

Lancashire Local Pension Board

Meeting to be held on Tuesday, 24 January 2023

Electoral Division affected:
(All Divisions);

Funding Strategy Statement Consultation

Contact for further information:

Julie Price, 01772 530848, Technical Pensions Lead,
Julie.Price5@lancashire.gov.uk

Brief Summary

This report refers to the draft Funding Strategy Statement (FSS) which the Lancashire County Pension Fund is required to produce under the terms of the Local Government Pension Scheme Regulations to support the 2022 valuation of the Fund

Recommendation

The Board are asked to note the contents of the draft FSS and the consultation that has been undertaken, and are invited to provide any comments they may have for consideration as part of this consultation.

Detail

The draft FSS 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. Under regulation 58 of the Local Government Pension Scheme Regulations 2013, the administering authority must prepare, maintain, review and publish its funding strategy, taking into account guidance published by CIPFA (the Chartered Institute of Public Finance and Accountancy).

The draft FSS was presented to the Pension Fund Committee for comment at their meeting on 25 November 2022 where it was noted that a consultation with scheme employers would be undertaken.

The Statement has been circulated as a consultation to all active scheme employers in the Fund, and details have been published on the [Pension Fund website](#). The closing date for responses to this consultation is 18th January 2023 and a report will then be presented to the Pension Fund Committee for final approval at the meeting on 10th March 2023.



The Board are invited to comment on the consultation as part of their supporting role in securing compliance with the regulations in this area and assisting the Pension Fund Committee. Any comments provided will be considered in conjunction with analysis of consultation responses from employers.

A key function of the Board is to assist the Administering Authority in securing compliance with the Regulations. Within this function the Board may assist with the development of documentation required by the Regulations including the Funding Strategy Statement and comments on regulatory compliance (for example, whether correct processes have been followed) are within the remit of the Board as opposed to employers who - as part of the consultation - will be commenting on affordability, reasonableness, assumptions etc.

As part of the ongoing valuation process the Pension Fund Team have been engaged with the Fund Actuary to analyse the valuation results, to determine the key assumptions and formulate the key policies which drive the valuation results. The effects of the policies on groups of employers and individual employers have been explored and considered.

These policies and assumptions in draft form have driven the initial setting of contribution rates and funding position outcomes for individual employers, details of which make the consultation on the FSS more meaningful to employers.

The key communications with employers relevant to the FSS consultation are as follows –

21st/22nd September 2022 - Sessions held with employers split between Councils, Colleges, Academies, and other employers to explain the headline results for their employer type.

End October/Early November 2022– Individual results sent to employers, showing the funding position and contribution rate based on the draft FSS. Employers also had the opportunity to discuss the results of the valuation with representatives of the Fund and the Actuary. This employer level information will support employers in developing a response to the FSS consultation.

Early December 2022– consultation commenced with all employers participating in the Pension Fund; and

Mid-January to mid-February 2023 - consideration of the responses by Fund Officers and the Fund Actuary. A final version of the statement will then be prepared for the Committee for approval taking into any relevant consultation responses.

Consultations

In preparing the draft FSS 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/Tel
-------	------	-------------

N/A

Reason for inclusion in Part II, if appropriate

N/A

