

Local Government Pension Scheme
Scheme Advisory Board

Teresa Clay
Local Government Pensions
Ministry of Housing, Communities and Local Government
Fry Building
2 Marsham Street
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27 November 2024

Dear Teresa

Funding Strategy Statement (FSS) guidance

In line with its functions under Regulation 110 of the Local Government Pension Scheme Regulations 2013, the Scheme Advisory Board recommends that Ministerial approval is provided to guidance produced by the Board and the Chartered Institute of Public Finance and Accountancy (CIPFA) for administering authorities to follow when preparing its Funding Strategy Statement (FSS).

As you are aware, the responsibility for updating this guidance now falls within the remit of the Board's Compliance and Reporting Committee (CRC), which replaced CIPFA's Pensions Panel and has CIPFA representation within its membership. The new FSS guidance was approved by the Board when it met on 25 November 2024, and by CIPFA's Public Finance Management Board on 7 November 2024.

Regulation 58 of the Local Government Pension Scheme Regulations 2013 sets out the requirement for administering authorities to '*prepare, maintain and publish a written statement setting out its funding strategy*'. This regulation also references that the administering authority must have regard to guidance produced by CIPFA and references the outdated 2012 CIPFA guidance, which was subsequently updated in 2016. Therefore, the Board also recommends that this reference in the regulations is changed as soon as reasonably practicable.

The updated guidance aims to help administering authorities create their own funding strategy, covering all the necessary topic areas but without being prescriptive in the policy approach to take. It was produced following extensive input from the CRC's working group, comprising of key LGPS stakeholders. I would be grateful if you could put this recommendation to the Minister for consideration at your earliest convenience and hope that it is adopted by the Minister in good time to be considered within ongoing preparations for the upcoming 2025 fund actuarial valuations in England and Wales.

Yours sincerely,



Joanne Donnelly
Board Secretary