

MEETING	PENSIONS COMMITTEE
DATE	17 MARCH 2014
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 20 January 2014, we are required to review and publish a Funding Strategy Statement (FSS) by 31 March 2014. 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 20 January 2014, 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 valuation the administering authority continued with the following deficit recovery periods:
 - Statutory bodies – 20 years
 - Grwp Landrillo Menai – 15 years
 - All other employers – future working lifetime.

These periods have also been used for the 2013 valuation.

- Major bodies with tax raising powers will continue to pay the same contribution rate as their 2013/14 rate.

- For the 2013 valuation increases may be spread over 6 years and any reductions in the rate for employers who were previously in a pool will be spread over 3 years. Other employers who have a reduction in their contribution rate will move immediately to that rate at 1 April 2014.
- Employers who are in deficit pay additional employer contributions in order to recover the deficit. Previously this has been expressed as a percentage of payroll and combined with the future service rate. Due to the financial situation and in order to protect the pension fund the deficit payments will be expressed as an annual lump sum to be paid in 12 monthly instalments as part of their employer contributions.

1.3 On 24 January 2014, 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 2014.

2. The Response

2.1 No responses were received.

3. Proposed Funding Strategy Statement

3.1 A copy of the proposed FSS is attached in Appendix A. There are no changes from the version which was presented to this committee on 20 January 2014 and sent to employers is explained in section 3.1 above.

4. Recommendation

4.1 That the proposed Funding Strategy Statement (in Appendix A) is adopted.