

## Appendix 2

### Responses to Funding Strategy Statement

Employing Body	Comments
Bath Spa University	<ul style="list-style-type: none"> <li>• Broadly supportive of the proposals and assumptions</li> <li>• Confirmed pay restraint in short term</li> </ul>
University of Bath	<ul style="list-style-type: none"> <li>• Broadly supportive with the approach that the Authority intends to take to the determination of the maximum deficit recovery period and the financial and other assumptions relating to past service and future service.</li> <li>• As an Admitted Body, they understand the desirability of moving to a Sterling AA Corporate Bond basis of valuation for the liabilities of certain admitted bodies in order to protect the Funds and the interests of other participating employers, however, the financial stability and longevity of the University of Bath does not warrant such a move and would be extremely concerned if there was any indication that that Authority was contemplating this. They would expect there to be substantial discussion of the rationale for any proposed change to the basis of liability valuation before a funding plan is agreed.</li> </ul>
South Gloucestershire Council	<ul style="list-style-type: none"> <li>• Supportive in general terms that the FSS approach and assumptions are reasonable in the circumstances.</li> <li>• Ill Health Insurance – the implications of this approach will need to be quantified as part of the separate consultation prior to being incorporated in the 2016 valuation before a judgement can be made</li> <li>• Pay Growth Adjustment – the short term pay expectations adjustment needs to be incorporated in the 2013 valuation given the likely pay scenario over the next valuation period is a continuation of 1% pa pay awards coupled with the abolition of increments from 2015/16 across the wider public sector with the probable consequence that Government will presume that the Local Government Employers will do the same and will fund the sector in the 2015/16 Finance Settlement on this basis to force the LGE's hand. This suggests the longer term presumption of 1.5% real above CPI, is likely to overstate the short term reality and this may also create a need to revise the longer term post 2016 assumption. South Gloucestershire would welcome further discussion on the pay assumptions to be used for the short term in respect of the 2013 valuation.</li> <li>• Deficit Recovery Period – whilst appreciating what the Actuary is seeking to achieve, the funding position of Employers is likely to be under increasing pressure for an extended period including well beyond the next valuation period so the proposed use of any valuation gains at the 2016 valuation should be shared with Employers and not solely used to reduce the deficit recovery period as is proposed. The Government's public sector austerity measures are likely to continue until at least 2018/19 and potentially to 2020/21, so consideration of the ability to shrink the deficit recovery period further may need to be deferred to the 2019 valuation at best.</li> </ul>