

## **Report of the Director, west Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 26 July 2018.**

**K**

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**Subject: Funding Strategy Statement (FSS)**

### **Summary statement:**

The current Funding Strategy Statement and Admissions and Exit Policy require updating. A consultation exercise with stakeholders has been undertaken on the proposed changes to these documents.

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**Portfolio:**

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**Overview & Scrutiny Area:**

## **1. SUMMARY**

- 1.1 The current Funding Strategy Statement and Admissions and Exit policy require updating and a consultation exercise with all stakeholders has been undertaken on the proposed changes to these documents.

## **2. BACKGROUND**

- 2.1 The Local Government Pension Scheme Regulations 2013 provide the statutory framework under which an Administering Authority is required to prepare a FSS. The key requirements for preparing the FSS can be summarised as follows:

After consultation with all such persons as it considers appropriate, including officers and elected members and other employer representatives, the Administering Authority will prepare, maintain and publish their funding strategy;

In preparing the FSS, the Administering Authority must have regard to:-

- the statutory guidance issued by CIPFA for this purpose; and
  - the Investment Strategy Statement (ISS) published under Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended) (“The Investment Regulations”).
- 2.2 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 either the policy on the matters set out in the FSS or ISS.
- 2.3 The current FSS was issued as part of the work for the 2016 Valuation however since that date certain updates and changes have required the FSS to updated.

## **3. Changes to the FSS**

- 3.1 At the Joint Advisory Group meeting of January 2017 it was approved that the Fund should begin work to move certain employers onto an intermediate funding target to recognise the varying covenant strength of these employers. Work has begun to assess employers affected by this, and they were invited to one of two workshops held on 2 May 2018. A few minor changes are required to the FSS to reflect the intermediate funding target.

- 3.2 In

April 2018 the LGPS (Amendment) Regulations 2018 were issued. These amendment regulations included a change to Regulation 64 to allow a payment of any surplus to be made to an exiting employer within three months of the exit date.

3.3 Other changes to the FSS come under the following areas:

- Removal of any remaining references to the Statement of Investment Principals (SIP) which was replaced by the Investment Strategy Statement in 2016.
- further clarification of the Unitisation process
- clarification of how the fund deals with TUPE transfers and Multi Academy Trusts.

3.4 A consultation exercise on the proposed changes has been conducted with stakeholders. Three responses were received. Two responses were positive and welcomed the changes the third asked for further clarification which has been provided.

### **3. RECOMMENDATIONS**

That the proposed changes to the FSS, contained in Document “K” be noted.

### **4. APPENDIX**

Appendix A – Funding Strategy Statement  
Appendix B – Admission and Exit policy