religion or belief – including lack of belief.

The Well-Being of Future Generations (Wales) Act 2015 (“the Act”) places a ‘well-being duty’ on public bodies aimed at achieving 7 national well-being goals for Wales – a Wales that is prosperous, resilient, healthier, more equal, has cohesive communities, a vibrant culture and thriving Welsh language, and is globally responsible.

In discharging its duties under the Act, the Council has set and published well-being objectives designed to maximise its contribution to achieving the national well-being goals. The well-being objectives are set out in Cardiff's Corporate Plan 2022-25

The well-being duty also requires the Council to act in accordance with ‘sustainable development principle’. This principle requires the Council to act in a way, which seeks to ensure that the needs of the present are met without comprising the ability of future generations to meet their own needs. Put simply, this means that Council decision makers must take account of the impact of their decisions on people living their lives in Wales in the future. In doing so, the Council must:

- Look to the long term
- Focus on prevention by understanding the root causes of problems
- Deliver an integrates approach to achieving the 7 national well-being goals
- Work in collaboration with others to find shared sustainable solutions
- Involve people from all sections of the community in the decisions which affect them

The decision maker must be satisfied that the proposed decision accords with the principles above; and due regard must be given to the Statutory Guidance issued by the Welsh Ministers, which is accessible using the link below: <http://gov.wales/topics/people-and-communities/people/future-generations-act/statutory-guidance/?lang=en>

The Council has to be mindful of the Welsh Language (Wales) Measure 2011 and the Welsh Language Standards when making any policy decisions and consider the impact upon the Welsh language, the report and Equality Impact Assessment deals with all these obligations. The Council has to consider the Well-being of Future Guidance (Wales) Act 2015 and how this strategy may improve the social, economic, environmental and cultural well-being of Wales.

Financial Implications

10. No financial implications arise directly from this report.

Recommendations

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

CHRISTOPHER LEE
CORPORATE DIRECTOR RESOURCES

Appendix 1 Funding Strategy Statement November 2022