

# Local Government Pension Scheme Bulletin

Issue 2

27<sup>th</sup> January 2021

## Consultation on Funding Strategy Statement – Employer Risk



Pensions Committee for The Leicestershire Local Government Pension Fund has approved a consultation with employers on proposed changes to the Funding Strategy Statement (FSS) in connection with the new Regulations regarding employer risk that came into force on 23<sup>rd</sup> September 2020. These Regulations are named - Local Government Pension Scheme (Amendment) (Number 2) Regulations.

A draft version of the document for consultation can be found alongside this bulletin. The areas of change can be found blocked in yellow.

These Regulations effectively fall into three areas:

- **Review of employer contributions** - The Regulations now require the Fund to have a policy on when a review of employer contributions is necessary (outside of the formal Fund valuation process) and the process the Fund will take in doing so. The Fund's approach to this change is included on page 14 in the Fund's draft version of the FSS.
- **Spreading exit payments** - The Regulations now require the Fund to have a policy on when the Fund will allow spreading exit payments and the process the Fund will take in doing so. The exit payments relate to the cessation termination value that is calculated when an employer's last active member leaves the scheme. The Fund's approach to this change is included on page 18 in the Fund's draft version of the FSS.
- **Deferred debt agreements** – The Regulations allows for the introduction of a new “deferred employer status” and deferred debt agreements for exiting employers. This formally allows Secondary contributions to be certified for employers with no active members who have not paid their cessation termination value in full. The Fund's approach to this change is included on page 19 in the Fund's draft version of the FSS.

The consultation is for 4 weeks and will take place between the 1<sup>st</sup> February 2021 and the 28<sup>th</sup> February 2021.

Any questions and responses to this consultation exercise should be emailed to [ian.howe@leics.gov.uk](mailto:ian.howe@leics.gov.uk)

Any comments received from our Fund employers will be considered and a final version of the Funding Strategy Statement will be taken to Pensions Committee later in the year for approval.

Regards,  
Ian Howe – Pensions Manager