

**Paul Cooper - Corporate Finance & Commercial Services**

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**From:** Pensions  
**Sent:** 15 February 2023 12:19  
**Subject:** Durham County Council Pension Fund Valuation & Funding Strategy Statement  
**Attachments:** Durham FSS 2023 - redline.pdf; Durham Employer Flexibilities 2023 - redline.pdf  
**Importance:** High

Dear Fund Employer

I am contacting you to make you aware of proposed changes to the Durham County Council Pension Fund Funding Strategy (codified in the Funding Strategy Statement, "FSS"), as well as providing a general update on the progress of the 2022 Valuation.

**Funding Strategy**

The current version of the FSS was approved by the Pension Fund Committee following a consultation with all participating employers in the Fund. Following review of the Funding Strategy as part of the 2022 valuation process, it is necessary to make some amendments to the FSS. The Fund is therefore seeking views on the proposed changes.

Please find attached a redline version of the FSS and the Fund's Employer Flexibilities Policy, reflecting the proposed changes. A summary of the main proposals is as follows:

- Setting out the proposed Probability of Funding of Success.
- Setting out the approach to allowing for the anticipated McCloud remedy.
- Proposing the introduction of climate change scenario analysis in the 2022 valuation report.
- Reflecting changes to the legislative environment, including the change from MHCLG to DLUHC, the cost management process, and removal of public sector exit payments cap.
- Deletion from the FSS matters which are set out separately in the Employer Flexibilities Policy.
- Setting out the approach to surplus amortisation.

If you wish to make any representations on the proposed changes, then please contact Paul Cooper. The deadline for making representations is close of business on **Friday, 3 March**. The Fund is not seeking representations on other areas of the FSS as these have already been approved and implemented.

**Update on the 2022 Valuation:**

The 2022 Valuation is well advanced and almost all employers have received their individual employer results. If you have not received your results or would like to discuss the results you have received, please contact Paul Cooper as soon as possible.

The Valuation process must be completed by 31 March 2023. The process will end when the Fund Actuary issues its Valuation Report and the Rates and Adjustments Certificate. The new employer contribution rates will apply from 1 April 2023 until 31 March 2026. If you have not already done so, please inform your payroll provider of your new contribution rate.

**Next Steps:**

The revised FSS will be considered by the Pension Fund Committee on 16 March 2023 for formal approval and adoption. If you wish to make representations on the proposed changes then please do so by close of business on **Friday, 3 March 2023**.

**Please ensure that this message is shared with all relevant colleagues in your organisation or any organisation(s) in the Fund whom you represent.**

Kind regards

Paul

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