

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7

TEESSIDE PENSION BOARD REPORT

11 FEBRUARY 2019

STRATEGIC DIRECTOR FINANCE, GOVERNANCE & SUPPORT – JAMES BROMILEY

Funding Strategy Statement and Investment Strategy Statement

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the Teesside Pension Board (the Board) of the Fund's revised Funding Strategy Statement and Investment Strategy Statement.

2. RECOMMENDATIONS

- 2.1 That Members note the report.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial implications arising from this report.

4. BACKGROUND

- 4.1 The Local Government Pension Scheme Regulations 2013 (as amended) required Administering Authorities to publish a Funding Strategy Statement by 31 March 2015 and to keep this statement under review, consulting with such persons as it considers appropriate when carrying out this review.
- 4.2 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended) required Administering Authorities to prepare and publish an Investment Strategy Statement by 1 April 2017, after taking appropriate advice and consulting with relevant persons. This Statement needs to be reviewed at least every three years, or more often where necessary.
- 4.3. When preparing and revising both the Funding Strategy Statement and the Investment Strategy Statement, Administering Authorities should have regard to relevant guidance.
- 4.4 The 12 December 2018 meeting of the Teesside Pension Fund Committee approved changes to the Funding Strategy Statement and Investment Strategy Statement subject to any further changes that may be required following consultation with Pension Fund employers.

4.5 All Pension Fund employers were circulated copies of the two documents, along with a covering letter explaining the main changes and asking for comments. No comments were received from Pension Fund employers.

5. CHANGES

5.1 The revised wording for the Funding Strategy Statement is enclosed as Appendix A. These are the material differences from the previous version:

- Treatment of surplus revealed at an actuarial valuation is clarified. In particular it is made clear that in normal circumstances tax-raising employers would be able to use surplus to reduce their contributions below the cost of accruing benefits by spreading the surplus element over the maximum period for deficit recovery.
- Employers with guarantors who are in surplus or deficit when they exit the Fund would normally have that surplus or deficit transferred to the guarantor.
- Where an exit calculation is required, the Statement confirms this can only commence once the necessary data has been supplied to the actuary.
- The Fund's target strategic benchmark has been updated to reflect the new details set out in the revised Investment Strategy Statement.

5.2 The revised wording for the Investment Strategy Statement is enclosed as Appendix B. These are the material differences from the previous version:

- Reference is made to the Deputy Section 151 Officer in the roles and responsibilities.
- The Fund's long term target strategic asset allocation is updated in line with the proposal agreed at the 19 September 2018 Committee meeting.

6. NEXT STEPS

6.1 The Funding Strategy Statement and Investment Strategy Statement will be published in final form on the Fund's website. Further amendments to the two documents are possible as the actuary progresses with the actuarial valuation later in the year. If changes are needed, further consultation will take place.

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