Pension Fund Committee

2 December 2025

Draft Funding Strategy Statement (FSS)

For Decision

Local Councillor(s): All

Senior Leadership Team:
S Cremer, Corporate Director, Section 151 Officer

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Statutory Authority: Dorset Council

Report status: Public (the exemption paragraph is N/A)

Executive summary (maximum of 500 words)

LGPS regulations require administering authorities to prepare and maintain a Funding Strategy Statement (FSS) which explains how the administering authority plans to make sure the pension fund has enough money to pay pensions now and in the future.

The pension fund's FSS has been updated to reflect the draft results of the latest triennial valuation as at 31 March 2025 and the most recent guidance issued by the LGPS Scheme Advisory Board (SAB) January 2025. The administering authority will consult with scheme employers and other key stakeholders on the draft FSS before the final version of the FSS is considered by the Committee at its next meeting March 2026.

The pension fund's long-term funding aims are to:

- Achieve solvency by managing employers' liabilities effectively and ensuring that sufficient resources are available to meet all benefit payments as they arise;
- Achieve long-term cost efficiency by ensuring that employer contribution rates are not set at a level that gives rise to additional costs;

- Enable primary contribution rates to be kept as nearly constant as possible and (subject to not taking undue risks) at reasonable cost to our employers; and
- Seek returns on investment within reasonable risk parameters.

Employer contributions are reviewed every three years by the Fund Actuary and include:

- Primary Rate: covers future pensions for current employees (active members).
- Secondary Rate: adjusts for any past shortfall (deficit) or surplus.

Employer contribution rates are set taking into account:

- Expected investment returns.
- Employer covenant (financial strength).
- Risk profile and participation period.

Recommendation(s):

That the Committee approve for consultation the draft Funding Strategy Statement (FSS).

Reason for the recommendation(s):

The Local Government Pension Scheme (LGPS) Regulations 2013 require all administering authorities within the LGPS to prepare and maintain a Funding Strategy Statement (FSS) and to consult key stakeholders on the contents of this statement. The report attached as Appendix 1 meets the requirements of this legislation and is prepared in accordance with the most recent guidance issued by the LGPS Scheme Advisory Board (SAB) January 2025.

1. Legal considerations

1.1 None identified.

2. Financial implications

2.1 None identified.

3. Natural environment, climate & ecology implications

3.1 None identified.

4. Well-being and health implications

4.1 None identified.

5. Other implications

5.1 None identified.

6. Risk implications

6.1 None identified.

7. Equalities

7.1 There are no equalities implications arising from this report.

8. Appendices

Appendix 1: Draft Funding Strategy Statement (FSS).

9. Background papers

Funding Strategy Statement | Dorset Pension Fund
FSS guidance Final January 2025.pdf