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| MEETING | PENSIONS COMMITTEE |
| DATE | 16 MARCH 2017 |
| TITLE | EMPLOYERS RESPONSE TO THE CONSULTATION ON THE FUNDING STRATEGY STATEMENT |
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1. INTRODUCTION

- 1.1** As reported to this Committee's meeting on 19 January 2017, we are required to review and publish a Funding Strategy Statement (FSS) by 31 March 2017. As part of this review the administering authority has to consult with each scheme employer, the fund actuary and advisers and any other persons they consider appropriate.
- 1.2** At the meeting on the 19 January 2017, the Pensions Committee agreed the following policies:

- Due to the fact that bond rates, which are used to calculate future liabilities, were at a historically low level at 31 March 2013 but have improved since that date and are expected to increase in the future, the anticipated excess return from equities has been set at 1.7%. This will smooth the employer contributions over an exceptional period and will be reviewed at the next valuation with the aim of reducing back to 1.4% when the return from gilts improves.
- In the 2010 and 2013 valuations the administering authority continued with the following deficit recovery periods:
 - Statutory bodies – 20 years
 - Grwp Llandrillo Menai – 15 years
 - All other employers – future working lifetime.

These periods have also been used for the 2016 valuation.

- Major bodies with tax raising powers will continue to pay the same contribution rate as their 2016/17 rate.

- For the 2016 valuation increases may be spread over 6 years. Employers who have a reduction in their contribution rate will move immediately to that rate at 1 April 2017.
 - Employers who are in deficit pay additional employer contributions in order to recover the deficit. The policy adopted for the 2013 valuation was that deficit payments would be expressed as an annual lump sum to be paid in 12 monthly instalments as part of their employer contributions. This policy will continue following the 2016 valuation.
- 1.3** On 20 January 2017, the draft Funding Strategy Statement was sent out to all the scheme's employers, the Fund's actuary and adviser and to representatives of Unison, TGWU and the GMB, consulting on the policies noted in 1.2 above. They were asked to respond with their comments or observations by 28 February 2017.
- 2. The Response**
- 2.1** One response was received agreeing with their individual proposed employer contribution rate for the next three years.
- 3. Proposed Funding Strategy Statement**
- 3.1** A copy of the proposed FSS is attached at Appendix 1. There are no changes from the version which was presented to this committee on 19 January 2017 and sent to employers as explained in section 1.3 above.
- 4. Recommendation**
- 4.1** That the proposed Funding Strategy Statement (in Appendix A) is adopted.