

Funding Strategy Statement Checklist 2019

Regulation 58 of LGPS Regulations 2013 provides statutory framework for preparing and maintaining an FSS. In addition CIPFA has produced guidance for administering authorities.

Requirements of regulation 58	Confirmation of Compliance	Comments
1) An administering authority must, after consultation with such persons as it considers appropriate, prepare, maintain and publish a written statement setting out its funding strategy.	✓	The draft FSS was circulated to all employers and Pension Board.
2) The authority must keep the statement under review and, after consultation with such persons as it considers appropriate, make such revisions as are appropriate following a material change in its policy set out in the statement, and if revisions are made, publish the statement as revised.	✓	The FSS is reviewed at each valuation.
3) In preparing, maintaining and reviewing the statement, the administering authority must have regard to: <ul style="list-style-type: none"> a) the guidance set out in the document published in October 2012 by CIPFA, the Chartered Institute of Public Finance and Accountancy and called "Preparing and Maintaining a Funding Strategy Statement in the Local Government Pension Scheme 2012 b) the current version of the investment strategy under regulation 7 (investment strategy statement) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. 	✓	A checklist against the CIPFA guidance is set out below. Section 7 of the FSS references the current Investment Strategy Statement.

CIPFA Guidance	Confirmation of Compliance	Reference to FSS section
CIPFA states that the FSS should be prepared having regard to the guidance given on the following matters:		
<p>1) The purpose of the FSS in policy terms including the processes by which the admin authority:</p> <ul style="list-style-type: none"> a) Establishes a clear and transparent fund-specific strategy that will identify how employers' pension liabilities are best met going forward b) Supports the desirability of maintaining as nearly constant a primary contribution rate as possible as defined in Reg 62(5) of the LGPS Regulations 2013 c) Ensures that the regulatory requirements to set contributions so as to ensure the solvency and long-term cost efficiency of the fund are met d) Takes a prudent longer-term view of funding those liabilities 	✓	Section 2
2) The aims and purpose of the pension fund	✓	Section 3
3) The responsibility of the key parties including the administering authority, individual employers and fund actuary	✓	Section 4
<p>4) Solvency issues, target funding levels and long-term cost efficiency. The funding plan must be prudently appropriate, relevant to local circumstances, balanced with the short-term and long-term funding requirements of the pension fund, including the ability to meet pension obligations as they fall due.</p> <p>Securing solvency and long-term cost efficiency is a regulatory requirement whereas as constant as possible primary contribution rate remains a desirable outcome</p> <p>Long-term cost efficiency will be met if the rate of employer contributions is sufficient to for the cost of current benefit accrual with and appropriate adjustment for any surplus/deficit.</p>	✓	Section 5
<p>5) Links to the investment policy set out in the Investment Strategy Statement</p> <p>The required investment returns to meet the aspirations set out in the FSS must be compatible with the investment policy set out in the ISS and this should be confirmed and explained in the FSS</p>	✓	Section 7
6) Identifications of risk and countermeasures including investment, employer, liquidity/maturity, liability, regulatory and compliance risks	✓	Section 8