



PENSIONS COMMITTEE

22 JUNE 2011

Subject Heading:	REVIEW OF THE FUNDING STRATEGY STATEMENT
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Policy context:	Regulation 35 of the LGPS (Administration) Regulations 2008 requires an administrative authority to keep this document under review
Financial summary:	New measures introduced will reduce financial risk to the fund.

The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	<input type="checkbox"/>
Excellence in education and learning	<input type="checkbox"/>
Opportunities for all through economic, social and cultural activity	<input type="checkbox"/>
Value and enhance the life of every individual	<input checked="" type="checkbox"/>
High customer satisfaction and a stable council tax	<input type="checkbox"/>

SUMMARY

In line with the Local Government Pensions Scheme (Administration) Regulations 2008 and good practice the London Borough of Havering as an administering authority undertook a review of the Funding Strategy Statement (FSS) during the Fund's revaluation process. This report sets out how the review was undertaken and highlights where or if changes were necessary.

RECOMMENDATIONS

That the committee:

1. Agree the proposed changes to the Funding Strategy Statement.

REPORT DETAIL

1. LGPS (Administration) Regulations 2008 Regulation 35 states that the administrative authority must keep the FSS under review and make such revisions as appropriate following a material change.
2. Funding Strategy Statement (FSS)
 - a) This was last reviewed in November 08 following the Investment Strategy Review.
 - b) The Fund's actuary was consulted in October 09 and no changes were suggested at this time.
 - c) The Funding Strategy Statement was reviewed during the revaluation process which commenced on the 31 March 2010 with the results published by 31 March 2011. The Fund's Actuary was consulted throughout the revaluation process and this resulted in some material changes being required.
 - d) The proposed revised Funding Strategy Statement was distributed to our employers in the fund on the 23 May 2011 for their comment. If any comments are received these will be raised at the meeting.
 - e) The revised FSS is attached as **Appendix A**. This is displayed with tracked changes shown so that members can see where the proposed changes have been made. In summary the changes cover :
 - (1) Solvency (page 7) - explains the method used to set contribution rates when an admission body has no guarantor or loses its last active member within a timeframe of the next 5 to 10 years.
 - (2) Stabilisation (page 10) – explains the reasons why this modelling method would be used and has been applied to the fund.
 - (3) Admission bodies ceasing (page 11) – sets out the procedures for terminating admission agreements and when this would be applicable.
 - (4) Ill Health monitoring (page 13) – Sets out that the fund will monitor the cost of Ill health retirements for each employer and that a charge will be applied when the allowance has been exceeded.
 - (5) New Admitted Bodies (page 13) – explains why it is required that bonds will be required for new Admitted Bodies to the fund.

IMPLICATIONS AND RISKS

Financial implications and risks:

There are no implications arising directly, however the review will ensure that the Pension Fund is compliant with the regulations and the introduction of some of the new measures will reduce any potential financial risks to the fund.

Legal implications and risks:

None arise from this report.

Human Resources implications and risks:

None arise from this report.

Equalities implications and risks:

None arise from this report.

BACKGROUND PAPERS

Background Papers List
Funding Strategy Statement (Nov 08)