



Committee report

Committee	ISLE OF WIGHT PENSION FUND COMMITTEE
Date	13 MARCH 2020
Title	FUNDING STRATEGY STATEMENT 2019
Report of	TECHNICAL FINANCE MANAGER

EXECUTIVE SUMMARY

1. This report presents the funding strategy statement for the Isle of Wight Council Pension Fund (the fund) following the completion of the 2019 valuation of the fund.
2. Members are asked to adopt the funding strategy statement, and approve its publication on the fund's website and inclusion in the fund's annual report and accounts.

BACKGROUND

3. At its last meeting, the committee received an update on the progress of the triennial valuation, which included information about how the fund would be finalising the funding strategy statement (FSS). Members were advised that the fund's actuaries, Hymans Robertson LLP, have updated the FSS to reflect the revised assumptions and updated regulatory requirements for the current valuation cycle. This also included the assumptions which the fund had adopted in estimating the potential future liabilities which may arise as a result of the McCloud judgement.
4. Regulation 58 of the Local Government Pension Scheme Regulations 2013 requires each administering authority to prepare a funding strategy statement. It specifies that the statement should be prepared and published after consultation with all relevant interested parties involved with the fund.

STRATEGIC CONTEXT

5. The primary objective of the fund is to provide pension and lump sum benefits for members on their retirement and/or benefits on death, before or after retirement, for their dependents, in accordance with the Local Government Pension Scheme (LGPS) regulations and statutory provisions. The committee aims to operate the fund in such a manner that, in normal market conditions, all accrued benefits are fully covered by the value of the fund's assets and that an appropriate level of contributions is agreed by the employer to meet the cost of future benefits accruing.

6. The completion of the valuation and the publication of the FSS in accordance with statutory deadlines fulfils the fund's agreed governance objective to *ensure compliance with the LGPS regulations, other relevant legislation and the Pensions Regulator's codes of practice*.

CONSULTATION

7. Regulation 58 of the Local Government Pension Scheme Regulations 2013 specifies that the fund should consult on the FSS "with such persons as it considers appropriate".
8. The draft FSS was sent to all employers within the fund on 23 December 2019, opening a consultation period terminating on 31 January 2020. The suggested period for consultation was 30 days, but this was extended to allow for the Christmas and New Year break.
9. The draft FSS was also sent to members of both the Pension Fund Committee and the Local Pension Board on 24 December 2019, at the same time as to officers of the fund.
10. The Pension Board discussed the draft statement at its meeting on 28 January 2020.
11. No comments were received from any of the consulted parties. To that end, the funding strategy statement as circulated, presented at Appendix 1 to this report, is presented for adoption.

FINANCIAL / BUDGET IMPLICATIONS

12. There are no direct financial implications relating to the approval of the FSS. The review of the statement by the fund's actuaries and investment advisers is included in the annual cost of their services.
13. These costs are borne directly by the pension fund, with no impact on the council's financial position.

LEGAL IMPLICATIONS

14. Regulation 58 of the Local Government Pension Scheme Regulations 2013 requires that each administering authority must, after consultation with such persons as it considers appropriate, prepare, maintain and publish a written statement setting out its funding strategy.

EQUALITY AND DIVERSITY

15. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

16. The adoption of the funding strategy statement has no implications for any of the protected characteristics.

RISK MANAGEMENT

17. Risk management is central to the Local Government Pension Scheme (LGPS). LGPS pension funds are in themselves risk management tools, managing the risk that future employer income streams will be able to meet future pensions liabilities by creating a reserve from which future liabilities will be met.
18. The FSS contains detailed information about the risks associated with the funding of the fund, covering financial, demographic, regulatory and governance risks.
19. Details of these risks and the control mechanisms in place to mitigate those risks are set out in Appendix C to the FSS.

RECOMMENDATION

20. The committee is asked to adopt the funding strategy statement for 2019, and agree to its publication on the fund's website and inclusion in the annual report and accounts .

APPENDICES ATTACHED

21. [Appendix 1](#) – Funding Strategy Statement 2019.

BACKGROUND PAPERS

22. Isle of Wight Pension Fund Committee - 14 February 2020 (Paper B)
https://www.iow.gov.uk/Meetings/committees/IW%20Pension%20Fund/14-2-20/PAPER_B.pdf

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