

Nottinghamshire Pension Fund - Funding Strategy Statement and associated policies

Executive Summary for Employers

Background

A Funding Strategy Statement (FSS) is a written statement that all LGPS funds are required to have under the LGPS Regulations.

The FSS for the Nottinghamshire Pension Fund (the Fund) is owned by Nottinghamshire County Council as the administering authority. It sets out the strategy which the Fund will follow to ensure that the LGPS benefits can be paid out to the members as they arise now and in the future.

LGPS Funds are required by the LGPS Regulations to keep the FSS under review and to follow the latest FSS statutory guidance (see [here](#) for more information). The Fund needs to review their current FSS as part the 2025 actuarial valuation to ensure the FSS is in line with new FSS guidance.

The FSS is a key document for the 2025 actuarial valuations, as it is a regulatory requirement for the Fund Actuary to take the FSS into account when undertaking the actuarial valuation and setting employer contributions.

Purpose of this note

In accordance with the guidance, employers and other appropriate parties should be consulted with regarding the draft strategy before it is formally adopted.

This note is provided to support the consultation process and highlights the key features of the draft Funding Strategy Statement (FSS), outlining the associated funding policies which have also been reviewed, and set out the consultation timetable including the launch date and response period.

When reviewing the Funding Strategy Statement (FSS) during the consultation, employers may wish to consider the following:

- **Clarity of the document** – The FSS should clearly explain how employer contributions are determined, both as part of the actuarial valuation and when joining or exiting the fund.
- **Accessibility of information** – All supplementary policies are now consolidated within a single document, eliminating the need to consult on separate appendices.

FSS, additional policies and the Engagement Plan

The FSS also contains updated drafts of several funding policies, namely:

- **Contribution Review policy** – set out in Annex A, this policy provides details on the Fund's policy on amending employer contribution rates between triennial valuations.
- **Deferred Debt Agreement and Debt Spreading Arrangement policy** – set out in Annex B, this policy provides detail around two possible options for exiting employers to help manage their exits.
- **Exit Credit policy** – set out in Annex C, this policy sets out the Fund's approach to paying exit credits.

- **Engagement plan** – set out in Annex D, the draft engagement plan was agreed at the Committee meeting on 13 November 2025. The engagement plan sets out details on how the Fund will engage with you, as a key stakeholder of the Fund, during the FSS review and publication of the revised FSS. The process will be managed by the Fund with the support of Barnett Waddingham as the Fund Actuary.

Important sections to note

The key sections of the Funding Strategy Statement (FSS) and associated policies that are directly relevant to employers include the following:

- **“Summary of funding approach”** table in Section B – in this table we set out the funding approach to the different participating employers in the Fund. We have included more information than previous funding strategy statements to help you, the employers, understand our approach to setting contributions. The approach varies depending on the type of employer you are and the strength of your employer covenant. The approach for each employer category is documented separately.
- **“Main actuarial assumptions”** section in Section B – this sets out the final assumptions to be used in the 2025 triennial valuation including a discount rate of 5.0% p.a. and an inflation assumption of 2.7% p.a. A table is included in this section, setting out the key assumptions and more information about how these assumptions have been set.
- **“Joining the fund and employer contribution rate setting and monitoring”** section in Section C. In this section we describe how new employers join the Fund. There are no changes to the current approach, but the approach has now been documented more fully.
- **“Preparing for exit and events which may trigger termination”** section in Section C. In this section we describe how employers exit the Fund. The draft FSS looks to provide more detail to employers around how their position will be determined compared to previous Funding Strategy Statements. We have reviewed the bases used to determine an employer’s position upon exiting the Fund as part of the 2025 valuation process and the previous methodology remains appropriate, although the model now applies an 85% success probability rather than the 90% used previously..

Changes since previous version

The funding strategy is relatively similar to the previous review but we want to bring your attention to some proposed changes which might be of interest to you:

- We have included links to other key policies, including the administration strategy and the investment strategy statement to make things easier to find.
- Academies and further education employers (e.g. colleges) will be treated as having an equal level of risk to the Fund as the local authorities and therefore we have aligned the recovery period for all these employers to be 17years. This treatment will only apply to employers whose liabilities are covered by the Department for Education Guarantee.

Next steps and key dates

The FSS and associated policies have been provided to you in draft as part of the FSS consultation. If you have any comments, please let Fund Officers know by 5pm on 2 January 2026 using the contact details in Section A

of the FSS. This will enable any changes to be made before the final draft is circulated to the participating employers.

The next steps are as follows:

- The FSS consultation has been launched on 14 November 2025 and a copy of the FSS has been sent to all employers and the Department for Education, together with this note which has been sent to all employers. Employers will be expected to share details of the consultation with their guarantors. Responses to the consultation will be received via the contact details noted in Section A of the FSS.
- The FSS consultation will close at 5pm on 2 January 2026.
- The Fund will work with the Fund Actuary to respond to any comments made by employers and make any amends to the draft FSS as appropriate.
- If there are any significant changes, these will be communicated to the employers in January 2026.
- The draft FSS and associated policies will be taken to the Nottinghamshire Pension Fund Committee for approval at its meeting on 12 February 2026.
- The Funding Strategy Statement will be finalised by 31 March 2026 and uploaded to the Fund website [here](#).