

Lancashire Local Pension Board

Meeting to be held on Tuesday, 14 January 2020

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| Electoral Division affected: (All Divisions); |
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Draft Funding Strategy Statement (Appendix 'A' refers)

Contact for further information:

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Executive Summary

This report contains a draft Funding Strategy Statement (Appendix 'A') which the Lancashire County Pension Fund is required to produce under the terms of the Local Government Pension Scheme Regulations to support the current on-going valuation of the Fund

Recommendation

The Board are asked to note the contents of the draft statement as presented at Appendix 'A', and are invited to provide any comments they may have to the Head of Fund for consideration as part of this consultation.

Background and Advice

The draft Funding Strategy Statement has been prepared by Lancashire County Council (the Administering Authority) to set out the funding strategy for the Lancashire County Pension Fund, as required by legislation.

Ensuring that the Fund has sufficient assets to meet its pension liabilities in the long term is the fiduciary responsibility of the Administering Authority. The long term objective is for the Fund to achieve this 100% solvency level over a reasonable time period and then maintain sufficient assets in order for it to pay all benefits arising as they fall due.

The strategy adopted by the Fund will therefore be critical in achieving this. The purpose of the Funding Strategy Statement is to set out this strategy as it applies to each Fund employer.

The general principle is that the assumptions used, taken as a whole, will be chosen sufficiently prudently for pensions already in payment to continue to be paid, and to reflect the commitments that will arise from members' accrued pension rights.

The draft Funding Strategy Statement has been developed alongside the Fund's investment strategy on an integrated basis taking into account the overall financial and demographic risks inherent in the Fund.

Given this, and in accordance with governing legislation, all interested parties connected with the Fund are being consulted with and given the opportunity to comment prior to this Funding Strategy Statement being finalised and adopted.

The statement has been circulated as a consultation to all active scheme employers in the Fund. The closing date for responses to this consultation is 31 January 2020. It will then be taken to the Pension Fund Committee for comment at their meeting on the 7th February 2020 and final approval in March 2020.

Consultations

In preparing this draft the Fund's Actuary, Mercer have been consulted on the details of the Funding Strategy Statement.

Implications:

This item has the following implications, as indicated:

Risk management

No significant risks have been identified

Local Government (Access to Information) Act 1985 List of Background Papers

| Paper | Date | Contact |
|---|------|---------|
| N/A | | |
| Reason for inclusion in Part II, if appropriate | | |
| N/A | | |