

## **WIRRAL COUNCIL**

### **PENSIONS COMMITTEE**

**22 SEPTEMBER 2009**

### **REPORT OF THE DIRECTOR OF FINANCE**

#### **FUNDING STRATEGY STATEMENT**

##### **1. EXECUTIVE SUMMARY**

- 1.1 This report amends the Funding Strategy Statement (FSS) to reflect updated advice on dealing with termination assessments on the cessation of an employer's participation in the Scheme.
- 1.2 Members are recommended to approve the proposed amended Funding Strategy Statement attached at Appendix 1.

##### **2. CURRENT FUNDING STRATEGY STATEMENT**

- 2.1 The previous Funding Strategy Statement (FSS) was approved by the Pensions Committee on 28 January 2008 (Minute 80 refers).
- 2.2 The **Local Government Pension Scheme (Administration) Regulations 2008** require that each Administering Authority revise and publish a funding strategy statement wherever there is a material change in either the policy on matters set out in the FSS or the Statement of Investment Principles (SIP).
- 2.3 The FSS was amended to confirm that the details of the methodology to be used by the Actuary in carrying out a termination assessment in the event of the cessation of an employer's participation in the Scheme was set out in the separate termination policy report dated 28 January 2008. At that time it was envisaged that where it was appropriate to use a more cautious basis to assess the final liabilities for an employer the financial assumptions to be used would be consistent with the equivalent assumptions adopted for the FRS17 accounting standard.

##### **3. REVISED FUNDING STRATEGY STATEMENT**

- 3.1 The position of the corporate bond market over the past year and as at the 31 March 2009 actuarial review means that the ongoing valuation assumptions are in fact much more prudent than those based on corporate bond yields used for the FRS17 calculation basis.
- 3.2 Having regard to the 2009 Interim Review carried out by the Actuary, and consistent with his recommendations, the wording of Section 5 of the FSS has therefore been amended to clarify that the use of FRS17 assumptions in a termination calculation would be subject to them being no less cautious than the equivalent valuation assumptions.

**4. FINANCIAL IMPLICATIONS**

4.1 There are none arising out of the changes to the FSS or otherwise arising directly from this report.

**5. STAFFING IMPLICATIONS**

5.1 There are none arising directly from this report.

**6. EQUAL OPPORTUNITY IMPLICATIONS**

6.1 There are none arising directly from this report.

**7. HUMAN RIGHTS IMPLICATIONS**

7.1 There are none arising directly from this report.

**8. COMMUNITY SAFETY IMPLICATIONS**

8.1 There are no specific implications arising from this report.

**9. LOCAL MEMBER SUPPORT IMPLICATIONS**

9.1 There are no specific implications for any Member or Ward.

**10. LOCAL AGENDA 21 IMPLICATIONS**

10.1 There are no specific implications arising from this report.

**11. PLANNING IMPLICATIONS**

11.1 There are no specific implications arising from this report.

**12. BACKGROUND PAPERS**

12.1 Letter dated 29 June 2009 from Mercer in connection with the 31 March 2009 Actuarial Review.

**13. RECOMMENDATION**

13.1. That the Committee approve the revised Funding Strategy Statement.

IAN COLEMAN  
DIRECTOR OF FINANCE