

Report on	Response to NILGOSC Consultation – Circular 05/2019 – Funding Strategy Statement
Date of Meeting	Thursday 25 th July 2019
Reporting Officer	Director of Finance
Contact Officer	Director of Finance

Is this report restricted for confidential business?	Yes	
If 'Yes', confirm below the exempt information category relied upon	No	X

1.0	Purpose of Report
1.1	To provide Members with a draft response to NILGOC's consultation exercise in relation to its Funding Strategy Statement, which was notified to Council at its June 2019 meeting.
2.0	Background
2.1	NILGOSC, under cover of Circular 05/2019 dated 3 June 2019 (attached), sought Council's views in relation to its draft Funding Strategy Statement, which it is required to prepare, maintain and publish under Regulation 64 of The Local Government Pension Scheme Regulations (Northern Ireland) 2014 (the Regulations).
2.2	NILGOSC advised that the current Funding Strategy Statement was published in September 2016 and is currently due for review as part of the 2019 triennial valuation process. NILGOSC also advised that it has taken advice from the Scheme actuary, Aon Hewitt, on its funding strategy and has identified a number of proposed changes on which it is seeking Council's view.
2.3	Responses to the consultation are due by 31 st July 2019.
3.0	Main Report
3.1	<p>Regulation 64(4) of the Regulations requires NILGOSC, in preparing, maintaining and reviewing the statement, to have regard to:</p> <ul style="list-style-type: none"> (a) the guidance set out in the document published in October 2012 by CIPFA, the Chartered Institute of Public Finance and Accountancy and called "Preparing and Maintaining a Funding Strategy Statement in the Local Government Pension Scheme 2012"; and (b) the statement of investment principles published by the Committee under regulation 10 (statement of investment principles) of the 2000 Regulations.

3.2	The officers' review of the draft Funding Strategy Statement and their consideration of the specific questions posed by NILGOSC in Annex 1 to Circular 05/2019 considered both these documents.
3.3	The officers' review of the Funding Strategy Statement found that, with one minor exception, the proposed Funding Strategy Statement was closely aligned to the requirements specified in CIPFA's "Preparing and Maintaining a Funding Strategy Statement in the Local Government Pension Scheme 2012". The single potential anomaly has been referred to CIPFA for consideration (see proposed response to question 4 in Annex 1 to Circular 05/2019).
3.4	The officers have also recommended (see proposed response to question 5 in Annex 1 to Circular 05/2019) that NILGOSC give consideration to including its Statement of Investment Principles as an appendix to the Funding Strategy Statement.
3.5	In so far as the specific questions detailed in Annex 1 to Circular 05/2019 are concerned, the officers have, in the proposed responses recommended to Council for adoption, noted the fact that the matters referred to are highly technical matters regarding disclosure of pension liabilities in district councils' published accounts and that there is a lack of information concerning the financial consequences of the proposals on individual councils.
3.6	<p>In summary, and having had regard to all the information readily available to them, the officers have concluded that NILGOSC's proposals in relation to</p> <ul style="list-style-type: none"> (a) Ending the tracking of employers' notional assets within the Main group with effect from 1 April 2019; (b) Re-balancing of the overall fund assets where assets are required for individual employer calculations; and (c) Extending death-in-service pooling to death-in-service spouse pensions and ill-health risks across all employers in the Fund <p>should be recommended to Council as acceptable.</p>
3.7	The recommended responses to the specific questions posed by the consultation exercise are detailed at Appendix 2 to this report.
4.0	Other Considerations
4.1	Financial, Human Resources & Risk Implications
	<p>Financial:</p> <p>Assumed to be immaterial – no detailed financial information or analysis presented.</p>
	Human:

	N/A
	Risk Management: N/A
4.2	Screening & Impact Assessments Equality & Good Relations Implications: N/A Rural Needs Implications: N/A
5.0	Recommendation(s)
5.1	<p>That Members consider the above and recommend to Council that it</p> <ul style="list-style-type: none"> (a) Accept the officers' proposed answers to the specific questions posed by NILGOSC in Annex 1 to Circular 05/2019; and (b) Authorise the Chief Executive to submit the answers to NILGOSC in the prescribed format under cover of an appropriately worded covering letter by the closing date of 31st July 2019.
6.0	Documents Attached & References
6.1	NILGOSC Circular 05/2019 dated 3 June 2019
6.2	Proposed responses to questions posed by NILGOSC in Annex 1 to Circular 05/2019