



12 February 2026

Agenda Item: 4

## **REPORT OF THE SERVICE DIRECTOR, FINANCE, INFRASTRUCTURE AND IMPROVEMENT**

### **NOTTINGHAMSHIRE PENSION FUND FUNDING STRATEGY STATEMENT**

#### **Purpose of the Report**

1. The report asks Nottinghamshire Pension Fund Committee to approve the new Funding Strategy Statement (FSS) (**Appendix A**).

#### **Information**

2. Regulation 58 of the Local Government Pension Scheme Regulations 2013 sets out that administering authorities are required to prepare and maintain an FSS.
3. The FSS plays an integral role in setting out the Fund's approach to managing long-term funding requirements and risk in the LGPS whilst enabling stability and sustainability for participating scheme employers.
4. The purpose of an FSS is to:
  - Establish a clear and transparent fund-specific strategy that will identify how employers' pension liabilities will be met going forwards
  - Support the desirability of maintaining as constant and stable a primary contribution rate as possible as defined in Regulation 62(5) of the Local Government Pension Scheme (England and Wales) Regulations 2013
  - Ensure that the regulatory requirements to set contributions to ensure the solvency and long-term cost-effectiveness of the Fund are met
  - Explain how the Fund balances the interests of different employers
  - Explain how the Fund deals with conflicts of interest and references other policies/strategies

5. In January 2025, the Scheme Advisory Board, CIPFA and the Ministry of Housing, Communities and Local Government produced guidance for preparing and maintaining a Funding Strategy Statement.
6. The guidance:
  - Sets out expectations about how the FSS should be developed and reviewed
  - Provides common understanding and terminology between different stakeholders as to the types of issues that an FSS needs to address, occasions when input may be needed from employers and when notifications and/or engagement needs providing to employers and those with financial obligations to the scheme (i.e. guarantors)
  - Identifies and provides guidance on the range of scenarios and events a Fund and FSS may need to navigate which should be reflected in a robust FSS whilst allowing for local policies, flexibility, and approaches to be taken in the final published strategy
  - To provide a common structure to the content of an FSS to aid consistency, completeness, and ease of access to users, many of whom interact with more than one Local Government Pension Scheme fund
7. In preparing their FSS, funds must seek input from their actuary, or take professional advice, however the FSS must be owned and adopted by the administering authority (the Fund). In Nottinghamshire, the FSS is produced in partnership with the Fund's actuary, Barnett Waddingham.
8. The FSS must be reviewed every three years alongside the actuarial valuation. It sets out all the key assumptions the Actuary will use in preparing the actuarial valuation, together with the administering authority's policies in the areas where it has discretion to manage the funding position of the Fund.
9. Key financial and demographic assumptions in the FSS are set following advice from the Fund Actuary after consultation with the Administering Authority.
10. The FSS must consult stakeholders on the contents of the FSS. At its meeting on 13 November 2025, the Nottinghamshire Pension Fund Committee agreed the engagement plan for the FSS consultation. The plan was prepared with the new guidance in mind, together with the Fund's learning from consultations it had run previously when updating the FSS.
11. FSS consultations should be informative, and consultees need sufficient information to properly understand the issues and sufficient time to prepare informed responses. The consultation was published on Friday 14 November 2025 in line with the engagement plan. A copy was also sent to members of Nottinghamshire Pension Fund Committee and the Local Pensions Board at the same time, in case they had comments they wished to feed into the consultation process.
12. It had been anticipated that all employers would have the draft valuation results in December 2025, allowing time for them to respond to the consultation in the context thereof. A small number of employers did not receive the draft results as early as anticipated and one asked for an extension to the deadline. In the interests of fairness, the deadline for responses was

therefore extended from 5pm on Friday 2 January 2026 to 5pm on Friday 9 January 2026 for all employers and their guarantors.

13. The Fund received 7 responses to the consultation. An overview of the responses received and how they have influenced the final FSS is included in **Appendix B** to this report.

14. In addition to the changes outlined in **Appendix B** that arose from the consultation, the following changes were also made to the draft Funding Strategy Statement:

- Tidying of language, formatting and correction of typographical issues
- Removal of the engagement plan for the draft FSS from the document and updates throughout to the labelling of appendices
- An update to the narrative around New Fair Deal to confirm that the consultation has now closed; when the draft was published, the consultation was ongoing

### **Other Options Considered**

15. Responses to the consultation put forward alternative suggestions. **Appendix B** explains where comments and suggestions made during the consultation period have been incorporated in the FSS, and, where they have not been incorporated, explains the reason why.

### **Reason/s for Recommendation/s**

16. The Fund is required to have an FSS that is reviewed regularly and takes account of feedback received during consultation.

### **Statutory and Policy Implications**

17. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance, finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

### **Financial Implications**

18. Any costs associated with the preparation of the Funding Strategy Statement are met by the Fund.

19. The outcome of the actuarial valuation and the review of the FSS will have an impact on employers within the Fund, including the council. This process is key to ensuring the long-term sustainability of the Fund, and, so far as possible, providing stability in the contributions paid by employers.

### **Consultation**

20. Feedback received during the consultation is summarised in **Appendix B**. All employers who submit responses to the consultation are sent a full, direct response, which answers any

questions they raise and explains how those responses have influenced the final FSS. Where changes have not been made, employers also receive an explanation as to why.

## **RECOMMENDATION**

- 1) That Nottinghamshire Pension Fund Committee approves the adoption of the revised Funding Strategy Statement (**Appendix A**).

**Nigel Stevenson**  
**Service Director, Finance, Infrastructure and Improvement**

**For any enquiries about this report please contact:**

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### **Legal Comments (GR 03/02/2026)**

21. The Nottinghamshire Pension Fund Committee has the delegated authority to receive this report and make the recommendation contained within it

### **Financial Comments (TMR 28/01/26)**

22. The financial implications of this report are set out in paragraphs 18 and 19.

### **Background Papers and Published Documents**

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

- Funding Strategy Statement guidance (published January 2025):  
<https://lgpsboard.org/images/Guidance/FSS%20guidance%20Final%20January%202025.pdf>

### **Electoral Division(s) and Member(s) Affected**

- All