



# Funding Strategy Statement

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The FSS is a summary of the Fund's approach to funding liabilities. It is not an exhaustive statement of policy on all issues.

If you have any queries please contact Annemarie Allen, Assistant Director Specialist Services, in the first instance at [corporate@lpfa.org.uk](mailto:corporate@lpfa.org.uk), on **020 7369 6057**, or by writing to her at

**4<sup>th</sup> Floor, Dexter House  
2 Royal Mint Court  
London, EC3N 4LP**

## Introduction

This is the Funding Strategy Statement (FSS) of the London Pensions Fund ("the Fund"), which is administered by the London Pensions Fund Authority (LPFA) as the Administering Authority. It was prepared in collaboration with the Fund's Actuary, Hymans Robertson, and after consultation with the Fund's employers and investment advisers, and has been reviewed and updated as part of the 2007 Fund Valuation. The Actuary has had regard to this Statement in carrying out the Valuation.

The main funding principles in respect of the Active Sub-fund remain unaltered from the previous FSS, while a Recovery Plan has been formulated for the Pensioner Sub-fund upon which discussion with interested parties will take place in 2008/2009.

## Regulatory Framework

Members' accrued benefits are guaranteed by statute. Members' contributions are fixed in the Regulations at a level which covers only part of the cost of accruing benefits. Employers currently pay the balance of the cost of delivering the benefits to members. The FSS focuses on the pace at which these liabilities are funded and, insofar as is practical, the measures to ensure that employers pay for their own liabilities.

Funding Strategy Statements were introduced such that the first Statement was to be published by 31<sup>st</sup> March 2005 and it forms part of a framework which includes:

- the Local Government Pension Scheme Regulations 1997 (regulations 76A and 77 are particularly relevant – see Annex 1) which, with effect, from 1<sup>st</sup> April 2008 will be replaced by the Local Government Pension Scheme (Benefits, Membership and Contributions) 2007 Regulations, the Local Government Pension Scheme (Administration) Regulations 2008 (regulations 35, 36 and 37 will continue the former regulations 76A and 77), and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008;
- the Rates and Adjustments Certificate, which is issued in addition to the Fund's triennial valuation report;
- actuarial factors for valuing early retirement costs and the cost of buying extra service or pension; and
- the Statement of Investment Principles (SIP).

This is the framework within which the Fund's Actuary carries out triennial valuations to set employers' contributions, and provides recommendations to the Administering Authority when other funding decisions are required, such as when employers join or leave the Fund. The FSS applies to all employers participating in the Fund.

## Purpose of the Funding Strategy Statement in Policy Terms

Upon the introduction of the requirement to maintain an FSS, the then Office of the Deputy Prime Minister (ODPM) stated that the purpose of the FSS is:

- *"to establish a **clear and transparent fund-specific strategy** which will identify how employers' pension liabilities are best met going forward;*
- *to support the regulatory framework to maintain **as nearly constant employer contribution rates as possible**; and*
- *to take a **prudent longer-term view** of funding those liabilities."*

These objectives are desirable individually, but may be mutually conflicting. This statement, therefore, sets out how LPFA has balanced the conflicting aims of affordability of contributions, transparency of processes, stability of employers' contributions, and prudence in the funding basis.

## Aims and Purpose of the Pension Fund

The aims of the Fund are to:

- enable employer contribution rates to be kept as nearly constant as possible and at reasonable cost to the taxpayers, scheduled, resolution (known as "designated" with effect from 1<sup>st</sup> April 2008) and admitted bodies;
- manage employers' liabilities effectively;
- ensure that sufficient resources are available to meet all liabilities as they fall due;
- maximise the returns from investments within reasonable risk parameters.

The purpose of the Fund is to:

- receive monies in respect of contributions, transfer values and investment income; and
- pay out monies in respect of scheme benefits, transfer values, costs, charges and expenses;

as defined in the Local Government Pension Scheme Regulations and in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998.

## **Responsibilities of the Key Parties**

The sound management of the Fund can only be achieved if all interested parties exercise their statutory duties and responsibilities conscientiously and diligently. Although a number of these parties, including investment fund managers and external auditors, have responsibilities to the Fund, the following may be considered to be of particular relevance for inclusion as a specific reference:

### **The Administering Authority should:**

- collect employer and employee contributions;
- invest surplus monies in accordance with the Regulations;
- ensure that cash is available to meet liabilities as and when they fall due;
- manage the valuation process in consultation with the Fund's Actuary;
- notify employers of the expected timing of key events and actions related to completion of the valuation process;
- prepare and maintain an FSS and a SIP, both after proper consultation with interested parties; and
- monitor all aspects of the Fund's performance and funding and amend the FSS/SIP.

### **The Individual Employer should:**

- deduct contributions from employees' pay correctly;
- pay all contributions, including their own as determined by the Actuary, promptly by the due date;
- exercise discretions within the regulatory framework;
- make additional contributions in accordance with agreed arrangements in respect of, for example, augmentation of scheme benefits and early retirement strain;
- notify the Administering Authorities promptly of all changes to membership or, as may be proposed, which affect future funding; and

- comply with the valuation timetable where required and respond to communications as necessary to complete the process.

**The Fund Actuary should:**

- prepare valuations including the setting of employers' contribution rates after agreeing assumptions with the Administering Authority and having regard to the FSS;
- agree a timetable for the valuation process with the Administering Authority to provide timely advice and results;
- prepare advice and calculations in connection with bulk transfers and individual benefit-related matters.

**Solvency Issues and Key Funding Levels**

The principal issues facing the solvency of the Fund include the ability to finance liabilities as and when they arise, the rate or volatility of variations in employer contribution rates, the pace at which deficits are recovered (or surpluses used up), and the returns on the Fund's investments.

The purpose of the funding strategy is to draw these issues together to seek to achieve a funding level close to 100% over a reasonable period of time and within the prudential framework in which the Fund operates.

In 1992, and in view of mature funding risks facing the LPFA Fund at that time, the Fund's liabilities were split in two to form a Pensioner Sub-fund and an Active Sub-fund. Initially this split was to enable a differential investment strategy to be pursued and this can be applied in this context to determine the funding strategy.

**Pensioner Sub-fund**

This Sub-fund comprises the liabilities of three principal groups:

- [1] Those in respect of the former employees of the GLC/ILEA/LRB, statutory responsibility for which was transferred to the LPFA as residuary employer;
- [2] Those of staff transferred to London boroughs, either in respect of ILEA staff under a regulatory amendment, or other functional transfers, where the London borough is the employing authority; and
- [3] Those relating to former employers who are no longer operational or have no active continuing membership of the Scheme.

The main financial assumptions adopted for this Sub-fund in deriving the results of the formal valuation as at 31<sup>st</sup> March 2007 are:

		March 2007	
		Nominal	Real
Price Inflation (RPI)	Market expectation of long term future inflation as measured by reference to the sterling LIBOR nominal breakeven inflation curve as provided by Barclays Capital as at the valuation date.	Variable with duration	
Pay Increases*	Assumed to be 1.5% p.a. in excess of price inflation	Variable with duration	1.5%
Swaps Curve	The yield available on the sterling LIBOR nominal swaps curve as provided by Barclays Capital as at the valuation date	Variable with duration	
Funding Basis Discount Rate	Assumed to be 1.5% p.a. above the swaps curve	Variable with duration	

\* Plus an allowance for promotional pay increases

- The deficits attributable to former employees who transferred to the London Boroughs, but where the London Borough is the employing authority, have been allocated to individual Boroughs and are planned to be recovered by a past service adjustment contribution in 2008/2009 based on a 17 year deficit recovery period, and then by charging an additional levy over 22 years commencing April 2009 using the Recovery Plan assumptions detailed below.
- LPFA recover pension increases from some employers with no remaining active members and these payments are allocated to the appropriate employer's notional asset allocation.

The main funding principles and assumptions for this Sub-fund used in the Recovery Plan are as follows:

- The deficits attributable to former employees of the GLC, ILEA and LRB, statutory responsibility for which was transferred to the LPFA as residuary employer, have been allocated as follows:

- ~ Former ILEA staff - to the Inner London Boroughs (including the City of London)
- ~ Former GLC and LRB staff - to the Inner and Outer London Boroughs

and then apportioned between individual Boroughs according to the Council Tax base. The deficits are planned to be recovered over a 22 year period by charging an appropriate levy to each London Borough commencing April 2009;

- The liabilities in respect of the Recovery Plan have been calculated taking into account mortality assumptions using long cohort improvement factors on the baseline mortality table PNA00, and with no anticipated asset out performance;
- The investment strategy has, however, been set to generate returns of 1.5% over the Sterling LIBOR nominal swaps curve. To the extent that this is achieved, the levy amounts described above will be reduced in subsequent valuations.

### Active Sub-fund

This Sub-fund is comprised of the liabilities of all other active employers in the LPFA Fund. The main funding assumptions and principles set for this Sub-fund at the 2007 Fund Valuation are as follows:

		March 2007	
		Nominal	Real
Price Inflation (RPI)	Market expectation of long term future inflation as measured by the difference between yields on fixed and index-linked Government bonds as at the valuation date	3.2%	
Pay Increases*	Assumed to be 1.5% p.a. in excess of price inflation	4.7%	1.5%
'Gilt-based' discount rate	The yield on fixed-interest (nominal) and index linked (real) Government bonds	4.5%	1.3%
Funding Basis Discount Rate	Assumed to be 1.75% p.a. above the yield on fixed interest Government bonds	6.25%	3.0%

\* Plus an allowance for promotional pay increases

- Allowance is to be made for changes in the Regulations with effect from 1<sup>st</sup> April 2008.
- Staff turnover and retirements reflect updated expectations of future experience, taking into account LGPS and LPFA Fund experience.
- Employers will manage early retirements to minimise extra costs falling on the Fund and the capitalised cost of early retirements, other than on ill-health terms up to the levels of experience assumed by the Actuary, and augmentation of service or pension will be funded by the employer, by lump sum payment at the time of retirement.
- The liabilities have been calculated on PMA92/PFA92 mortality tables based on calendar year projections. Mortality has been projected to 2017 for current pensioners and to 2033 for members yet to retire. A further increase of 3.5% has been applied to the active members' liabilities and 1.7% to pensioner liabilities as a reserve for future improvements in life expectancy.
- Pooling of employers will be considered as follows:
  - ~ Small employers, defined as less than 50 active members, who remain open to new membership are to be pooled in a variety of pools;
  - ~ Employers who have grown and established a steady active membership level above this figure are to be removed and considered individually;
  - ~ Employers previously considered individually but whose membership has now decreased to less than 50 active members are to be considered on their merits as to whether they should be returned to a pool, including consideration of the requirement for a valuation upon cessation of an admitted body and to protect the Fund from employers being unable to pay any deficit accrued to them;
  - ~ Short-term employers, employers who have closed to new members or employers whose covenant is considered insecure are to be reviewed and removed if desirable from a pool;
  - ~ Single deficit recovery periods are to apply within a pool where possible to avoid additional divergence over time from underlying employer positions; and
  - ~ Appropriate rate adjustments are to be made within pools where different phasing options have been chosen to avoid additional divergence from underlying employer positions.
- Phasing in contribution increases may be agreed on an incremental basis to reduce the impact of large increases and to meet the

regulatory requirement and FSS objective for rates to be as nearly constant as possible. In general:

~ phasing plans agreed for employers at the 2004 Valuation are to continue and the remaining years' pattern applied to the new results emerging at the 2007 Valuation, with employers given the opportunity to move to the overall rate emerging if they wish; and

~ each employer is to be reviewed on its own merits to ensure that an unreasonable rate increase in the first year does not apply as a result of their membership experience over the previous three years and where this would occur, up to the full phasing option available at the 2004 Fund Valuation is to be offered (i.e. phasing over three or six years dependant on financial security with a minimum 2% increase in year one).

- Past service deficit contributions are to be paid as cash sums by:
  - ~ employers who are known to have closed to new members;
  - ~ employers where the percentage otherwise resulting is excessively high; and
  - ~ employers already paying cash contributions, unless they request a change to a percentage requirement and are actively open to new members and can demonstrate a stable or increasing active membership and pensionable payroll.
- In the event of an employer being in surplus, no deduction is to be made from their future service contribution requirement to pay this back over time. As a minimum, the contribution rate is to be maintained at the future service rate.
- In order to rebuild margins, where an underlying overall contribution rate has decreased, employers are to maintain, apart from where this would cause undue difficulty to an employer, the overall contribution rate emerging from the 2004 Fund Valuation, and where a reduction is agreed this is to be phased down in a similar manner to that of an increase.
- Reductions to contribution rates are to be allowed where an employer is due to cease as a surplus could not subsequently be refunded to the employer as the Regulations currently stand.
- The longer deficit spread periods for different types of employer introduced at the 2004 Valuation to smooth the impact of short term investment performance after the 2001 Valuation and to stabilise rises in contribution rates over a longer period are to be retained at the 2007 Valuation, rolled forward for the Active Sub-fund. This approach is based on the funding categories set out in Annex 2 and reflects the strength of covenant of different groups of employers.

## Links to Investment Policy

Funding and investment strategy are inextricably linked. The Investment Strategy is set after taking investment advice, to reflect the liabilities of the Fund and these may be set to achieve the funding strategy agreed with employers.

LPFA does not account for each employer's assets separately. The Fund's Actuary is required to apportion the assets of each Sub-fund between the employers at each triennial valuation using the income and expenditure figures provided for certain cash flows for each employer. This process adjusts for transfers of liabilities between employers participating in the Fund, but does make a number of simplifying assumptions.

The split is calculated using an actuarial technique known as "analysis of surplus". The methodology adopted means that there will inevitably be some difference between the asset shares calculated for individual employers and those that would have resulted had they participated in their own ring-fenced section of the Fund. The asset resulting apportionment is capable of verification but not to audit standard.

The limitations in the process are recognised, but having regard to the extra administration cost of building in new protections, it considers that the Fund Actuary's approach addresses the risks of employer cross-subsidisation to an acceptable degree.

The current investment strategy as set out in the published Statement of Investment Principles, applies to Sub-fund level.

## Key Risks and Controls

LPFA has an active risk management programme in place to control key financial, demographic, regulatory, and governance risks. This is summarised in the risk register in Annex 3 and reviewed regularly.

## Consultation and Publication

LPFA has prepared and updated the FSS in collaboration with the Fund's Actuary, and consulted the employers in the Fund through written correspondence at various stages in the original process and held a special forum to address the funding principles. Further discussions are to take place with the London Boroughs in respect of the Pensioner Sub-fund Recovery Plan. The FSS has been published on the LPFA web site and printed copies are available on request.

A copy has been sent to each employer, the Fund's Actuary, investment managers and advisers, the Department for Communities and Local Government (CLG), and other interested parties, including members of various Employer and Fund Member Panels.

Scheme members will be informed of the publication and the key elements of the strategy in the annual report to members. A summary of the funding principles which underpin the strategy will also be published in the Annual Report and Accounts.

### **Monitoring and Review**

The investment performance of the Fund is monitored relative to the growth in the liabilities by measuring investment returns relative to the returns on a least risk portfolio of index-linked bonds and the valuation assumptions.

The key funding principles will be monitored on an annual basis and a statement of significant variance will be incorporated into the actuarial report as part of the LPFA's annual report and accounts.

As a policy statement, the FSS is reviewed in detail at least every three years ahead of triennial valuations being carried out, with the next full review due to be started by 31<sup>st</sup> March 2010 in order to inform the valuation process due as at that date. A revised statement will be issued in the event of any significant or material change arising.

**This Funding Strategy Statement was first published on 10<sup>th</sup> February 2005 and a revised version published March 2008.**

## **ANNEX 1 ~ Extract from the LGPS Regulations**

### **76A Funding strategy statement**

- (1) Each Administering Authority shall, after consultation with such persons as they consider appropriate, prepare, maintain and publish a written statement setting out their funding strategy.
- (2) In preparing and maintaining the statement, the Administering Authority shall have regard to
  - (a) the guidance set out in the document published in March 2004 by CIPFA, the Chartered Institute of Public Finance and Accountancy and called "CIPFA Pensions Panel Guidance on Preparing and Maintaining a Funding Strategy Statement (Guidance note issue No. 6)"; and
  - (b) the statement of investment principles published by the Administering Authority under regulation 9A of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998.
- (3) The first such statement shall be published on or before 31st March 2005.
- (4) The statement shall be revised and published by the Administering Authority following, and in accordance with, any
  - (a) material change in their policy on the matters set out in the statement; and
  - (b) material change to the statement of investment principles under regulation 9A(4) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 1998.

### **77 Actuarial valuations and certificates**

- (1) Each Administering Authority must obtain
  - (a) an actuarial valuation of the assets and liabilities of each of their pension funds as at 31st March in 1998 and in every third year afterwards,
  - (b) a report by an actuary, and
  - (c) a rates and adjustments certificate.
- (2) Each of those documents must be obtained before the first anniversary of the date ("the valuation date") as at which the valuation is made or such later date as the Secretary of State may agree.
- (3) A rates and adjustments certificate is a certificate specifying
  - (a) the common rate of employer's contribution, and
  - (b) any individual adjustments, for each year of the period of three years beginning with 1st April in the year following that in which the valuation date falls.
- (4) The common rate of employer's contribution is the amount which in the actuary's opinion should be paid to the fund by all bodies whose employees contribute to it so as to secure its solvency, expressed as a percentage of the pay of their employees who are active members.

- (5) The actuary must have regard
- (a) to the existing and prospective liabilities of the fund arising from circumstances common to all those bodies, and
  - (b) to the desirability of maintaining as nearly constant a rate as possible.

(5A) The actuary must have regard to the administering authority's funding strategy statement published under regulation 76A.

(6) An individual adjustment is any percentage or amount by which in the actuary's opinion contributions at the common rate should in the case of a particular body be increased or reduced by reason of any circumstances peculiar to that body.

(7) A rates and adjustments certificate must contain a statement as to the assumptions on which the certificate is given as respects

- (a) the number of members who will become entitled to payment of pensions under provisions of the Scheme, and
- (b) the amount of the liabilities arising in respect of such members, during the period covered by the certificate.

(8) A report under paragraph (1)(b) must contain a statement as to the demographic assumptions used in making the valuation, showing how they relate to the events which have actually occurred in relation to members of the Scheme since the last valuation.

(9) The authority must provide the actuary preparing a valuation or a rates and adjustment certificate with the consolidated revenue account of the fund and such other information as he requests.

(10) The authority must send copies of any valuation, report or certificate under this regulation or revision under regulation 78

- (a) to the Secretary of State,
- (b) to each body with employees who contribute to the fund in question, and
- (c) to any other body which is or may become liable to make payments to that fund.

(11) They must also send the Secretary of State

- (a) a copy of the consolidated revenue account with which the actuary was provided under paragraph (9), and
- (b) a summary of the assets of the fund at the valuation date (unless such a summary is contained in the report)

## ANNEX 2 ~ Employer Funding Categories

### **Category A ~ Indicative funding term up to 20 years (30 years including phasing).**

LGPS "Scheduled" and "Resolution/Designated Bodies". These are statutory entities that are either required to, or can choose to, offer the LGPS under the LPFA Fund.

"Admitted Bodies" which are either statutory in character (e.g. further education body in receipt of government grant for a substantial element of funding).

Bodies upon whose withdrawal, full deficiency funding (if necessary) can be expected via a statutory body or government department (e.g. bodies with statutory guarantor or an admitted body delivering "outsourced" functions as prescribed under the LGPS where a statutory body/government department are part of the admission agreement).

### **Category B ~ Target funding term up to 20 years.**

"Admitted Bodies" with no statutory underpin but where either;

- (a) the body can now provide, to the LPFA's satisfaction, evidence of financial security to justify the longer funding term than prevailing FWL (e.g. a "parent company" guarantee, secured income streams or external bond/insurance cover for an appropriate amount), or,
- (b) the body is part of a directly related group of bodies within the LPFA Fund and where the another one of those bodies has now formally accepted default funding for the body in question through "pooled sub-funding" within the Fund. In this case the funding period for the "first" will equal FWL of the "second" if longer.

### **Category C ~ Target funding term up to Future Working Life.**

"Admitted Bodies" with no external underpin.

#### **Notes**

1. In any case an appropriately shorter funding period will be substituted by LPFA where the body is known to be of short or fixed-term life (e.g. the duration of the relevant service contract held by the "Admitted Body").
2. The LPFA may choose to apply a longer funding term or different funding basis for a given employer as a result of specific advice received from the Fund's Actuary.
3. Category A and B employers have the option to request a shorter funding period over which any prevailing deficiency is recovered.
4. It is the known/evidenced position for a given employer at the time in question that will inform funding decisions taken under the above and the position will be kept under review.
5. External advice may be needed to provide the "satisfaction" required under Category B (a)

## Risk Register

<b>Financial risks</b>	<b>Probability (H/M/L)</b>	<b>Impact (H/M/L)</b>	<b>Summary of Control Mechanisms</b>
Inappropriate long-term investment strategy	<b>L</b>	<b>H</b>	Set Fund-specific benchmark, informed by Asset-Liability modelling of liabilities.
Fund assets fail to deliver returns in line with the anticipated returns underpinning valuation of liabilities over the long-term	<b>M</b>	<b>H</b>	Only anticipate long-term return on a relatively prudent basis to reduce risk of under-performing.  Analyse progress at three yearly valuations for all employers.  Inter-valuation roll-forward of liabilities between formal valuations at Sub-fund level, monitored on an annual basis against returns.
Fall in risk-free returns on Government bonds, leading to rise in value placed on liabilities	<b>L</b>	<b>M</b>	Inter-valuation monitoring, as above. Some investment in bonds helps to mitigate this risk.
Active investment manager under-performance relative to benchmark over medium term	<b>M</b>	<b>M</b>	Short term (quarterly) investment monitoring analyses market performance and active managers relative to their index benchmark. Supplement with an analysis against absolute returns, against those underpinning the valuation, and against a Liability Benchmark portfolio. Give early warning of contribution rate variations indicated ahead.
Pay and price inflation significantly more than anticipated	<b>M</b>	<b>H</b>	Focus actuarial valuation process on real returns on assets, net of price and pay increases. Inter-valuation monitoring, as above, gives early warning. Some investment in bonds also helps to mitigate this risk. Employers pay for their own salary awards and are reminded of the geared effect on pension liabilities of any bias in pensionable pay rises towards longer-serving employees.
Effect of possible increase in employer's contribution rate on service delivery and admission/scheduled bodies	<b>H</b>	<b>H</b>	Seek feedback from employers on scope to absorb short-term contribution rises. Mitigate impact through deficit spreading and phasing in of contribution rises.

<b>Demographic risks</b>	<b>Probability (H/M/L)</b>	<b>Impact (H/M/L)</b>	<b>Summary of Control Mechanisms</b>
Pension payment period lengthening.	<b>M</b>	<b>M</b>	Set mortality assumptions with some allowance for future increases in life expectancy. Fund Actuary monitors combined experience of around 50 funds to look for early warnings of lower pension amounts ceasing than assumed in funding. Encourage any employers concerned at costs to promote later retirement culture.
Deteriorating patterns of early retirements	<b>M</b>	<b>M</b>	Employers are charged the extra capital cost of non ill health retirements on each decision. Employer ill health retirement experience is monitored between valuations.

<b>Regulatory risks</b>	<b>Probability (H/M/L)</b>	<b>Impact (H/M/L)</b>	<b>Summary of Control Mechanisms</b>
Changes to LGPS regulations	<b>H</b>	<b>H</b>	Monitor the potential creation of additional liabilities and administrative difficulties for employers and LPFA.
Changes to national pension requirements and/or Inland Revenue rules	<b>H</b>	<b>M</b>	Consider all consultation papers issued by the CLG and comment where appropriate. Consult employers under agreed policy. Copies of all submissions are available for employers to see at <a href="http://www.yourfund.org.uk">www.yourfund.org.uk</a> Participate in LGPC/OAG/CLG development groups.

<b>Governance risks</b>	<b>Probability (H/M/L)</b>	<b>Impact (H/M/L)</b>	<b>Summary of Control Mechanisms</b>
LPFA unaware of structural changes in an employer's membership.	<b>M</b>	<b>H</b>	Monitor membership movements on a quarterly basis. Review the Rates and Adjustments certificate to increase an employer's contributions (under Regulation 78) between triennial valuations.
LPFA not advised of an employer closing to new entrants.	<b>M</b>	<b>H</b>	Deficit contributions are expressed as monetary amounts where appropriate.
LPFA failing to commission the Fund Actuary to carry out a termination valuation for a departing Admission Body and losing the opportunity to call in a deficit.	<b>L</b>	<b>H</b>	Monitor contribution payments to trigger notification. Operate a diary system to monitor short life or term bodies.
An employer ceasing to exist with insufficient funding or adequacy of a bond.	<b>H</b>	<b>M</b>	The risk is mitigated by a prudent admissions policy which: Sets out the employer obligations clearly. Seeks a funding guarantee from another scheme employer, external body, or government. Encourages the employer to take independent actuarial advice. Requires vetting of financing standing. Sets a minimum limit of employees. Where permitted under the Regulations, requires a bond to protect the scheme.



# **Funding Strategy Statement**

**4<sup>th</sup> Floor, Dexter House, 2 Royal Mint Court, London, EC3N 4LP**

**Tel 020 7369 6057**