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**This bulletin from the Staffordshire Pension Fund, focuses on the current issues that you should be aware of relating to the Local Government Pension Scheme.**

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**Issue May 2023**

## **Funding Strategy Statement (FSS)**

As part of an Actuarial Valuation, best practice dictates that there should also be a review of a Pension Fund's Funding Strategy Statement (FSS).

As a result the [FSS](#) of the Staffordshire Pension Fund, has been prepared by the administering authority in collaboration with the Fund's actuary, Hymans Robertson LLP. After consultation with Scheme Employers and Investment Advisers, it was approved by the Pensions Committee at their meeting on 31 March 2023.

## **Investment Strategy Statement (ISS)**

The [ISS](#) was approved by the Pensions Committee on 31 March 2023, following consultation with the Fund's Investment Advisers.

Authorities are required to prepare and maintain an ISS which documents how the investment strategy for the Fund is determined and implemented. The ISS is required to cover a number of areas, specifically:

- the requirement to invest money across a wide range of investments.
- an assessment of the suitability of particular investments and investment types.



- the maximum percentage authorities deem should be allocated to different asset classes or types of investment, although limits on allocations to any asset class are not prescribed as is currently the case under the 2009 Regulations.
- the authority's attitude to risk, including the measurement and management of risk.
- the authority's approach to investment pooling.
- the authority's policy on social, environmental, and corporate governance considerations.
- the authority's policy with regard to stewardship of assets, including the exercise of voting rights.

## McCloud Reminder

Over the last 18 months the Fund and Scheme Employers have worked in partnership to ensure we meet the legal requirements brought about by the McCloud Judgement i.e., to remove age discrimination within the LGPS with the introduction of a Career Average Pensions Earnings (CARE) in 2014.

We are now well into the second phase of the project and require Employers to update the Employee payroll data up to 31 March 2022. Every Employer has now received a data collection template via a time sensitive secure email for return to the Fund within 3 months from date of receipt.

We recognise that you have all been very busy with supplying and submitting year end data, but don't forget that we still need your data to enable us to comply with the McCloud obligations.

Please ensure that the data you have submitted remains accessible given queries will undoubtedly begin to arise as the project continues throughout the year.

We want to work closely with you to successfully complete this legal requirement. Consequently, if we can assist you in anyway, please let us know by contacting [SPFData@staffordshire.gov.uk](mailto:SPFData@staffordshire.gov.uk)



## Pension Early Retirement Costs Increasing

As you are aware when an Employer agrees to the early retirement from age 55 for an Employee who is a member of the LGPS, typically on grounds of redundancy or “flexible retirement”, there can be an additional Employer’s contribution payable to the Pension Fund; this additional payment is known as an **actuarial strain** and is the cost to the Employer of permitting the early payment of a pension benefit.

At each triennial valuation, the Fund Actuary reviews the factors which are used in the actuarial strain calculation. As part of this review the Actuary compared the new factors compared to those in place: this showed that the factors in place understate the strain cost in most circumstances.

, The Fund implemented the new factors with effect from 1 May 2023. This means that any new retirement estimates requests received with a leaving date of the 1 May 2023 or later will include the new actuarial strain cost. Any retirement estimates already provided on the old factors will be honoured up to 31 August 2023 and thereafter a recalculation will be required.

## Backdated pay awards

The Local Government Association has published a frequently asked questions (FAQ’s) on how Employers should manage backdated pay awards. The document can be found on the Staffordshire Pension Fund website under [Guides and Factsheet webpage](#).

## Members Ill Health guide

Scheme members sometimes contact us seeking help and guidance on the pension benefits due should they have to leave their employment due to ill health. To assist members, we have a dedicated ill health webpage. The webpage provides members with a [step-by-step](#) guide which includes:

- What is the ill health pension criteria?
- What level of ill health pension can be awarded?
- How to apply for an ill health pension
- Medical assessment process
- Employers’ decision
- The process if an ill health pension is approved.



If you require any further information or clarification on the content on this Newsletter, please do not hesitate to contact [pensions.comms@staffordshire.gov.uk](mailto:pensions.comms@staffordshire.gov.uk)

