

ABERDEEN CITY COUNCIL

COMMITTEE	PENSIONS COMMITTEE
DATE	24 JUNE 2022
EXEMPT	NO
CONFIDENTIAL	NO
REPORT TITLE	FUNDING STRATEGY STATEMENT 2022
REPORT NUMBER	PC/JUN22/FSS
DIRECTOR	STEVEN WHYTE
CHIEF OFFICER	JONATHAN BELFORD
REPORT AUTHOR	CLAIRE MULLEN
TERMS OF REFERENCE	PENSIONS COMMITTEE 1.1

1. PURPOSE OF REPORT

- 1.1 To seek approval of the draft Funding Strategy Statement 2022 (FSS) which incorporates changes to reflect the new regulations on employer flexibilities which come into force with effect from 1 June 2022 and also provides the ability for the Fund to adopt different investment strategies as a risk management solution.

2. RECOMMENDATION

That the Committee: -

- 2.1 Approve the draft Funding Strategy Statement.

3. CURRENT SITUATION

- 3.1 See attached main report.

4. FINANCIAL IMPLICATIONS

- 4.1 The FSS outlines the approach taken to ensure that the Fund can meet the pension liabilities held in respect of the members. The FSS is a critical document that underlines the financial obligations of the Fund around solvency and long term cost efficiency.
- 4.2 However, the 2022 draft document has only been amended to outline the Funds approach to both employer flexibilities, including Deferred Debt Arrangements, and to allow the Fund to adopt different investment strategies in advance of the next valuation.
- 4.3 No changes have been made around the Funds objectives or the actuarial assumptions that were set in the 2020 valuation. There is therefore no financial impact on the Fund or the participating employers.

5. LEGAL IMPLICATIONS

- 5.1 The Local Government Pension Scheme (Scotland) (Miscellaneous Amendments) Regulations 2022 were published in May 2022 and came into force on 1 June 2022. These regulations allow greater flexibility when dealing with exiting employers.
- 5.2 The Funds approach in applying the above regulations, specifically in relation to employer flexibilities, need to be outlined within the FSS prior to entering into any arrangement of this type.
- 5.3 Although the regulations allow for this type of arrangement greater clarity and Fund specific requirements are provided through the FSS.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 There are no direct environmental implications arising from the recommendation of this report.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	No significant risks identified.	N/A	N/A	N/A
Compliance	Failure to comply with regulatory requirements.	The Fund has engaged with the Scheme Actuary to draft the FSS in line with the regulatory requirements.	L	Yes
Operational	No significant risks identified.	N/A	N/A	N/A
Financial	No significant risks identified.	N/A	N/A	N/A
Reputational	No significant risks identified.	N/A	N/A	N/A
Environment / Climate	No significant risks identified.	N/A	N/A	N/A

8. OUTCOMES

8.1 This report does not impact on the Council Delivery Plan.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Not required
Data Protection Impact Assessment	Not Required
Other	N/A

10. BACKGROUND PAPERS

10.1 None

11. APPENDICES

11.1 None

12. REPORT AUTHOR CONTACT DETAILS

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