

Significant Amendments to the Funding Strategy Statement

Page 7 (section 2.6) – Risk assessments will be used to determine the level of prudence incorporated into contribution calculations i.e. is it safe to permit a deficit to be recovered over an extended period?

Page 7 & 8 (section 2.7) – to allow for the expected (but as yet unquantified cost of) any changes to LGPS benefits following the court ruling (“McCloud judgement”) that the transitional aspects of the benefit changes in 2014 (protections to those closest to retirement) were unlawful, the required probability of achieving full funding has been increased by between 4% and 9%. See table 3.3.

Page 11 (table 3.3) – Except for admitted bodies, the time horizons over which deficits are recovered have been changed to a range from a single period. The earlier point in the range is three years lower than the timeframe set at the last valuation. There is an expectation that the deficit recovery period is finite and not indefinitely extended. However, the interaction between a higher probability of full funding and a shorter deficit recovery period could be unduly onerous on employers and the exact recovery period used will factor in affordability in addition to risk on the fund and other employers.

Page 15 (note g) – the use of a pooled employers’ contribution rate for academies will be extended until the March 2022 valuation unless that produces inappropriate results for any academy.

Page 17 (section j) – on gilt based cessation valuations, employer liabilities will be increased by 1% to incorporate an estimate of the impact of the McCloud judgement (see above) until the revised benefit structure is known. No adjustment will be made for cessations calculated on an ongoing basis.

Page 21 (section 3.10) – provision is included to offer a discount to employers who pay annual or multiple year contributions early.