

Shropshire Council
Legal and Democratic Services
Guildhall
Frankwell Quay
Shrewsbury
SY3 8HQ

Date: Thursday, 10th September 2026

Committee:
Pensions Committee

Date: Friday, 18 September 2026

Time: 10.00 am

Venue: The Council Chamber, The Guildhall, Frankwell Quay, Shrewsbury, SY3 8HQ

You are requested to attend the above meeting.
The Agenda is attached.

There will be some access to the meeting room for members of the press and public, but this will be limited. If you wish to attend the meeting, please email democracy@shropshire.gov.uk to check that a seat will be available for you.

Please click [here](#) to view the livestream of the meeting on the date and time stated above.*

The recording of the event will also be made available shortly after the meeting on the Shropshire Council YouTube Channel: [Here](#)

Richard Phillips
Service Director – Legal and Governance (Monitoring Officer)

Members of the Committee:

Roger Evans
Gary Groves (Chairman)
Malcolm Myles-Hook
Charles Shackerley-Bennett

Co-opted Members (Voting):

Paul Davis
Zona Hannington (Vice-Chairman)

Co-opted Members (Non-Voting):

Thomas Biggins (Pensioner Representative)
David Burton (Employee Representative Shropshire Council)
Byron Cooke (Employee Representative Telford & Wrekin Council)

Substitute Members of the Committee:

Ben Jephcott (SC)
Chris Naylor (SC)
Carl Rowley (SC)
Sam Walmsley (SC)
Fiona Doran (T&W)
Stephen Reynolds (T&W)
Sarah Sweeney (SC Employee Rep)
Vacancy (T&W Employee Rep)
Vacancy (Pensioner Rep)

Your Committee Officer is:

Sarah Townsend Committee Officer

Tel: 01743 257721

Email: sarah.townsend@shropshire.gov.uk

When attending this meeting, Members are reminded of the three principles of the Jo Cox Foundation and Compassion in Politics Civility Pledge:

1. *Use a civil and constructive tone in debate.*
2. *Act with integrity, honesty and compassion.*
3. *Behave respectfully towards others, including those I disagree with.*

* (Please note that while we strive to live stream meetings, technical issues may occasionally occur. In the event of a technical disruption, the meeting will be paused to try to resolve the issue. Should it not be possible to resume the live stream, the meeting will proceed as scheduled, and a backup recording will be made available after the meeting. Any disruption to the live stream does not affect the legality of the meeting).

AGENDA

1 Apologies and Substitutions

To receive apologies for absence and notification of any substitutions.

2 Disclosable Interests

Members are reminded that they must declare their disclosable pecuniary interests and other registrable or non-registrable interests in any matter being considered at the meeting as set out in Appendix B of the Members' Code of Conduct and consider if they should leave the room prior to the item being considered. Further advice can be sought from the Monitoring Officer in advance of the meeting.

3 Minutes of the Previous Meeting (Pages 1 - 6)

The minutes of the meeting held on 19th June 2026 are attached for confirmation, marked 3.

Contact: Sarah Townsend (01743 257721)

4 Public Questions

To receive any questions or petitions from members of the public, notice of which has been given in accordance with Procedure Rule 14. The deadline for this meeting is 12 noon on Monday, 14th September 2026.

5 Third Line of Assurance: Internal Audit Outturn Report for Shropshire County Pension Fund 2025/26 (Pages 7 - 22)

The report of the Head of Policy and Governance is attached, marked 5.

Contact: Barry Hanson (07990 086409)

6 External Audit - The Audit Findings for Shropshire County Pension Fund 2025/26 (Pages 23 - 58)

The report of Grant Thornton is attached, marked 6.

Contact: Avtar Sohal (0121 212 4000)

7 Pension Fund Annual Accounts 2025/26 (Pages 59 - 170)

The report of the Pensions Investment and Responsible Investment Manager is

attached, marked 7.

Contact: Peter Chadderton (07990 086399)

8 Corporate Governance Monitoring (Pages 171 - 232)

The report of the Pensions Investment and Responsible Investment Manager is attached, marked 8.

Contact: Peter Chadderton (07990 086399)

9 Pensions Administration Monitoring (Pages 233 - 252)

The report of the Pensions Administration Manager is attached, marked 9.

Contact: Vicky Jenks (01743 252192)

10 Governance (Pages 253 - 274)

The report of the Pensions Administration Manager is attached, marked 10.

Contact: Vicky Jenks (01743 252192)

11 Exclusion of Press and Public

To consider a resolution under paragraph 10.2 of the Council's Access to Information Procedure Rules that the proceedings of the Committee in relation to Agenda Items 12 to 17 shall not be conducted in public in the grounds that they involve the likely disclosure of exempt information as defined by the categories specified against them.

12 Exempt Minutes of the Previous Meeting (Exempted by Category 3) (Pages 275 - 280)

The exempt minutes of the meeting held on 19th June 2026 are attached for confirmation, marked 12.

Contact: Sarah Townsend (01743 257721)

13 New Employers (Exempted by Category 3) (Pages 281 - 286)

The exempt report of the Pensions Administration Manager is attached, marked 13.

Contact: Vicky Jenks (01743 252192)

14 Investment Portfolio Update (Exempted by Category 3) (Pages 287 - 312)

The exempt presentation of Mr Colin Cartwright, Aon, is attached, marked 14.

15 Local Investments (Exempted by Category 3) (Pages 313 - 332)

The exempt presentation of Mr Paddy Dowdall and Mr Alex Jones, LGPS Central, is attached, marked 15.

16 Investment Strategy Update (Exempted by Category 3) (Pages 333 - 360)

The exempt report of the Pensions Investment and Responsible Investment Manager is attached, marked 16.

Contact: Peter Chadderton (07990 086399)

17 Investment Monitoring - Quarter to 30 June 2026 (Exempted by Category 3) (Pages 361 - 406)

The exempt report of the Pensions Investment and Responsible Investment Manager is attached, marked 17.

Contact: Peter Chadderton (07990 086399)

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Pensions Committee

18 September 2026

10.00 a.m.

**MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 19 JUNE 2026
10.00 A.M. - 11.46 A.M.**

Responsible Officer: Sarah Townsend

Email: sarah.townsend@shropshire.gov.uk Tel: 01743 257721

Present:

Members of the Committee:

Councillors Gary Groves, Malcolm Myles-Hook and Charles Shackerley-Bennett

Co-Opted Members (Voting):

Councillors Zona Hannington and Stephen Reynolds (Substitute) (substitute for Paul Davis)

Co-Opted Members (Non-Voting):

Thomas Biggins and Byron Cooke (remotely via MS Teams)

Others Present:

Shropshire Council Officers:

Justin Bridges (Head of Pensions – LGPS Senior Officer), Peter Chadderton (Pensions Investment and Responsible Investment Manager), Vicky Jenks (Pensions Administration Manager) and Martin Griffiths (Pensions Governance and Communication Team Leader)

Aon:

Luke Hammond

LGPS Central:

Jayne Atkinson (remotely via MS Teams), Anthony Cherrington, John Goodall and Russell Oades

Independent Advisor to the Committee:

Philip Hebson

Pensions Board Members:

John Hall (remotely via MS Teams)

1 Election of Chairman

RESOLVED:

That Councillor Gary Groves be elected as Chairman of the Pensions Committee for the forthcoming municipal year.

2 Apologies and Substitutions

Apologies for absence were received from Councillor Paul Davis, Councillor Roger Evans and Mr David Burton. Councillor Stephen Reynolds was in attendance as Councillor Paul Davis' substitute.

3 Appointment of Vice-Chairman

RESOLVED:

That Councillor Zona Hannington be appointed as Vice-Chairman of the Pensions Committee for the forthcoming municipal year.

4 Disclosable Interests

None were declared.

5 Minutes of the Previous Meeting

RESOLVED:

That the minutes of the meeting held on 20th March 2026 be approved and signed by the Chairman as a correct record.

6 Public Questions

There were no public questions.

7 Pensions Administration Monitoring

The Committee received the report of the Pensions Administration Manager which provided them with monitoring information on the performance of and issues affecting the Pensions Administration Team.

A question was asked regarding Penny the Pensions Bot and why its accuracy rate appeared to have remained at around 75% despite ongoing updates to the knowledge bank and whether further improvements were expected. The Pensions Administration Manager explained that whilst the knowledge bank was continually reviewed and updated in response to member queries, accuracy remained at approximately 75% regardless of the additional information added. It was noted that more sophisticated tools were expected to become available and that the potential adoption of a more sophisticated bot to improve performance was under consideration.

RESOLVED:

1. That the KPI chart and information on those KPI's not currently meeting the 95% target and the actions being taken to address this (Appendix A) be noted.
2. That the progress of the Pension Dashboard implementation which is provided in the update report (Appendix C) be noted.

3. It be noted that the regulatory updates are having a significant impact on the work of the team.

8 Governance

The Committee received the report of the Pensions Administration Manager which provided them with information regarding regulatory breaches arising from 1st April 2025 to 31st March 2026 that have been recorded in the breaches log. Also reported were any stage one or stage two appeals that had been received under the internal dispute resolution procedure (IDRP). Finally, fund policies that had been reviewed in the last quarter and required approval by Committee were also included within the report.

Members were advised that there had been an increase in red breaches, partly as a result of a revised approach to assessing repeated breaches over a twelve month period. Where an employer had exceeded six breaches during the year, these were now classified as red breaches. It was reported that particular issues had arisen where employers had changed payroll providers, affecting both the quality and timeliness of information submitted. One multi-academy trust covering twelve schools continued to present significant difficulties and Officers were working closely with the employer to resolve the matter. Overall, employer information and payments were generally being received on time.

The Committee were asked to approve the appointment of two additional doctors, Dr Paul Davies from Smart Clinic and Dr Tahal Khan from MTK Doctors, to be used by Fund employers in the review of cases for ill health retirements. It was noted that this information had not been included within the report as the request had only recently been submitted.

It was noted that although the most recent valuation had been completed, preparatory work was already underway for the next valuation period.

A question was asked regarding the process and timescales for reporting red breaches to The Pensions Regulator (TPR) and the Pensions Administration Manager explained that breaches were escalated internally with the employer first. If the issue was not resolved, a report could be made to The Pensions Regulator, who would then contact the employer. The Pensions Regulator would expect to see evidence that the Fund was working with the employer to resolve the issue. Formal action, including the possibility of a fine, would usually only follow if the employer was not engaging or failing to meet its obligations. In the case highlighted, the employer was attempting to resolve the issue, but progress had not been sufficiently quick.

In response to a further question about whether year on year breach trends could be included in future reports, Officers confirmed that this information was included within the Annual Report and agreed that it could also be considered for inclusion in future governance reports.

RESOLVED:

1. That the content of Appendix A to the report, breaches recorded from April 2025 to March 2026, be noted.
2. That the following fund policies be approved:

- Conflicts of Interest Policy (updated) (Appendix B)
- Data Retention Policy (new) (Appendix C)
- Data improvement Strategy and workplan 2025-27 (updated) (Appendix D)
- Communication Policy (updated) (Appendix E)

3. That Dr Paul Davies from Smart Clinic and Dr Tahal Khan from MTK Doctors to be used by Fund employers in the review of cases for ill health retirements be approved.

9 Corporate Governance Monitoring

The Committee received the report of the Pensions Investment and Responsible Investment Manager which informed them of corporate governance changes, including the government's response to the Scheme Advisory Board's letter of October 2025 in respect of investments in conflict zones, and a review of socially responsible investment issues arising in the quarter period 1st January 2026 to 31st March 2026.

Regarding the Palestine Solidarity Campaign (PSC) and investments in companies in conflict affected areas, it was reported that a response had been received from the Government confirming that the Committee's responsibility was limited to its fiduciary duty and that decisions regarding divestment were a matter for central government, not local authorities. It was noted that this supported the approach taken by the Committee to date and was consistent with the CAHRA policy published on the Fund's website.

The Committee were informed that the Pensions Bill gained royal assent on 29th April 2026 and brought into law the recommendations raised under the Government's LGPS: Fit for the future consultation. On 1st April 2026, LGPS Central moved to a pooling company covering fourteen funds and with regard to investments, they became responsible for all of the Fund's investments, including legacy investments.

In responding to a question regarding local investments and the definition of 'local', it was confirmed that this was set out in the draft Investment Strategy Statement and would be considered in the exempt part of the meeting.

RESOLVED:

That the position as set out in the report of the Pensions Investment and Responsible Investment Manager in respect of voting and engagement activity be noted and accepted:

- LGPS Central included in report;
- Columbia Threadneedle Investments Responsible Engagement Overlay Activity Report at Appendix A;
- LAPFF Engagement Report at Appendix B;
- The update from MHCLG on investing in companies in conflict zones at Appendix C; and
- The update on the Pension Bill 2026.

10 Exclusion of Press and Public

RESOLVED:

That under paragraph 10.2 of the Council's Access to Information Procedure Rules, the proceedings of the Committee in relation to Agenda Items 11 to 15, be not conducted in public on the grounds that they might involve the likely disclosure of exempt information as defined by the categories specified against them.

11 Exempt Minutes of the Previous Meeting (Exempted by Category 3)

RESOLVED:

That the exempt minutes of the meeting held on 20th March 2026 be approved and signed by the Chairman as a correct record.

12 New Employers (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager which provided them with details regarding new academy admissions to the Fund under Schedule 2, Part 1 (20) of the LGPS regulations 2013. The report also provided the Committee with details regarding new employer admissions to the Fund under Schedule 2 Part 3 Regulation 1(d) (i) of the Local Government Pension Scheme Regulations 2013 as well as details regarding parish councils who had made a resolution to join the Fund under Schedule 2 Part 2 Scheme Employers (designated bodies).

RESOLVED:

That the recommendations as set out in the exempt report of the Pensions Administration Manager be noted.

13 Investment Portfolio Update (Exempted by Category 3)

The Committee received a presentation from Mr Luke Hammond, Aon, which provided them with an investment portfolio update.

14 Investment Strategy Update (Exempted by Category 3)

The Committee received the exempt report of the Pensions Investment and Responsible Investment Manager which provided them with an Investment Strategy update.

RESOLVED:

That the recommendations as set out in the exempt report of the Pensions Investment and Responsible Investment Manager be approved.

15 Investment Monitoring - Quarter to 31 March 2026 (Exempted by Category 3)

The Committee received the exempt report of the Pensions Investment and Responsible Investment Manager which provided them with monitoring information

on investment performance and managers for the quarter period to 31st March 2026 and reported on the technical meetings held with managers since the quarter end.

RESOLVED:

That the recommendations as set out in the exempt report of the Pensions Investment and Responsible Investment Manager be approved.

16 Training Session on Understanding the Accounting and Audit Regulations

Immediately after the meeting, a training session was held for Members of the Pensions Committee and Pensions Board on Understanding the Accounting and Audit Regulations, presented by Mr Jonathan Perera, Mercer.

Signed (Chairman)

Date:



Pensions Committee
Date 18 September 2026

Item 5

Public

THIRD LINE OF ASSURANCE: INTERNAL AUDIT OUTTURN REPORT FOR SHROPSHIRE COUNTY PENSION FUND 2025/26

Responsible Officer:	Barry Hanson Head of Policy and Governance		
email:	Barry.hanson@shropshire.gov.uk	Tel:	07990086409
Cabinet Member (Portfolio Holder):	N/A		

1. Purpose of Report

- 1.1. This report provides the Committee with a summary of the work undertaken by Internal Audit for the year ended 31st March 2026 and provides the Chief Audit Executive's year end opinion on the Fund's internal control environment.

2. Recommendations

- 2.1. The Committee are asked to consider and endorse, with appropriate comment;
- i) Performance against the Audit Plan for the year ended 31 March 2026.
 - ii) The Chief Audit Executive's substantial year end opinion on the Fund's internal control environment for 2025/26 is based on the work undertaken, and Pension Fund management responses received.

3. Background

- 3.1. This annual report provides members with details of the work undertaken by Internal Audit for the year ended 31 March 2026. It reports on progress against the annual audit plan agreed with the Pensions Investment and Responsible Investment Manager and the Pensions Administration Manager. It also provides the Chief Audit Executive's opinion on the overall adequacy and effectiveness of the organisation's governance, risk management, and control processes when considering the Global Internal Audit Standards (GIAS) in the UK Public Sector.
- 3.2. Final performance has been positive with 4 out of the 5 planned audits completed within the financial year. The planned audit of the implementation of Multi Factor

Authentication on the pensions system was not completed due to the implementation being delayed. The review will now be carried forward to the 2026/27 audit plan.

- 3.3. Four good assurances were made in 2025/26. In addition, one advisory review was undertaken by the Internal Audit team to support the completion of the Cyber Assessment Framework which is a framework devised by the National Cyber Security Centre (NCSC).
- 3.4. A total of 17 recommendations have been made in the five audit reports. One significant recommendation was raised in 2025/26. Details of all audits completed and summary of recommendations raised is included in **Appendix A**.

4. Executive Summary

- 4.1. **Based on the work undertaken and Pension Fund management responses received; the Pension Fund's governance, risk management and internal control processes are sound and working effectively and the Chief Audit Executive can deliver a substantial year end opinion on the Fund's internal control environment for 2025/26. A substantial opinion is the highest overall opinion that can be awarded by the Chief Audit Executive. Please refer to Appendix B for year-end opinion classifications.**

Report

5. Risk Assessment and Opportunities Appraisal

- 5.1. The delivery of a risk based Internal Audit Plan is an essential part of ensuring probity and soundness of the Pension Fund's financial, governance and risk management systems and procedures and is closely aligned to the risk register. The Plan is delivered in an effective manner; where Internal Audit independently and objectively examines, evaluates and reports on the adequacy of the control environments as a contribution to the proper economic, efficient and effective use of resources. It provides assurances on the governance, risk management and internal control systems, by identifying areas for improvement or potential weaknesses and engaging with management to address these in respect of current systems and during system design. Failure to maintain robust internal controls create an environment where poor performance, fraud, irregularity and inefficiency can go undetected leading to financial loss and reputational damage.
- 5.2. The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2015.
- 5.3. There are no direct Environmental, Equalities or Community consequences of this proposal.
- 5.4. Internal Audit customers are consulted on the service that they receive, feedback from which is included in this report and continues to be positive.

6. Financial Implications

- 6.1. The Internal Audit plan is delivered within approved budgets; the work of Internal Audit contributes to improving the efficiency, effectiveness and economic management of the Pension Fund.

7. Climate Change, Biodiversity and Environmental Implications

- 7.1 This report does not directly make decisions on energy and fuel consumption; renewable energy generation; carbon offsetting or mitigation; or on climate change adaption. However, the work of the Committee will look at these aspects relevant to the governance, risk management and control environment.

8. Summary of Main Proposals

- 8.1. This report is the culmination of the work of the Internal Audit team during 2025/26 and seeks to:
- Provide an opinion on the adequacy of the risk management, control and governance arrangements.
 - Inform the review of an effective Internal Audit by providing performance data against the plan.
 - Confirm to the Pension Committee that the Audit service has been delivered free from interference throughout the year.
- 8.2. The requirement for Internal Audit derives from local government legislation, including section 151 of the Local Government Act 1972 which requires the Pension Fund to plan for the proper administration of its financial affairs. Proper administration includes Internal Audit. More specific requirements are detailed in the Accounts and Audit Regulations 2015, in that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 8.3. The GIAS, as applied in the UK Public Sector defines the scope of the annual report on internal audit activity. The annual report must incorporate an annual internal audit opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and internal control. The GIAS in the UK Public Sector came into force in April 2025. An internal quality assessment has been undertaken, and an external review is due to be undertaken in 2026/27, the outcomes of these assessments will be reported to the Pensions Committee.
- 8.4. Internal Audit operates a strategic risk-based plan. The plan is reviewed each year to ensure that suitable audit time and resources are devoted to reviewing the more significant areas of risk, this results in a comprehensive range of audits undertaken in the year, to support the overall opinion on the control environment. The number of audit days have been agreed with management however any

demands that may arise and any special investigations, may be delivered in addition to the planned work in agreement with management.

Annual Internal Audit Opinion from Internal Audit Work undertaken during 2025/26.

- 8.5. It is the responsibility of Shropshire County Pension Fund to develop and maintain the internal control framework. In undertaking its work, Internal Audit has a responsibility under the GIAS in the UK Public Sector to deliver an annual internal audit opinion and report. The annual internal audit opinion will conclude on the overall adequacy and effectiveness of the Pension Fund's framework of governance, risk management and internal control. This opinion plays a key part in enabling the Pension Committee to deliver their annual assurance statement to stakeholders.
- 8.6. The results of individual audits, when combined, form the basis for the overall opinion on the adequacy of the Pension Fund's internal control systems. No system of internal control can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that absolute assurance. The work of Internal Audit is intended only to provide reasonable assurance on governance, risk management and controls based on the work undertaken. In assessing the level of assurance to be given, I have considered:
- The work undertaken on the fundamental systems. Whilst identifying seventeen control areas where improvements can be made, audit work did not identify significant material weaknesses that could result in a material misstatement in the Pension Fund's accounts. Based on the work undertaken, reliance can be placed upon the systems.
- 8.7. These assurances are provided on the basis that management carry out the actions they have agreed in respect of the recommendations made to address any weakness identified and improvements suggested.

Key assurances provided during 2025/26

- 8.8. Audit assurance opinions are awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place, opinions are graded as follows:

Good	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is a sound system of control in place which is designed to address relevant risks, with controls being consistently applied.
Reasonable	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is generally a sound system of control but there is evidence of non-compliance with some of the controls.
Limited	Evaluation and testing of the controls that are in place performed in the areas examined identified that, whilst there is basically a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key control.

Unsatisfactory

Evaluation and testing of the controls that are in place identified that the system of control is weak and there is evidence of non-compliance with the controls that do exist. This exposes the Council to high risks that should have been managed.

Audit assurance opinions delivered in 2025/26.

Audit	Opinion	Direction of Travel
Corporate Governance (Including Risk Management)	Good	No change - Previously two separate audits both assessed as Good
Monitoring of Pension Fund Managers	Good	No change - Previously two separate audits both assessed as Good
Pensions Administration	Good	No change
Pensions Valuation	Good	New Audit Area
NCSC Cyber Self-Assessment – Managing Security Risk	Advisory	New Audit Area

8.9. A summary of the five final audit reports issued in 2025/26 are listed at **Appendix A**. Together with the controls reviewed as part of the audit and the recommendations raised against each control.

8.10. Audit recommendations are also an indicator of the effectiveness of the Pension Fund's internal control environment and are rated according to their priority:

Best Practice (BP)	Proposed improvement, rather than addressing a risk.
Requires Attention (RA)	Addressing a minor control weakness or housekeeping issue.
Significant (S)	Addressing a significant control weakness where the system may be working but errors may go undetected.
Fundamental (F)	Immediate action required to address major control weakness that, if not addressed, could lead to material loss.

8.11. A summary of the level of assurance for each fundamental review area together with the number of recommendations made is shown in the table below.

8.12. A total of seventeen recommendations have been made in the five audit reports issued in the year; these are broken down by audit area in the table below.

Audit opinion and recommendations made on 2025/26 audits.

System	Level of Assurance Given	Number of Recommendations made				Total
		BP	RA	S	F	
Corporate Governance (Including Risk Management)	Good	-	2	-	-	2
Monitoring of Pension Fund Managers	Good	-	2	-	-	2
Pensions Administration	Good	-	6	-	-	6
Pensions Valuation	Good	-	2	-	-	2
NCSC Cyber Self-Assessment – Managing Security Risk	Advisory	-	4	1	-	5
Total		-	16	1	-	17
Percentage		-	94%	6%	-	100%

8.13. Four good assurances were issued during the financial year. Where required, responses have been received by management in relation to the recommendations raised and will be followed up next year to determine whether satisfactory action has been taken.

8.14. The Internal Audit team has achieved 83% of the audit plan. The planned audit of the implementation of Multi Factor Authentication on the pensions system was not completed due to the implementation project being delayed. The audit will now be carried forward to the 2026/27 audit plan.

8.15. It is management's responsibility to ensure accepted audit recommendations are implemented within an agreed timescale. No recommendations have been rejected in the year by management.

8.16. Sixteen of the recommendations made were rated as 'requires attention' designed to add value to the high level of controls in place and reflecting a low level of risk. Only one recommendation was rated as 'Significant' which was in relation to the IT Cyber Self-Assessment. The low number of high-priority recommendation reflects the experience and diligence of the staff in the team, with no fundamental recommendations resulting from the audits performed.

Audit Performance

8.17. Audit Performance demonstrated by measuring achievement against the plan, ensuring compliance against the GIAS in the UK Public Sector. The effectiveness of Internal Audit is further reviewed through the Pension Committee's delivery of its responsibilities and direct from customers as they provided responses to surveys sent out after each audit.

Reporting

8.18. All Audit work is reviewed by a principal auditor to ensure it complies with Internal Audit's standards and that the recommendations made are supported by the work undertaken before any audit reports are issued. This is a fundamental part of ensuring audit quality and that clients receive reports which are both informative, useful and add value to their work processes and procedures.

8.19. All audit assignments are subject to formal feedback to management. Draft reports are issued to the managers responsible for the area under review for agreement to the factual accuracy of findings and recommendations. After agreement, a formal implementation plan containing management's agreed actions and comments is issued to relevant officers. Follow up reviews capture evidence of implementation of recommendations.

Quality Assurance/Customer Feedback Survey

8.20. A customer feedback survey form is sent out with all audits completed. These provide feedback on the quality of audit service in relation to several areas, which are shown in the table below.

8.21. The surveys are part of ensuring the work meets our client expectations and that the quality of audit work is maintained. Four survey forms were returned; the results are identified in the table below.

Customer Feedback Survey Forms – percentage of excellent and good responses

Item Being Scored	2025/26
Pre-audit arrangements	100%
Post-audit briefing	100%
Audit coverage/scope of the audit	100%
Timeliness of production of report	100%
Accuracy and clarity of report	100%
Practicality of recommendations	100%
Professionalism of approach, competence	100%
Communication skills, pleasant manner	100%
Timeliness of audit to your business process	100%
Number of forms returned	4

8.22. The results are pleasing and used to inform the training and development of auditors in their role.

8.23. In addition, regular meetings are held with Pension Fund Management which allow any performance issues to be reviewed at that time. Internal Audit have continued to introduce new Auditors to the Pension Fund which helps ensure that Internal Audit are able to continue to offer a professional high-quality service going forward. The information received from surveys is used both to improve techniques overall within the team and at annual performance appraisals to identify future development focus relating to individual skills or competences.

9. Background Papers

1. Global Internal Audit Standards in the UK Public Sector
2. Global Internal Audit Standards (GIAS)
3. Accounts and Audit Regulations 2015

Local Member: N/A

10. Appendices

Appendix A - Summary of Findings from Pension Fund Audit Reports 2025/26

Appendix B - The principles and assurance criteria applied to the Chief Audit Executive's opinion

APPENDIX A

Summary of Findings from Pension Fund Audit Reports 2025/26

The following tables provide a summary of the controls reviewed as part of each audit undertaken within 2025/26 along with the number recommendations that have been raised against each control area. Where recommendations have been raised a summary is provided at the end of each table.

Audit Name: Corporate Governance (Including Risk Management)		Opinion:		Good	
Objective: To review and provide assurance that key corporate governance arrangements and risk management controls are operating effectively.					
Control & Assessment		Recommendations			
		F	S	RA	BP
✓	The Pensions Committee has defined roles and responsibilities.	-	-	2	-
✓	The governance of the Pension Fund complies with key controls in the General Code of Practice.	-	-	-	-
✓	The Pensions Committee and Board receive updates on relevant upcoming changes to legislation	-	-	-	-
✓	Risks arising from business strategies and activities are identified and prioritised and management and the Pensions Committee have determined the level of risk acceptable to the organisation.	-	-	-	-
✓	Risk mitigation activities are designed to reduce, or otherwise manage, risk at levels that were determined to be acceptable to management and the Pensions Committee.	-	-	-	-
✓	Ongoing monitoring activities are conducted to periodically reassess risk and the effectiveness of controls to manage risk.	-	-	-	-
✓	The Pensions Committee and management receive periodic reports of the results of the risk management process.	-	-	-	-
Summary of recommendations made: - There should be a training needs assessment to ensure that Pensions Board and Committee Member training needs are identified and required training completed. - The training logs should be reviewed, and it should be ensured that there is evidence that training is delivered consistently where needs are identified across Committee and Board Members. Where it is not the case that training is delivered consistently where needs are identified a reason should be clearly recorded.					

Audit Name: Monitoring of Pension Fund Managers		Opinion:		Good	
Objective: To review the management arrangements in place for the investment of pension funds and examination of Internal Control Reports received from Pension Fund Managers.					
		F	S	RA	BP
✓	The previous audit recommendation has been implemented.	-	-	-	-
✓	Investment of the fund complies with statute, regulations and any restrictions specified.	-	-	-	-
✓	Appropriate control is exercised over fund managers.	-	-	1	-
✓	Transactions undertaken by Fund Managers are independently recorded and verified.	-	-	-	-
✓	Appropriate accounting entries are made, and fund balances are reflected in the accounting system.	-	-	-	-
✓	Relevant management information is provided to strategic management.	-	-	-	-
✓	Information is secure and satisfactorily controlled.	-	-	-	-
✓	Information Governance and cyber risks are managed in accordance with current best practice and an agreed policy.	-	-	1	-
✓	The most recent internal control reports have been received for all fund managers who are required to produce SOC1, SSAE16 or AAF01/06 reports.	-	-	-	-
✓	Internal Control Questionnaires have been completed by the Fund Managers who are not required to produce control reports.	-	-	-	-
Summary of recommendations made: • The one non-cash asset which is not reconciled to a fund managers' report – SHR15 - Russells - Restructure, should be reviewed and discussed with Northern Trust to consider the feasibility and potential gains from the sale of the stock. • There should be an agreed Pension Fund document retention schedule established, alternatively a review of the Shropshire Council retention schedule should result in a statement of where the Fund retention guidelines are different to the Council.					

Audit Name: Pensions Administration		Opinion:		Good	
Objective: To review the arrangements in place for the maintenance and administration of the Shropshire County Pension Fund which is delivered by the Pensions Administration Team.					
Control & Assessment		Recommendations			
		F	S	RA	BP
✓	The recommendations made in the previous audit have been implemented.	-	-	-	-
✓	The Officers responsible for administering the fund have sufficient resources, skills and access to policies and procedures to process transactions and manage the fund.	-	-	1	-
✓	In accordance with regulations, if a new employee is required to join the scheme, they are identified promptly and recorded accurately as members.	-	-	-	-
✓	The contributions received to the fund including, those from employees & employers are recorded accurately & promptly.	-	-	-	-
✓	The benefits which are paid are calculated correctly and are paid to eligible persons. Any changes to payments are appropriately authorised and processed correctly.	-	-	2	-
✓	Pension payments made through the payroll are processed accurately, in a timely manner & are authorised appropriately.	-	-	2	-
✓	Fund members leaving the scheme have their deferred pension recorded accurately and payments made from the scheme to leavers, other than normal pensions, are accurate and appropriately authorised.	-	-	1	-
✓	The transfers in and out of the scheme are calculated correctly, actioned promptly and authorised appropriately.	-	-	-	-
✓	The administrative costs associated with the scheme are in accordance with the budget and any costs due to the fund are recovered accurately and promptly.	-	-	-	-
✓	The ledger control accounts associated with the scheme are reconciled accurately and on a regular and timely basis.	-	-	-	-
✓	There is an appropriate process in place to ensure all complaints are actioned in accordance with the Internal Dispute Resolutions Policy.	-	-	-	-
✓	The management and performance information is accurate, timely and relevant.	-	-	-	-
✓	The personal data held is processed in a secure and controlled manner in line with internal policy and legislation.	-	-	-	-
Summary of recommendations made: • The policy log should be reviewed to ensure all policies are up to date. • Overseas pensioner tracing should be included on the team plan. • Dependents ceased dates should be identified and payroll ceased in a timely manner. • It should be ensured that there is evidence that the immediate weekly payroll running checklist sheets are reviewed and checked by a different Senior Pensions Officer for separation of duty, before the payroll is run. • There should be a reminder, and it should be ensured that payroll deductions and payments to third parties are accurate, checked and updated in a timely manner including changes in pension payments which may result in changes to deductions.					

- The failure to potentially comply with Local Government Pension Scheme Regulations should be recorded on the Pensions Fund operational risk register along with mitigating controls.

Audit Name: Pensions Valuation			Opinion:		Good	
Objective: To provide assurance that there is a satisfactory process with regards to the Pension Fund Valuation.						
Control & Assessment			Recommendations			
			F	S	RA	BP
✓	There are procedures, a project plan and a review of the success of the process.		-	-	-	-
✓	The actuary supports the process in accordance with an agreement.		-	-	1	-
✓	There is a Funding Strategy Statement which has been agreed.		-	-	-	-
✓	Scheme employers receive information and there is a consultation.		-	-	-	-
✓	There is a transparent process where there is potential conflict with an employer.		-	-	1	-
Summary of recommendations made:						
Page 18	An updated Statement of Engagement should be pursued and obtained from Mercer Limited. The updated Statement of Engagement should be reviewed to ensure that it includes all current and up to date activities and charges related to the triennial actuarial valuation of the Pension Fund.					
	There should be market testing of the Mercer Ltd charges including consideration of all factors, to demonstrate consideration of best value.					
	The risk of a potential conflict of interest with an employer, specifically the administering authority, Shropshire Council and the Section 151 Officer, should be recorded in the operational risk register together with details of controls to mitigate the risk.					

Audit Name: NCSC Cyber Self-Assessment – Objective A Managing Security Risk					Opinion:	Advisory		
Objective: To facilitate a self-assessment against the National Cyber Security Centre’s Cyber Assessment Framework focussing on Objective A – Managing Security Risk.								
Recommendations following self-assessment					Recommendations			
					F	S	RA	BP
-	Recommendations made in relation to the responses provided on Objective A – Managing Security Risk				-	1	4	-
Summary of recommendations made: - One Significant recommendation was raised to ensure that there are regular meetings held between the Pension Fund and Shropshire ICT to ensure adequate oversight of cyber threats and risks, business continuity, assurance over key processes, planned system changes, incident management and outstanding issues. - Four Requires Attention recommendations were raised covering the development of an SLA for ICT with Shropshire Council, mapping out responsibilities between the Pension Fund and third parties and information assets and undertaking an annual test of the Business Impact Assessment and Service Recovery Plan.								

APPENDIX B**The principles and assurance criteria applied to the Chief Audit Executive's opinion:**

Principles applied to the opinion:

1. Authentic: Opinions are fair, reliable and honest
2. Transparent: Opinions are qualified with evidence or professional judgement
3. Strategic: Macro level information without undue detail
4. Insightful: Information is engaging and generates discussion
5. Resolute: Opinion is delivered with courage and conviction

Assurance criteria applied:

Opinion	Indication of when this type of opinion may be given ¹	Traditional Opinion
Substantial	Limited number of medium risk related weaknesses identified but generally only low risk rated weaknesses have been found in individual assignments/ observations. No one area is classified as high or/ critical risk	Unqualified
Reasonable	Medium risk rated weakness identified in individual assignments/ observations that are not significant in aggregate to the system of governance, risk management or control. High risk rated weaknesses identified in individual assignments/ observations that are isolated to specific systems, processes and services. None of the individual assignment reports/ observations have an overall high or critical risk.	
Limited	Medium risk related weaknesses identified in individual assignments that are significant in aggregate but discrete parts of the system of internal control remain unaffected and/or High risk rated weaknesses identified in individual assignments/ observations that are significant in aggregate but discrete parts of the system of internal control remain unaffected, and/or Critical risk rated weaknesses identified in individual assignments/ observations that are not widespread to the system of internal control, and More than a minority of the individual assignment reports/ observations may have an overall report classification or rating of high or critical risk.	
No Assurance	High risk rated weaknesses identified in individual assignments/ observations that in aggregate are widespread to the system of internal control and/or; Critical risk rated weaknesses identified in individual assignments/ observations that are widespread to the system of internal control or;	Qualified

¹ Indicators refer not only to Internal Audit reviews, but wider assurance providers and intelligence from across the business that is evidenced, an example would be peer reviews.

Opinion	Indication of when this type of opinion may be given ¹	Traditional Opinion
	More than a minority of the individual assignment reports/ observations have an overall report classification of either high or critical risk; Lack of management action to deliver improvements, may be identified by repeating recommendations of a high or critical risk.	
Disclaimer	An opinion cannot be issued because insufficient internal audit work has been completed due to either: -restrictions in the agreed audit programme, which means that audit work would not provide enough evidence to conclude on the adequacy and effectiveness of governance, risk management and control, or - unable to complete enough reviews and gather enough evidence to conclude on the adequacy of arrangements for governance, risk management and control.	Qualified

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Audit Findings (ISA 260) Report for Shropshire County Pension Fund

Page 23

Year ended 31 March 2026

September 2026



Shropshire County Pension Fund
 Guildhall
 Frankwell Quay
 Shrewsbury
 SY3 8HQ

September 2026

Dear Members of the Audit Committee and Pensions Committee

Audit Findings for Shropshire County Pension Fund for the 31 March 2026

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and are being presented to the Audit Committee and the Pension Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent.

Chartered Accountants

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We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [grant-thornton-transparency-report-2025.pdf](#).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

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Avtar Sohal
Director
For Grant Thornton UK LLP

Chartered Accountants

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Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Shropshire County Pension Fund (the ‘Pension Fund’) and the preparation of the Pension Fund’s financial statements for the year ended 31 March 2026 for the attention of those charged with governance and the Pensions Committee.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the ‘Code’), we are required to report whether, in our opinion, the Pension Fund’s financial statements:

- give a true and fair view of the financial transactions of the Pension Fund year ended 31 March 2026 and of the amount and disposition at that date of the fund’s assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the year.
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), the Narrative Report and the administering authority’s financial statements), is materially consistent with the Pension Fund’s financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

The majority of our audit work was completed during June – August as planned, with some items that remain outstanding (please see below). Our findings are summarised on pages 19 to 21.

We have not identified any adjustments to the financial statements above our reporting threshold that impact upon the Pension Fund’s reported financial position.

Management are not proposing any adjustments to the financial statements in respect of the reported financial position. The Audit Committee and the Pension Committee will be asked to confirm their agreement to this through the Letter of Representation Appendix B.

We have identified a small number of classification and disclosure changes. The disclosure amendments have no impact on the value of assets available to the Fund and are detailed on page 19.

We have also raised one recommendation for management, set out on page 21.

Our work is substantially complete, subject to the following outstanding matters:

- completion of audit work in respect of Level 3 Investments {see page 7}
- completion of work regarding IAS 19 responses
- receipt and review of the Pension Fund Final Annual Report and Annual Governance Statement
- receipt of management representation letter {see Appendix B}
- review of the final set of financial statements
- finalisations of manager and engagement lead review

Headlines (continued)

Financial statements

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the audited financial statements.

Our anticipated financial statements audit report opinion will be unmodified.

Whilst our work on the Pension Fund financial statements is majority complete, we will be unable to issue our final audit opinion on the Pension Fund financial statements until the audit of the Administering Authority is complete.

We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.

We propose to issue our 'consistency statement' on the Pension Fund's Annual Report at the same time as our auditor's report.

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Status of the audit

Our work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the outstanding matters detailed below.

Page 29

- A • Valuation of Level 3 investment assets – receipt of outstanding LGPS signed financial statements as at 31 March 2026 to corroborate asset values
- G • Completion of work regarding IAS 19 responses
- G • Review of final set of financial statements
- G • Review of the final version of the Annual Report to confirm consistency with the administering authority’s accounts.
- G • Review of the final Annual Governance statement
- G • Receipt of management representation letter

Status:

- R Significant elements outstanding – high risk of material adjustment or significant change to disclosures within the financial statements
- A Some elements outstanding – moderate risk of material adjustment or significant change to disclosures within the financial statements
- G Not considered likely to lead to material adjustment or significant change to disclosures within the financial statements

Subject to satisfactory completion of the above points, we anticipate issuing an unqualified audit opinion.

Our approach to materiality

As communicated in our Audit Plan dated 19 June 2026, we determined headline materiality at the planning stage as £44.90m based on a percentage of Gross Investment Assets as at 31 March 2025. On receipt of the draft 2025/26 financial statements, we reconsidered materiality and have not adjusted from the levels set at planning.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

We have determined materiality at £44.90m, based on professional judgement in the context of our knowledge of the Fund.

We have used 1.61% of gross investment assets as at 31 March 2026 as the benchmark for our materiality.

- Materiality is based on professional judgement in the context of our knowledge of the Fund, including considerations of factors such as stakeholder expectations, sector developments, financial stability and reporting requirements for the financial statements.
- There has been no changes to the basis for determining materiality from prior year.

Performance materiality

- We have determined performance materiality at £33.68m, this is based on 75% of headline materiality. We have not had to revise performance materiality from the planned level.

Specific materialities for Benefits Payable and Contributions

- We have determined lower specific materialities for benefits payable and contributions, they are based on 10% of the corresponding figure as at 31 March 2026. We have revised the lower specific materialities for benefits payable and contributions given these balances represent core aspects of what the Pension Fund does and that relevant stakeholders will have a heightened interest on the accuracy of these balances.

Reporting threshold

- We have reported to you all misstatements identified in excess of £2.25m, in addition to any matters considered to be qualitatively material.

Our approach to materiality (continued)

A summary of our approach to determining materiality is set out below.

Description	Amount (£)	Qualitative factors considered
Materiality for the financial statements	£44.90m	The Fund's portfolio is primarily Level 1 and Level 2 assets, for which market data is available for audit purposes. Prior period experience noted limited findings with no significant adjusted or unadjusted misstatements raised in relation to the net assets statement. This is equivalent approximately 1.61% of the gross investment assets for the period ended 31 March 2026.
Performance materiality	£33.68m	Performance materiality has been set at 75% of financial statements materiality. This reflects our risk-assessed knowledge of potential for errors occurring. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.
Lower specific materiality for Benefits Payable	£11.37m	• Complexity of benefit structures • Stakeholder sensitivity, data quality, and high volume of transactions • The lower specific materiality for benefits payable equates to 10% of the benefits payable figure as at 31 March 2026.
Lower specific materiality for Contributions Receivable	£9.35m	• Complexity of contribution structures • Stakeholder sensitivity, data quality, and high volume of transactions • The lower specific materiality for contributions equates to 10% of the contributions figure as at 31 March 2026
Trivial matters - reporting threshold	£2.25m	We will report to you all misstatements identified in excess of the reporting threshold, in addition to any matters considered to be quantitatively material. Trivial threshold is based on a percentage (5%) of the overall materiality.

Overview of audit risks

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Significant classes of transactions, account balances, and disclosures, are associated with risks of material misstatement but are not always significant risks (SCOT+).

Material only are material financial statement line items not associated with risks of material misstatement.

Other audit risks are accounts that are not associated with any SCOT + or with a material only financial statement line item or disclosure.

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Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	G
Valuation of Level 3 Investments	Significant	↔	✗	High	A
Valuation of Level 2 Investments	SCOT+	↔	✗	Medium	G
Cash	SCOT+	↔	✓	Low	G
Financial Instruments Disclosures	SCOT+	↔	✗	Low	G

- ↑

 Assessed risk increased since audit plan
- ↔

 Assessed risk consistent with audit plan
- ↓

 Assessed risk decrease since audit plan
- G

 Not likely to result in material adjustment or change to disclosures within the financial statements
- A

 Potential to result in material adjustment or significant change to disclosures within the financial statements
- R

 Likely to result in material adjustment or significant changes to disclosures within the financial statements

Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement. This section provides commentary on the significant audit risks communicated in the Audit Plan.

Risk identified	Audit procedures performed	Key observations
Page 33 Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities. Significant	As part of our audit procedures, we: - evaluated the design and implementation of management controls over journals and the financial reporting process - analysed the journals listing and determined the criteria for selecting high risk unusual journals - identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration - gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness - evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions	Our work in this area is complete. We have noted no material adjustments or findings in relation to management override of controls. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology. We are satisfied that there is no material misstatement arising from management bias across the financial statements.

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations
Valuation of level 3 investments The valuations of level 3 investments are based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud. Significant	As part of our audit procedures, we: - evaluated the design and implementation of the relevant controls of management’s process for valuing Level 3 investments - challenged management’s valuation (for a sample – where applicable) of the investments through: - comparing the valuation to purchase and sale transactions of the investment near the reporting date where appropriate - reviewing the audited financial statements of the investment accounts. Where there were different reporting dates, we carried out ‘look back tests’ to gain assurance on the valuation methods of the investment manager, comparing audited accounts to capital statements at the same date and then considering cashflows to year end (and indices where appropriate) - reviewing the corresponding independently sourced capital statements at 31 March 2026 - reviewed the guidelines under which the investment has been valued at the date of the investment accounts and the Fund accounts - reviewed management’s classification of the assets - obtained and reviewed investment manager service auditor reports on design and operating effectiveness of internal controls where appropriate.	Our work in this area is still ongoing. For the work complete to date, we have noted no material adjustments or findings in relation to the valuation of level 3 investments. Work outstanding in this area relates to awaiting receipt of audited financial statements for LGPS Central. These are due to be provided in late September.

Other areas impacting the audit

This section provides commentary on other issues and risks which were identified during the course of the audit and were previously communicated in the Audit Plan.

Issue	Commentary	Auditor view
2025 triennial valuation Under Regulation 62 of the Local Government Pension Scheme Regulations 2013 the Fund must obtain an actuarial valuation of its assets and liabilities every three years. The latest valuation is as at 31 March 2025 (published in April 2026). The purpose of the valuation is to set employer contribution rates for the period from 1 April 2026 to 31 March 2029. It also provides the source data for actuaries to prepare their estimate of the actuarial present value of promised retirement benefits at the Fund level, as required under IAS 26 - Accounting and Reporting by Retirement Benefit Plans, and provides the base for actuaries to roll forward their estimates and assumptions from the triennial valuation to annually estimate individual employers' pension liabilities between triennial revaluations as required by IAS 19 – Employee Benefits.	The data used by actuaries to produce IAS 19 liabilities and assets can be broadly split into two categories: 1) Individual member data used to calculate the triennial valuation liabilities and assets which the IAS 19 liabilities and assets are based on. 2) Data used to carry out the roll-forward calculation from the triennial valuation liabilities and assets to the IAS 19 liabilities and assets. This data is provided by administering authorities and the relevant employers. As auditors, we therefore needed to test the individual member data used by the actuaries in their triennial valuation calculations (Item 1) against independent records every three years. Item 2 testing is carried out annually.	Our work in this area is complete. We completed testing of a sample of 25 individual member data provided to the actuary for the purpose of the 2025 Triennial Valuation. No issues were identified in our testing of this data.

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate ‘IT Audit Findings’ report.

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Application	Level of assessment performed	ITGC control area rating				Related significant risks/other risks
		Overall ITGC rating	Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Business World - Unit 4	ITGC assessment (design, implementation and operating effectiveness)	●	●	●	●	N/A
Altair	ITGC assessment (design and implementation effectiveness only)	●	●	●	●	N/A

Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment

Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Pensions Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	We draw your attention to the draft Letter of Representation on Appendix B, which will be included in the Pension Committee papers
Confirmation requests from third parties	We requested from management permission to send confirmation requests to their custodian and investment managers. This permission was granted and the requests were sent. All requests were returned with positive confirmation.
Disclosures	- Our review found no material omissions in the financial statements - We have found a number of disclosure misstatements which management has agreed to adjust
Audit evidence and explanations	All information and explanations requested from management was provided
Significant difficulties	No significant difficulties were identified related to the delivery of the audit

Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor’s time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity’s services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. – Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10.

continued overleaf

Other responsibilities

Issue	Commentary
Going concern	The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Pension Fund and the environment in which it operates • the Pension Fund's financial reporting framework • the Pension Fund's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	The Pension Fund is administered by Shropshire Council (the ‘Council’), and the Pension Fund’s accounts form part of the Council’s financial statements. We are required to read any other information published alongside the Council’s financial statements (including the Annual Governance Statement (AGS), the Narrative Report and Council’s financial statements) and report whether it is materially consistent with the Pension Fund financial statements and our knowledge obtained during the audit. No inconsistencies have been identified. We plan to issue an unmodified opinion in this respect – Appendix C.
Matters on which we report by exception	We are required to give a separate consistency opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited pension fund financial statements within the administering authority’s accounts. We propose to issue our ‘consistency statement’ on the Pension Fund’s Annual Report at the same time as our audit opinion. We currently anticipate this will be in November 2026. We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

There are no adjusted misstatements to report.

Misclassification and disclosure changes

Disclosure misstatement	Auditor recommendations	Management Response
Note 1 – Description of Fund – The number of employees to be updated from 178 to 190 and ensure consistency with the Annual Report.	Amend as required	Amended
Note 8: A footnote should be added to disclose that the audit fees figure in the note includes fee variations from previous financial years.	Amend as required	Amended
Note 15a: Financial instruments – Items within the financial instruments note have been included which do not meet the definition of a financial asset	Amend as required	Management are proposing not to amend due to this being an immaterial disclosure inclusion
Note 23: Contingent assets – Number of admitted bodies needs to be updated from 12 to 11	Amend as required	Amended
A number of typographical and presentation errors have been identified throughout the financial statements	Amend as required	Amended

Unadjusted misstatements

We have not identified any misstatements above our reporting threshold in the work performed to date.

Impact of unadjusted misstatements in the prior year

The only unadjusted differences in 2024/25 related to differences of £4.489m identified between the value of investments disclosed in the financial statements that were based on estimated values at 31st March 2025 compared to the actual investment valuation statement received following accounts preparation. These were not adjusted in 2024/25 on the basis that they were not material qualitatively or quantitatively in 2024/25. As all assets are revalued at 31 March 2026 there is no impact upon the 2025/26 financial statements

Action plan

We have identified 1 recommendation for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2026/27 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● [Green]	Member Data Movements During our testing of member data movements, we identified an error in the leave date recorded on the pension administration system for one member, arising from manual processing of a complex pension record. Where such manual processing is required, there is a risk that data records are not accurately maintained. We are however confident that this finding is not indicative of a wider issue at the Fund.	We recommend that a process is implemented whereby cases identified as complex are subject to an enhanced layer of review prior to finalisation, to ensure that records are accurately maintained. Management response The impact on the Fund is that one extra record would have been counted as at 31 March 2026 although this made no impact on the member benefits for that individual, or the Fund overall.

Assessment key:

- [Red] High – Significant effect on financial statements
- [Amber] Medium – Limited effect on financial statements
- [Green] Low – Best practice

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context, we confirm there are no independence matters that we would like to report to you.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies and the Terms of Appointment and further guidance issued by the Public Sector Audit Appointments (PSAA).

We confirm that the fees from non-audit services to the audited entity and its controlled entities do not exceed 70% of the total audit fee for the year. Non-audit fees comprise the IAS19 assurance letter of £1.1k (see page 25 for further detail).

Independence considerations (continued)

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Fund that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Fund or investments in the Fund held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Fund as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Fund.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Fund's committees, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Fees and non-audit services

The following tables overleaf set out the total fees for non-audit services that we have been engaged to provide or charged from the beginning of the financial year to 31 March 2026, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The non-audit services are consistent with the Fund’s policy on the allotment of non-audit work to your auditor.

None of the services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Shropshire County Pension Fund. The table overleaf summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees as detailed in the table overleaf.

Our firm also provides audit and non-audit services to the Shropshire Council. The fees in relation to these services and the related ethical considerations are reported in the Audit Findings Report issued to TCWG for that entity. Consequently, such fees are disclosed in the Council’s financial statements rather than the Pension Fund’s.

Audit fees	2025/26 £
Shropshire County Pension Fund Audit – PSAA Scale Fee	90,404
2025 Triennial valuation data testing*	5,000
Total	95,404

*The proposed additional fee for the work performed on this area remains subject to Public Sector Audit Appointments (PSAA) approval.

Fees and non-audit services (continued)

Audit related non-audit services	£	Threats identified	Safeguards applied
IAS 19 Assurance letters for Admitted Bodies outside of the NAO Code of Audit Practice (£1,100 per letter and received one request in the current year from Shropshire Towns and Rural Housing)	£1,100	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the total fee for this work is £1,100 in comparison to the total proposed fee for the audit of £90,404 and in particular relative to Grant Thornton UK LLP’s turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	£1,100		

Total Audit Fee	Total Non-Audit Fee
£95,404	£1,100

The above fees are exclusive of VAT and out of pocket expenses.

The fees reconcile to the financial statements as follows:

• Fees per financial statements - note 8	£101,128	
• Fee variation 2021/22	(£10,999)	
• Fee variation 2023/24	(£7,530)	
• IAS 19 letter Fee 2023/24	(£2,200)	
• IAS 19 letter Fee 2024/25	(£1,100)	
• Redmond Review	£11,105	(in the financial statements, only statutory fees should be included; therefore, this reduction should not be included in audit fees in the accounts)
• Triennial Valuation Testing 2025	£5,000	
• IAS19 Letter Fee not recorded 2025/26	£1,100	
• Total fees per above	£96,504	

This covers all services provided by us and our network to the Fund and senior management, that may reasonably be thought to bear on our integrity, objectivity or independence.

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
Our statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Fund's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

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ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here. This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings Report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Management Letter of representation

We have requested a letter of representation from management. The letter includes representations on the unadjusted misstatements as included in this audit findings report. This is included as a separate agenda item.

C. Audit opinion

Independent auditor's report to the members of Shropshire Council on the pension fund financial statements of Shropshire County Pension Fund

Opinion on financial statements

We have audited the financial statements of Shropshire County Pension Fund (the 'Pension Fund') administered by Shropshire Council (the 'Authority') for the year ended 31 March 2026, which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2026 and of the amount and disposition at that date of the fund's assets and liabilities, other than liabilities to pay promised retirement benefits after the end of the fund year;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

C. Audit opinion

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Executive Director of Resource's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

In our evaluation of the Executive Director of Resource's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

In auditing the financial statements, we have concluded that the Executive Director of Resource's use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director of Resources with respect to going concern are described in the relevant sections of this report.

C. Audit opinion

Other information

The other information comprises the information included in the Annual Governance Statement and Annual report other than the Pension Fund's financial statements and our auditor's report thereon, and our auditor's report on the Authority's and group's financial statements. The Executive Director of Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements, the other information published together with the Pension Fund's financial statements in the Annual report for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

C. Audit opinion

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

Responsibilities of the Authority and the Executive Director of Resources

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Executive Director of Resources. The Executive Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, for being satisfied that they give a true and fair view, and for such internal control as the Executive Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Pension Fund's financial statements, the Executive Director of Resources is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity.

C. Audit opinion

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 (as amended), the Local Government Act 2003, Public Service Pensions Act 2013, Local Government Pension Scheme Regulations 2013 and Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016).
- We enquired of management and the Pensions Committee, concerning the Authority's policies and procedures relating to:
 - the identification, evaluation and compliance with laws and regulations;
 - the detection and response to the risks of fraud; and
 - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the Pensions committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

C. Audit opinion

- We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. We determined that the principal fraud risks were in relation to:
 - management override of controls, specifically posting inappropriate journals to manipulate results for the year ended 31 March 2026
- Our audit procedures to address the principal fraud risks included:
 - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
 - journal entry testing, with a focus on high value journals posted around year end; and
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of Valuation of Level 3 investments
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it or recognise non-compliance.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of their:
 - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government pensions sector
 - understanding of the legal and regulatory requirements specific to the Pension Fund including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

C. Audit opinion

- In assessing the potential risks of material misstatement, we obtained an understanding of:
 - the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
 - the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature**]**

Avtar Sohal, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

November 2026



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Pensions Committee
Date 18 September 2026

Item 7

Public

Pension Fund Annual Accounts 2025/26

Responsible Officer:		Peter Chadderton Pensions Investment and Responsible Investment Manager	
email:	peter.chadderton@shropshire.gov.uk	Tel:	01743 252072
Cabinet Member (Portfolio Holder):		N/A	

1. Purpose of Report

- 1.1 The report provides Members with the Shropshire County Pension Fund Annual Report 2025/26 and an update on the annual audit. Grant Thornton has substantially completed its annual audit, and it is expected an unqualified opinion will be given.

2. Recommendations

- 2.1 The Committee are asked to approve the Pension Fund Annual Report 2025/26 and delegate authority to officers to make any minor changes required and to add the Auditors opinion when finalised.
- 2.2 The Committee is asked to approve that the Chair and Executive Director (Section 151 Officer) sign the letter of representation (Appendix B) for Grant Thornton once the audit has been finalised.

3. Background

- 3.1 Following the end of the financial year officers compiled the Pension Fund accounts for 2025/26. The annual report has been produced which outlines the accounts and details the activities of the Fund during the last year (**Appendix A**).
- 3.2 Grant Thornton have substantially completed the audit of the accounts for the Shropshire County Pension Fund and a draft unqualified opinion has been issued as reported in the Audit Findings report at item 6 on the agenda. The final opinion will be included within the annual report when finalised.

4. Executive Summary

- 4.1. In the year to the end of March 2026 the Fund increased in value by £169 million to £2.795 billion.
- 4.2. Draft accounts were produced before the end of May to fit in with the Council's statutory closedown timetable.
- 4.3. Grant Thornton have substantially completed the audit and have provided a draft unqualified opinion that will be added to the accounts once confirmed.

Report

5. Risk Assessment and Opportunities Appraisal

- 5.1. Risk Management
Risk Management is part of the Pension Fund's structured decision-making process by ensuring that investment decisions are taken by those best qualified to take them.
- 5.2. Human Rights Act Appraisal
The recommendations contained in this report are compatible with the Human Rights Act 1998.
- 5.3. There are no direct Equalities or Community consequences.
- 5.4. Environmental Appraisal
The Fund's Corporate Governance Policy enables it to influence the environmental policies of the companies in which it invests.
- 5.5. The annual report 2025/26 will be published on the Fund's website once approved by the Pensions Committee.

6. Financial Implications

- 6.1. There are no direct financial implications arising from this report.

7. Climate Change, Biodiversity and Environmental Implications

- 7.1. The Fund takes responsible investment very seriously and has a Climate Change Strategy (updated in September 2024) in place committing to net zero by 2050 in line with the Paris accord on climate change adopted in 2015 and setting out interim targets to that goal.
- 7.2. Responsible investment is a key process the investment managers go through before investing and something the fund considers as part of investment opportunities. Thorough due diligence is undertaken considering all risks including climate change. The investment managers vote where applicable on the Fund's behalf, Columbia Threadneedle Investments engage with companies on the

Fund's behalf and the Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which undertakes engagements on behalf of all LGPS members.

- 7.3 Shropshire County Pension Fund is a signatory to the UK stewardship code.
- 7.4 Shropshire County Pension Fund has also received and published Climate Risk Reports and TCFD reports since December 2020. The latest report from December 2025 is publicly available on our website.

8. Annual Accounts

- 8.1 In the year to the end of March 2026 the Fund increased in value by £169 million to £2.795 billion (£123m increase in 2024/25).
- 8.2 Due to the tight deadlines involved in producing the draft accounts before the end of May in line with the Council's closedown timetable, the property debt & private debt portfolio valuations (managed by DRC & LGPS Central respectively), private equity portfolio valuations (managed by HarbourVest & LGPS Central) & infrastructure portfolio valuations (managed by Global Infrastructure Partners & LGPS Central) used in the final accounts are based on December quarterly capital statements, adjusted for cashflows to 31st March 26, as these are the latest statements available at that time. During the audit, all of the 31st March 2026 capital statements became available (in late July/early August), and it was noted that the combined value of the private equity, infrastructure, property debt & private debt funds had increased slightly compared to the value stated in the draft accounts sent to Grant Thornton. The overall change was within Grant Thornton's materiality limit and the Pension Fund accounts have not been amended for these valuation increases as it amounts to less than 0.2% of the total fund value at approximately £3.9 million. This is consistent with previous years when the amount is below materiality.
- 8.3 During the year the Fund received £22.4 million in contributions from employees and £71.2 million in contributions from scheme employers. Contributions from scheme employers are £1.8 million lower than in 2024/25. Underlying employer contributions rose £3.2 million but pension strain payments were £5 million lower than in 2024/25. Pensions strain payments vary on an annual basis depending upon any restructuring activity undertaken by employers.
- 8.4 During the last financial year there was a small decrease in the total number of scheme members. Total scheme membership decreased by 1.2% to 53,686 during the year.
- 8.5 Local Government employees who leave employment have the option to transfer out their accumulated pension benefits. During the last financial year, the Fund paid out £9.2 million in transfer payments for staff leaving employment (2024/25 £5.6 million). This figure is £3.6 million higher than in 2024/25. New employees can request a transfer in of accumulated benefits from previous employment. The Fund received £11.3 million in transfer payments from new employees during the financial year (£11.1 million 2024/25).

- 8.6 In 2025/26 the Fund paid pensions totalling £93.1 million, an increase of £5 million on the previous year. This increase was partly due to the Pensions increase award of 1.7% effective from April 2025 & partly due to an increase pensioner numbers.
- 8.7 Management expenses in 2025/26 totalled £25.5 million, an increase of £1.6 million from the previous year. This is mainly due to the significant increase in the Fund value during the year as investment management fees are based on assets under management.
- 8.8 A full analytical review of the Pension Fund Accounts was carried out by officers and passed to Grant Thornton in advance of their audit. The audit was substantially completed in early September 2026.
- 8.9 The Annual Report will be available to all scheme employers, investment managers, advisors and scheme members as it will be published on the pension fund website.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

N/A

Local Member: N/A

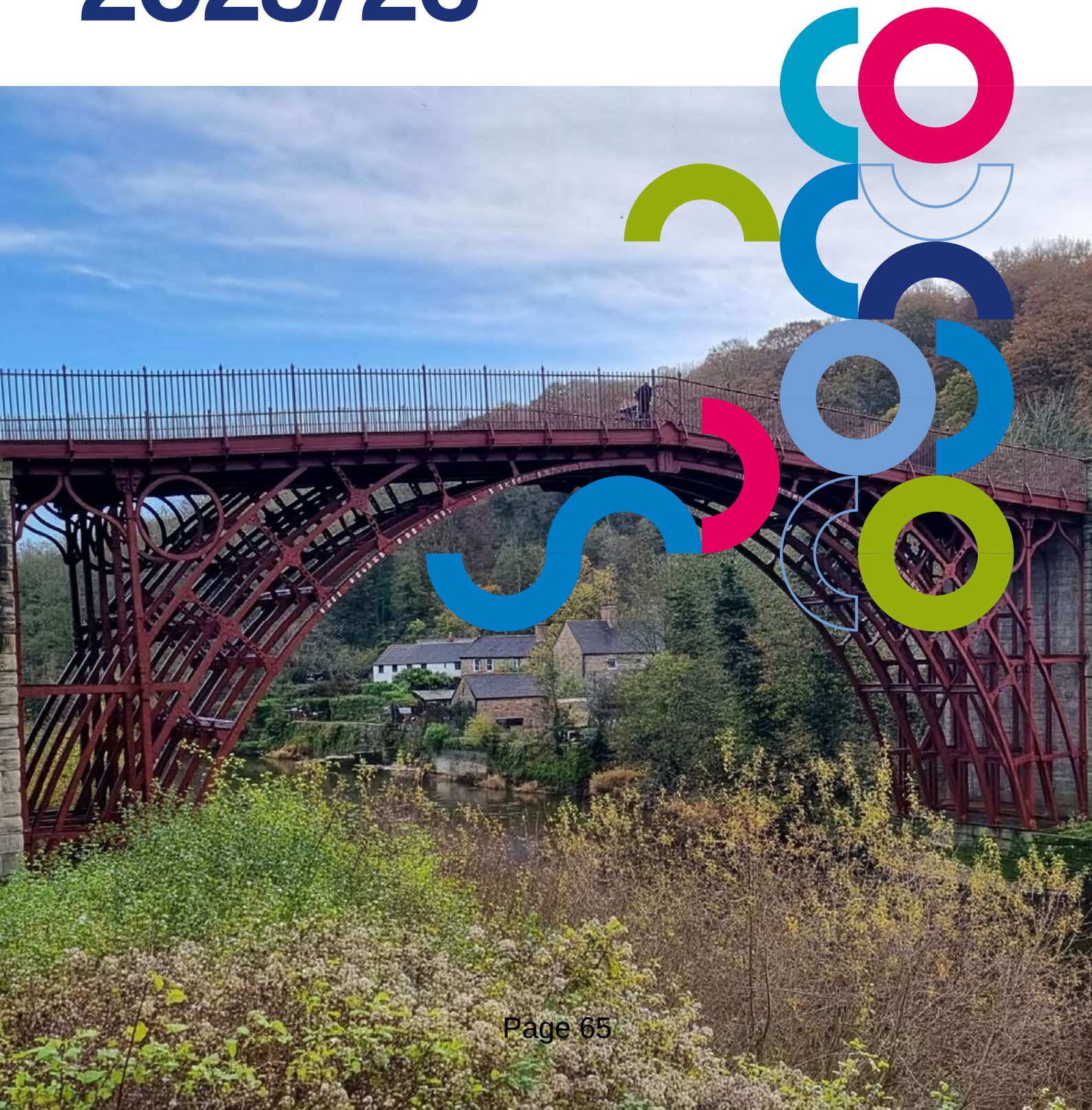
Appendices [Please list the titles of Appendices]

Appendix A – Shropshire County Pension Fund Annual Report 2025/26.

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Annual Report 2025/26





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Introduction

Welcome...

...to the 2025/26 annual
report and accounts of
the **Shropshire County
Pension Fund.**



This year's fund information:

 **£169 million** fund value increase 

 **£2.795 billion** total fund value 

 **6.4 %** fund value increase 

 **2.5%** below benchmark 

Shropshire County Pension Fund (“the fund”) increased in value by £169 million in 2025/26, a percentage increase of 6.4%, to be valued at £2.795 billion at the end of the year. The total fund value increased by 6.4% over the year but investment performance was 2.5% below benchmark.

The main underperformance was on active equity investments. LGPS Central Limited's global equity mandate returned 5.6%, which was 10.5% below the benchmark and LGPS Central Limited's sustainable equity mandate returned 7.5%, which was 8.8% below the benchmark. Whilst all equity markets were lower on the 31 March as a result of market falls in reaction to the Middle East conflict, this fall was fully recovered after the year-end. The underperformance of the active equity portfolios has more to do with stock positioning across the year than geopolitical events, with the Legal & General Investment Management (LGIM) passive equity portfolio returning 11.3% in line with benchmark for the year. The majority of asset classes performed positively, with strong returns from hedge funds and insurance linked securities. Negative performance was seen on the property debt portfolio, reflecting the difficulties in exiting the final few loans remaining as part of the planned maturity of this investment and on the T.Rowe

Price Bond Fund after a difficult final quarter. Overall, despite the difficult trading conditions seen in the final quarter of 2025/26 due to the impact of the conflict in the Middle East on markets at year-end, the portfolio has held up well.

The strongest absolute returns were generated in insurance linked securities, managed by Twelve Securis, which generated excellent returns of 12.16%, helped by recoveries from the US wildfire losses seen in the final quarter of 2024/25. Passive equity, managed by Legal & General Investment Managers, generated returns of 11.3% and hedge funds managed by BlackRock generated returns of 9.2%.

Equities, which make up the majority of the fund's investments, had a mixed year and were pegged back in the final quarter by uncertainty over the Middle East conflict which impacted year-end valuation. This fall has since been fully recovered by markets in the first quarter of 2026/27. The passive equity managed by Legal & General Investment Managers returned 11.3%, which was in line with its benchmark but this was held back by the equity protection which was in place until December 2025. Whilst both the active equity portfolios managed by LGPS Central Limited produced positive performance, this was below benchmark. Equity performance in the first 9 months of the financial year was strong, with equities representing 60% of the fund's value against the strategic benchmark of 55%. The Pensions Committee, following advice from advisors and officers, trimmed the position back to 55% in January 2026 by investing 5% in long-term (15 year plus) UK Government bonds. This is a partial de-risking strategy

as gilt yields better reflect the fund's liabilities but offer lower opportunities for capital growth.

The Pensions Committee

The Pensions Committee is responsible for determining the strategic asset allocation for the fund. This outlines the proportion of assets that the fund invests in equities, bonds and alternative assets such as property and infrastructure. This is the most important decision that the Committee will make because it has the biggest impact on the long-term returns of the fund. The Committee has started the triannual review of the strategic asset allocation following receipt of the March 2025 valuation results. The Investment Strategy Statement, which incorporates the strategic asset allocation, will be finalised in 2026 following consultation.

Strategic asset allocation

The strategic asset allocation covering the 2025/26 financial year was agreed in June 2023. As noted, the strategy was changed slightly to allow the purchase of 5% in UK Government bonds. Private market investments remain below the strategic levels, which has allowed this 5% allocation to be achieved without the need for any further changes. Private markets can have a very long lead time between commitment of funds and investments actually appearing in the fund's balance sheet. The fund has outstanding commitments to allow it to reach agreed levels across private equity, private credit and infrastructure. These commitments will be drawn down over the next two/three years as suitable opportunities arise. Additional commitments were completed in respect of private market allocations to private equity managed by LGPS Central Limited for £30m in respect of their primary 2025 vintage. The Committee also gave its support to a £30m secondary private equity commitment to LGPS Central Limited, but this product was not launched at the end of the financial year. Many of the LGPS Central Limited private market funds are in the early capital raising stages and will take a few years for capital to be fully deployed.

Independent actuarial valuation

The fund undergoes an independent actuarial valuation every 3 years. The last actuarial valuation was undertaken at the end of March 2025 and signed off in March 2026, identifying that the fund had a funding level (the relationship between estimated future pension payments and the funds held to pay for these pensions) of 115%, using the fund's standard assumptions, which was an increase from 100% at the previous valuation in March 2022. This was the first time for over 26 years that

the funding level has been over 100% at the valuation date, which is really positive news. The increased funding level has allowed the fund to reduce employer contribution levels and set up a sustainability reserve to help protect employers from contribution changes caused by changes in valuation moving forward.

Responsible investment

The fund continues to make good progress in addressing responsible investment issues, including climate change and achieving its net zero target by 2050 or before.

The fund became a signatory to the revised Stewardship Code in August 2023 and a renewal submission was presented to the Financial Reporting Council (FRC) for the 12 months from 1 April 2024 to 31 March 2025. The FRC confirmed the application was successful in February 2026. This is a great achievement and confirms how seriously the fund continues to take responsible investment and environmental, social and governance issues.

Since 2020, the fund has commissioned its pooling company, LGPS Central Limited, to undertake an in-depth review of the fund's exposure to financially material climate-related risks and opportunities on an annual basis. The fund also published its fifth Task Force on Climate-related Financial Disclosures (TCFD) aligned report in December 2025 showing a 64.8% reduction in the carbon footprint of the equity portfolio compared to 31 March 2020 based on normalized financed emissions.

Further details relating to this and the significant progress which has been made during the year with regards to climate risk monitoring, setting a net zero target, responsible investment, climate risk training and the fund's carbon footprint are included within the Corporate Governance section of the annual report.

LGPS Central Limited

During 2025/26 the fund continued to operate inside its pooling company LGPS Central Limited, which was owned on an equal share basis by eight pension funds and is a Collective Portfolio Management Investment Firm (CPMI) regulated by the Financial Conduct Authority (FCA). The participating pension funds were Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. West Midlands Integrated Transport Authority (ITA) Pension Fund will also be an investor, but not a shareholder, with its shareholder rights represented by West Midlands Pension Fund.



The key objectives of LGPS Central Limited are as follows:

- To deliver cost savings and improve risk-adjusted investment returns after cost.
- Enable access to a wider range of asset classes for the participating pension funds.
- Ensure good governance.

LGPS Central Limited manages a wide range of asset classes, employing a mix of internal and external investment management. The majority of assets under management are structured in an Authorised Contractual Scheme (ACS), which is regulated by the FCA, in addition to other pooled investments held in alternative structures. The company has been formed to act as an Alternative Investment Fund Manager (AIFM) to allow the participating LGPS administering authorities to pool their respective investments.

On the 14 November 2024, the Chancellor's Mansion House speech set out a proposed consultation on LGPS "Fit for the Future", which was published the following day.

The consultation covered three key areas:

- Reform of asset pooling.
- Boosting UK and local investment.
- Strengthening the governance of both administering authorities and LGPS pooling companies.

The Government's response to the consultation was issued on the 29 May 2025. As part of the actions under item 1, the Government decided to close the Brunel and Access Pooling companies and recommended the 21 pension funds involved to join LGPS Central Limited, Borders to Coast, or Local Pension Partnership Investments (LPPI) by 31 March 2026.

As a result of the reform of asset pooling, LGPS Central Limited received formal expressions of interest from three former Brunel Funds; Gloucestershire, Oxfordshire and Wiltshire and four former Access funds; Norfolk, Suffolk, Hampshire and Isle of Wight.

This has resulted in considerable work to review the governance of the pool, prevent any transition issues and ensure appropriate resources were in place for 31 March 2026. All legal agreements were completed by the deadline, with LGPS Central Limited becoming the manager of 14 funds from 1 April 2026. The revised company will have 14 equal shareholders with the final position of the Isle of Wight still to be confirmed.

The expansion will see the company move to having approximately £100bn of assets under management from 1 April 2026.

The pooling company will also become responsible for all investment implementation decisions from 1 April 2026, and the fund will give the company power of attorney in respect of those legacy assets not already under the Company's control to facilitate this in the immediate term.

Pensions administration team

The pensions administration team have continued to ensure that over the past twelve months the service they deliver is both efficient and effective for all stakeholders and that all benefits are paid accurately, on time and in line with scheme regulations.

Employer data

The monthly data provided by employers is essential to effectively administer the Local Government Pension Scheme for members. Fund officers continue to monitor the timeliness and accuracy of submission of this data and reinforce its importance in regular updates to employers.

Training

Training days for all team members are held twice a year, providing opportunities for the team to work in groups to look at how we deliver our service and provide feedback on changes to processes. Information sessions are also held on current issues affecting the LGPS.

All regulatory deadlines were met by the fund in 2025/26, including issuing Annual Benefit Statements, P60 documents, Pension Savings Statements and publishing the Annual Report.

McCloud

During the year, the team continued to work on implementing the McCloud ruling and ensuring the underpin is applied to protected members with all work targeted for completion by 31 August 2026.

Pension Dashboards

Work continues for the implementation of Pension Dashboards with the fund having successfully established a secure connection to the platform. The expectation is that the dashboard will go live in 2027.

Governance

As part of the fund's ongoing governance programme, several policies were reviewed and updated in line with statutory guidance and changes to the team's working practices.

Full details of the administration work can be found in the administration report on page 35.

Certain aspects of the Scheme Advisory Board's Good Governance recommendations have been introduced as part of the Government's "Fit for the Future" consultation under the Pensions Bill which came into force in April 2026. We await formal regulations and guidance in respect of this to take the final steps in ensuring full compliance.

Business plan

The fund's Business Plan for 2026-2029 can be found on the website and progress against this is reported to and regularly reviewed by both Board and Committee members.

Meetings

The annual meeting for Scheme employers is run as a hybrid event each November and the Pensions Committee and Board meetings continue to be live-streamed. Committee meetings must be held in person; however, Board members are invited and can choose to attend virtually, this has proved particularly useful when holding training sessions for Board and Committee members.



Justin Bridges
Head of Pensions - LGPS
Senior Officer
Shropshire Council



Cllr Gary Groves
Chair of Pensions
Committee
Shropshire Council

We hope you find this report interesting and informative. As always, we welcome your feedback on both this and any aspect of the fund's activities. If you wish to make a comment or if you have any questions, our contact details are provided at the end of this Report.

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LGPS Senior Officer

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Section A: Management and financial performance

Risk management

Risk management is the process of **identifying risks, evaluating their likelihood and potential impact** and determining the most effective methods of controlling or responding to them.

Shropshire Council has a formal risk management strategy which includes risk registers for Pension Fund Investment, Investment Pooling and Pension Administration. **The following table shows a summary of the Pension Fund's key risks which were identified for 2025/26.**

Risks	Controls in Place
Climate Change & Responsible Investment – funds facing increasing pressure on divestment and to take action to address climate risks in the portfolio.	• Climate Risk assessments carried out. • Robust RI policies, engagement and collaboration. • Published TCFD Report, Climate Risk Reports. • Fund became a signatory to the 2020 Stewardship Code. • Net Zero target set. • Development of products that meet partner fund requirements.
Regulatory Risk – Climate & Responsible Investment.	• RI integrated into the investment process. • Monitoring of developments, responding to consultations when issued. • Pension Investment & Responsible Investment manager post.
Cyber or IT attack resulting in significant outage due to insufficient resilience/BCP arrangements being in place.	• Robust IT arrangements in place, which are regularly tested. • Fund Cyber Security Policy created. • Business Impact Analysis and Service Recovery Plan (BIA-SRP) arrangements up to date and appropriately tested. • Resilience plans in place and approved. • Similar arrangements at third party suppliers are reviewed and tested.
Loss or inappropriate disclosure of personal data leading to fines and reputational loss.	• ICT security used such as data encryption, secure email and document management software with strict security profiles. • Information protection training undertaken by all staff. • Secure working environment in place. • Memorandum of understanding in place with employers. • Privacy notices added to all relevant correspondence. • Fund has its own Cyber Security Policy. • Training provided to Officers, Committee and Board members.
The insolvency of an employer places additional liabilities on the fund and the remaining employers.	• Admission agreements in place at time of transfer of service (no delay). • Assessment for the requirement of a bond completed at date of entry and subsequent valuations. • Shorter deficit recovery periods. • Funding Strategy Statement assessed and updated as part of each valuation, incorporating employer events policy which provides information on process for changes to employer rates, employers exiting the fund. • Annual employer covenant check for high-risk employers.
Failure of Pension Fund investment managers to meet expected returns resulting in increased costs to the Council and other employers.	• Rigorous selection processes established. • Rigorous and continual investment manager monitoring arrangements. • Diversification of managers and asset classes. • External expert advice. • Trained and experienced staff. • Reporting and monitoring arrangements. • Investment Strategy Statement and Funding Strategy Statement reviewed as part of valuation cycle. • Compliance with LGPS regulations. • Audit of investment managers.

Risks	Controls in Place
Liquidity risk in government bond markets due to higher interest rates and tighter monetary policy. Potential for Quantitative Tightening by Bank of England to further reduce liquidity from Bond markets.	- Monitoring of investment performance relative to the estimated growth in liabilities on an annual basis. - Active monitoring of bond investments with advisors and managers to ensure most effective positioning.
Vulnerable to loss of or over-reliance of key staff due to long-term sickness or staff turnover resulting in reduction of service to scheme employers.	- Procedures for all fund activities documented and reviewed annually. - Business plan provides information on management controls over resources to manage workloads. - Training Policy in place. - Skills matrix established for each post. 1:1 and Appraisals capture training requirements and training completed. - Workforce strategy being created which will document succession planning and career path for progression.
Failure to deliver value for money.	- Continued focus on value for money when making spending decisions. - Ongoing monitoring of actual and forecasted cost savings. - Collaborative and partnership working on delivery of investment strategy to reduce investment expenses.
Investments in LGPS Central Limited not delivering the required investment return which could result in the need for increased employer contributions.	- Investment performance regularly reported to and monitored by the Pensions Committee and appropriate action taken. - Concerns reported via the Joint Committee and Shareholders Forum.
Insufficient range of asset classes or investment styles being available through the investment pool.	- Investment workstream set up to create sub-funds to implement participating funds investment strategies. - Participating fund data gathered and analysed in detail at Officer Practitioner Advisory Forum meetings. - Product development plan agreed by the partner funds/LGPS Central Limited.
Inappropriate Investment Strategy.	- Investment Strategy Statement reviewed and updated as part of valuation cycle. - Funding Strategy Statement published following consultation with Scheme employers outlining how the fund plans to meet its liabilities. - External advice from independent advisors.
Economic recession impacting on investment returns.	- Diversified investment strategy to spread risk across several different markets through the asset allocation. - Regular reviews of investment strategy with independent advisors.
Pay and price inflation significantly higher than expected and pensioners in receipt of pensions for longer, resulting in an increase in the fund's liabilities, deterioration in funding position and increase in employer contribution rates.	- Actuarial valuation process focuses on real returns on assets, net of pay and price increases. - Monitoring of investment performance relative to the estimated growth in liabilities. - Some investment in index-linked bonds (and other inflation linked investments) helps mitigate this risk. - Triennial strategic asset allocation review considers the appropriateness of assets. - Mortality assumptions are set with some allowance for future increases in life expectancy as part of the valuation process. - Inflation rates continually monitored due to cost-of-living crisis and international conflicts. - Inflation expected to stay higher for longer which will impact on future investment returns.



Risks	Controls in Place
Incorrect information/benefits provided to members of the scheme.	- Benefit calculations are checked and verified before payment issued. - All supporting calculations are provided to the member. - Data quality monitored and Data improvement workplan in place. - Team training. - Employer training. - Mortality screening and address checking introduced.
Late payment of contributions by fund employers leading to the Pension Fund having to report to the Pension Regulator and be fined.	- Payments are recorded and reconciled monthly. - Late receipt of i-Connect return or payment is recorded on Breaches Log and reported to both Pensions Committee and Board.
Failure of employers to provide accurate data leading to incorrect benefit statement/payments or fund valuations.	- Administration Strategy Statement. - Team and employer training. - Internal controls and procedures documented. - i-Connect implemented for all employers for monthly data collection and monitoring.
Policies or strategies of the Administering Authority adversely impacting on the work of the Shropshire County Pension Fund team.	- Delegated decision making to Pensions Committee and Head of Pensions (LGPS Senior Officer). - Pensions team exempt from spend or workforce board approvals of the Council. - Review of recruitment policies to ensure the Pension Fund can attract and retain key staff.
Failure to identify and report breaches of law, in accordance with the requirements of the Pensions Regulator leading to reputational damage & potential fines.	- Breaches policy in place with procedure for escalation. - Log of breaches monitored monthly. - Breaches reported to Committee, Board on a quarterly basis.
Non-compliance with the law around LGPS benefit administration leading to fines by the Pensions Regulator.	- Administration software solution. - Staff training. - Access to training for Board and Committee members. - Policies and Procedures documents in place.
Failure of support systems: Business World, CIVICA, Pay360 which will result in incorrect data collection, payment of benefits and incorrect accounting.	- Key systems are regularly reviewed and updated. - Support provided by Council ICT teams.
Regulatory change occurs which impacts either LGPS Central Limited or partner funds. Government changing stance on pooling such that the model no longer meets requirements.	- Regulatory intelligence and working collaboratively with partner funds & pool project. - Successful integration of changes required under the proposed Pensions Scheme Bill. - Lobbying through Government working groups. - Responding to consultations on legislative change. - Collaborating with partner pools to share best practice.
Key persons for either LGPS Central Limited or partner funds either choose to leave or unable to fulfil their responsibilities.	- Succession planning taking place with LGPSC and with PFs. - Exit/handover plans. - Different notice periods for key roles. - Use of temporary resources. - Governance structures - collective decision-making process.

Financial performance

The following tables show the forecasts for the fund account and the net assets statement for the next three years to 31 March 2029. It also shows the 2025/26 actuals against the 2025/26 budget.

Forecast v actual report on fund cash flows

Pension fund account	2025-26 Budget £m	2025-26 Actual £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m
Contributions (employees and employers)	95.900	93.568	75.100	77.400	79.800
Transfers in	8.500	11.250	10.000	10.100	10.200
Pensions paid	(94.000)	(93.113)	(101.300)	(109.400)	(118.200)
Lump sums paid	(22.000)	(17.582)	(18.000)	(18.500)	(19.000)
Lump sum death benefits	(2.600)	(3.028)	(3.000)	(3.200)	(3.400)
Refund of contributions	(0.300)	(0.280)	(0.300)	(0.350)	(0.400)
Transfers to other Funds	(8.500)	(9.165)	(10.000)	(10.100)	(10.200)
Net additions/(withdrawals) from dealings with Scheme Members	(23.000)	(18.350)	(47.500)	(54.050)	(61.200)
Management expenses	(25.076)	(25.497)	(26.408)	(27.403)	(28.549)
Investment income	14.000	13.698	14.000	14.500	15.000
Gain/(loss) on cash and currency hedging	0.000	(0.514)	0.000	0.000	0.000
Taxes on income	(0.150)	(0.036)	(0.100)	(0.110)	(0.120)
Change in market value	202.127	199.172	216.136	232.063	249.869
Net increase/(decrease) in net assets during the year	167.901	168.473	156.128	165.000	175.000
Opening net assets of the scheme	2,626.399	2,626.399	2,794.872	2,951.000	3,116.000
Closing net assets of the scheme	2,794.300	2,794.872	2,951.000	3,116.000	3,291.000

Contributions and payments are based on current expectations, the management expenses are based on current budgets, and the net investment income and change in market value are based on the long term forecast returns for each asset class.

Forecast v actual report on fund asset values

Net assets statement	2025-26 Budget £m	2025-26 Actual £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m
Global equities - unconstrained	725.800	711.124	771.600	837.200	908.300
Global equities - passive	898.200	800.022	856.800	917.700	982.800
Unconstrained bonds	103.200	81.632	87.100	92.900	99.200
Investment grade bonds	281.500	282.756	299.400	317.100	335.800
Conventional gilts (15 years duration)	0.000	66.653	70.700	75.000	79.600
Index-linked gilts (15 years duration)	0.000	69.092	72.300	75.600	79.100
Hedge funds	118.800	124.610	130.100	135.800	141.800
Private equity	220.400	207.443	229.000	252.800	279.100
Infrastructure	172.400	154.355	168.600	184.100	201.000
Property	124.900	129.994	138.400	147.400	157.000
Property debt	11.200	2.427	2.600	2.800	3.000
Private debt	84.800	88.972	95.900	103.400	111.500
Insurance linked securities	47.500	49.689	53.500	57.500	61.900
Other (including cash and net current assets)	5.600	26.103	(25.000)	(83.300)	(149.100)
Total investment assets	2,794.300	2,794.872	2,951.000	3,116.000	3,291.000

Figures noted in the 'Other' category above include the effect of forecast net withdrawals from dealing with scheme members etc. In practice, the 'Other' balances (mainly cash held) would not be negative, as any cash requirement would be funded by a partial redemption of one of the other asset classes.



Forecast for total investment assets

The forecast for total investment assets are based on actual allocations at 31 March 2026 multiplied by the forecast long term returns for each asset class as provided by the fund's advisors.

These forecasts will need to be adjusted for any future investment decisions formally approved by the Pensions Committee.

The long term forecasts are as follows:

Asset class	Return
Global equities - unconstrained	8.5%
Global equities - passive	7.1%
Unconstrained bonds	6.7%
Investment grade bonds	5.9%
Conventional gilts (15 years duration)	6.1%
Index-linked gilts (15 years duration)	4.6%
Hedge funds	4.4%
Private equity	10.4%
Infrastructure	9.2%
Property	6.5%
Property debt	7.9%
Private debt	7.8%
Insurance linked securities	7.6%
Cash	2.2%

Management expenses forecast

Below is a more detailed analysis of the management expenses budget forecast, which is split into three categories; investment management expenses, administration expenses and oversight and governance. The budget forecasts for 2026/27 to 2028/2029 have been revised and are based on the 2025/26 actual costs which are analysed to agree with the CIPFA guidance on management costs. **(see note 8)**

Operational expenses	2025-26 Budget £m	2025-26 Actual £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m
Administrative costs					
Employee costs	1,450	1,398	1,450	1,520	1,560
IT costs	0.420	0.503	0.520	0.530	0.550
Office accommodation	0.040	0.013	0.020	0.022	0.024
Consultants	0.085	0.086	0.090	0.092	0.094
Printing, postage and design	0.062	0.042	0.044	0.046	0.048
Subscriptions	0.020	0.007	0.010	0.012	0.014
Other costs	0.035	[0.066]	0.020	0.020	0.020
Total	2.112	1.983	2.154	2.242	2.310
Investment management expenses					
Management fees	12,400	12,667	13,200	13,700	14,200
Performance fees	0.670	0.661	0.690	0.710	0.740
Other fees	4,500	4,652	4,800	5,000	5,200
Transaction costs	3,400	3,488	3,600	3,700	3,800
Custody fees	0.020	0.006	0.010	0.012	0.014
Total	20,990	21,474	22,300	23,122	23,954
Oversight and governance costs					
Investment advice	0.280	0.236	0.240	0.250	0.260
Employee costs (pensions investment)	0.410	0.448	0.460	0.480	0.500
Actuarial advice	0.270	0.246	0.100	0.105	0.270
Responsible engagement overlay	0.053	0.052	0.053	0.054	0.055
LGPS Central Limited pooling costs	0.730	0.866	0.900	0.940	0.980
External audit	0.105	0.101	0.105	0.109	0.114
Performance analysis	0.028	0.012	0.013	0.014	0.015
Internal audit	0.026	0.019	0.020	0.021	0.022
Legal and Committee	0.024	0.014	0.015	0.016	0.017
Other costs	0.048	0.046	0.048	0.050	0.052
Total	1.974	2.040	1.954	2.039	2.285
Total management expenses	25.076	25.497	26.408	27.403	28.549



Interest charged on overdue contributions

The fund monitors the timeliness of contribution receipts from all employers and will consider charging interest if the fund experiences a series of consistently late payments from any individual employer, or a late payment that is of a significant size as to be a material risk to the fund. Material breaches will also be reported to The Pensions Regulator.

The fund classes contributions as being received on time when they are received no later than the 19th day of the month, following the month it was deducted. The percentage of contributions received on time for 2025/26 was 98%, the same as the previous year.

The total amount of interest charged to employers was £780.26. This related to 5 different employers where interest was due on both employee and employer contributions for late payment. There were 21 instances of late payment, but interest was not charged due to the amounts being insignificant.

Pension overpayments

During the 2025/26 period, pension overpayments amounted to £44,984.78, of which £28,973.42 was successfully recovered and £10,301.70 was written off. Additionally, invoices issued to recover outstanding overpayments currently total £5,709.66. The fund has established an Overpayment Policy that outlines the procedures for recovery. As part of our ongoing review, we have raised the threshold for write-offs from £100 to £250 in line with HMRC limits.

A list of contributing employers and the amount of contributions received during the year (split by employers and employees)

Employer name	Employees contributions £	Employers contributions £
Scheme Employer		
Albrighton Primary School & Nursery	25,286.17	81,249.54
Alveley Primary School	8,941.79	41,004.26
Apley Wood Primary School	29,088.20	98,408.68
Aqueduct Primary School	17,696.33	51,756.48
Barrow 1618 Free School	8,562.32	31,208.93
Beckbury C.E Primary School & Nursery	4,983.43	15,732.28
Belvidere School	44,933.71	238,080.72
Bicton C.E Primary School & Nursery	12,753.27	44,561.03
Bishops Castle Primary School	12,078.76	56,034.14
Bitterley C.E Primary School	11,586.11	58,075.15
Bomere Heath C.E Primary School	9,667.62	33,847.07
Burford Primary School	14,381.15	60,516.73
Castlefields Primary School	17,383.20	92,889.29
Cheswardine Primary School & Nursery	7,647.61	26,368.29
Christ Church C.E Primary School	18,030.31	56,113.57
Church Stretton School	24,366.84	135,954.03
Clee Hill Community Academy	10,982.20	51,141.10
Cleobury Mortimer Primary School	31,072.25	124,957.43
Community Academies Trust	179,538.76	716,802.27
Condover CE Primary School	9,650.41	58,512.03
Corbet School (Academy)	65,766.81	261,787.94
Crowmoor Primary School	15,312.27	47,312.52
Dawley C.E Primary Academy	17,272.57	84,589.68
Diocese of Hereford Multi-Academy Trust	46,997.41	91,640.84
Ellesmere Primary School	40,716.83	190,703.95
Empower Trust	252,377.12	1,134,518.82
Fields Multi-Academy Trust	46,618.20	223,270.70
Haberdashers Abraham Darby Academy	85,409.04	195,083.70
Haberdashers Adams School	86,289.52	351,515.19
Hinstock Primary School	13,122.68	43,721.74
Holy Trinity Academy	52,975.26	159,576.95
Holy Trinity Primary Academy	25,453.66	127,430.40
Keystone Academy	42,400.75	117,146.59
Lacon Childe School	53,925.72	219,062.78
Lakelands Academy	57,625.57	201,546.30
Lawley Village Academy	25,761.28	75,751.93
Learning Community Trust	824,523.32	3,067,053.37
Ludlow CE School	40,175.21	222,562.69
Ludlow Primary School	35,403.81	195,924.42
Lydbury North Primary School	7,575.94	22,539.17
Madeley Academy Trust	79,934.15	242,691.14
Marches Academy Trust	538,293.47	2,020,107.84
Mary Webb School and Science College	35,513.59	166,354.90
Meadows Primary School & Nursery	20,657.39	61,531.24
Meole Brace C.E Primary School & Nursery	46,945.39	154,588.38
Meole Brace School	74,807.78	391,408.33
Mereside CE Primary School	28,027.20	105,122.22
Millbrook Primary School & Nursery	33,746.30	94,441.13
Mighty Oaks Academy Trust	39,821.89	123,017.72
Moorfield Primary School	25,627.97	80,508.64
Morville C.E Primary School	3,881.92	16,024.45



Employer name	Employees contributions £	Employers contributions £
Newport Girls High School Academy Trust	38,859.56	141,192.04
Oldbury Wells School	57,911.87	243,387.66
Onny C.E Primary School	9,062.99	28,053.40
Our Lady & St Oswald's Catholic Primary School	9,393.26	29,707.11
Redhill Primary School	33,983.73	151,536.00
Severn Bridges MAT	186,827.21	750,787.83
Shrewsbury Cathedral Catholic Primary School	14,818.86	45,322.50
Shrewsbury Colleges Group	509,756.14	1,532,207.19
Shropshire & Wrekin Fire Authority	274,050.10	714,561.33
Shropshire Council	7,627,949.96	20,584,525.01
SS Peter & Paul Catholic Primary School	9,627.05	39,267.46
St Edward's C.E. School	5,486.40	27,110.53
St George's CE Primary School, Clun	8,261.83	45,493.46
St John the Baptist C.E Primary School & Nursery	9,703.84	31,558.50
St John's Catholic Primary School	13,374.74	43,467.98
St Lawrence C.E Primary School	1,897.74	5,873.52
St Leonards C.E School	18,194.91	100,587.89
St Luke's Catholic Primary School	13,268.77	46,311.97
St Mary's Bluecoat C.E Primary School	16,376.51	49,460.12
St Patrick's Primary School	18,210.86	60,437.74
St Peters Bratton C.E Primary School	26,592.76	107,703.23
Stokesay Primary School	12,983.18	53,978.72
Stottesdon C.E Primary School	11,332.49	44,191.97
Telford & Wrekin Council	6,559,691.71	18,905,441.25
Telford College	393,478.81	311,502.71
Telford Park School	48,690.55	208,711.11
The Martin Wilson School	12,981.86	40,235.64
Thomas Telford MAT Head Office	18,687.39	20,416.04
Thomas Telford Primary Free School	4,938.01	17,138.24
Tibberton Primary School	1,598.45	4,903.81
West Mercia Energy	64,986.21	0.00
Whitchurch Infant and Nursery School	27,068.40	145,005.03
Whitchurch Junior School	18,932.10	104,586.99
William Reynolds Primary School	29,521.13	88,532.95
Woodside Primary School	47,557.36	210,663.61
Woore Primary School & Nursery	12,218.06	40,679.82
Warfield Endowed C.E Primary School	10,758.59	37,792.34
3-18 Education Trust	412,075.38	1,577,812.87
Admission Bodies		
ABM Catering Ltd (Marches MAT)	8,111.68	25,274.50
ABM Catering Ltd (Millbrook Primary School)	1,090.88	3,411.47
Accuro Facilities Management (Idsall School)	2,135.48	6,966.52
Age UK Shropshire, Telford & Wrekin	2,389.00	0.00
Aramark (Idsall School)	842.09	3,643.84
Aspens Services Ltd (Corbet School)	2,053.43	7,701.03
Aspens Services Ltd (St Martins)	1,237.05	3,988.52
Aspens Services Ltd (St Patrick's School)	467.38	1,555.08
Association of Local Councils	5,304.05	24,226.65
Balfour Beatty	4,650.53	13,021.54
Bethphage (Assisted Living)	1,131.86	5,990.07
Bethphage (Ellesmere Day Service and Library)	5,241.53	16,042.25
Bethphage (Oak Farm and Innage Grange Day)	4,421.83	13,828.21
Caterlink (Learning Community Trust)	1,676.33	11,556.71
Caterlink (TrustEd CSAT Alliance)	15,668.00	63,165.49
Churchill Contract Services (St Bart's MAT)	2,457.64	8,993.04
Cleantec (3-18 Education Trust)*	0.00	-47,300.00
Cleantec (Marches MAT)	6,105.00	26,862.37
Compass (Hadley Learning Community)	1,132.61	5,468.09
Coverage Care Crowmoor House	7,008.30	0.00
Coverage Care Ltd	434.01	0.00
Crystal Services (Community Academies Trust)	2,592.69	8,301.68
Fidelis	289.57	1,552.42

Employer name	Employees contributions £	Employers contributions £
Halo Leisure Services Ltd	5,425.93	2,893.33
Harper Adams University	449,403.75	1,389,986.36
Housing Plus	98,456.73	352,160.55
IDVerde Ltd	12,071.07	13,217.13
IDVerde (Shropshire Council)	22,120.19	101,859.57
Innovate Service Ltd (Bridgnorth Endowed School)	1,658.16	5,728.00
Kier Highways Ltd	34,280.18	34,910.12
Miquill (Holy Trinity School)*	729.56	-4,679.55
Miquill (St Bart's MAT)	2,244.46	8,587.07
NIC Services (TrustEd CSAT Alliance)	3,239.09	12,897.44
NIC Services (TrustEd Mary Webb School)	7,382.32	25,365.80
NIC Services (3-18 Education Trust)	11,470.23	39,488.52
No 92 Coffee - Severn Valley	349.45	1,150.09
OCS Food Co Ltd (Coleham School)	1,304.14	5,904.52
OCS Food Co Ltd (Empower Trust)	893.51	3,346.46
OCS Food Co Ltd (Woodside Primary School)	1,192.10	5,136.86
OCS Food Co Ltd (3-18 Education Trust)	4,658.65	16,093.79
Odd Pals Street Food	612.21	1,837.01
Perthyn	1,163.69	0.00
Prime Facilities (Brown Clees School)*	0.00	-3,000.00
Prime Facilities (CAT)*	0.00	-17,400.00
Prime Facilities (Mighty Oaks)*	98.86	-1,409.99
Prime Facilities (St Mary's)	415.18	2,249.61
Sanctuary Group	9,894.95	18,590.00
Severn Gorge Countryside Trust	10,644.85	24,246.90
Shropshire County Leisure Trust	26,327.38	44,413.03
South Shropshire Leisure Ltd	14,405.26	11,835.98
Taylor Shaw (Marches MAT)	10,206.22	38,498.98
The Forward Trust	3,103.68	7,356.30
Veolia Environmental Services (UK) Plc	61,138.32	0.00
Veolia TWC	15,704.88	48,046.95
We Are With You (Addaction)	6,020.60	2,955.45
Westgrove Facilities Ltd (SC Market Hall)	2,369.36	7,473.31
Wrekin Housing Trust	796,127.38	2,401,775.59
WSP UK Ltd	2,722.43	2,400.09
Designated Bodies		
Albrighton Parish Council	6,309.48	17,837.35
Bayston Hill Parish Council	5,852.14	25,734.90
Bishops Castle Town Council	3,173.60	14,832.17
Bridgnorth Town Council	24,986.96	84,881.22
Broseley Town Council	6,634.64	0.00
Church Aston Parish Council	201.90	675.45
Church Stretton Town Council	10,317.77	64,829.48
Cockshutt cum Petton Parish Council	318.32	1,064.89
Cressage, Harley and Sheinton Parish Council*	0.00	2,202.00
Dawley Hamlets Parish Council	1,208.53	4,917.37
Ditton Priors Parish Council	524.83	2,547.66
Donnington and Muxton Parish Council	5,853.72	21,172.68
Ellesmere Town Council	7,658.07	29,938.47
Ford Parish Council	803.31	2,495.17
Great Dawley Parish Council	17,229.20	39,387.29
Great Hanwood Parish Council	970.30	2,993.18
Great Ness and Little Ness Parish Council	1,115.83	3,255.02
Hadley & Leegomery Parish Council	11,408.18	40,185.61
Highley Parish Council	2,182.15	6,479.20
Hollinswood & Randlay Parish Council	9,149.64	30,240.92
Ketley Parish Council	7,376.52	20,200.51
Lilleshall Parish Council	1,123.42	2,346.86
Little Wenlock Parish Council	524.80	2,547.71
Ludlow Town Council	28,991.68	103,395.49
Madeley Town Council	14,973.36	52,537.59
Market Drayton Town Council	10,925.46	36,189.30



Employer name	Employees contributions £	Employers contributions £
Much Wenlock Town Council	4,846.83	24,169.44
Newport Town Council	15,977.03	42,917.24
Oakengates Town Council	15,800.61	55,415.21
Oswestry Rural Parish Council	1,227.49	4,804.04
Oswestry Town Council	47,958.64	151,090.21
Pontesbury Parish Council	6,213.43	22,864.82
Rodington Parish Council	532.00	1,063.92
Shifnal Town Council	9,643.36	30,109.43
Shrewsbury Town Council	126,525.01	359,519.32
Shropshire Towns & Rural Housing	398,188.82	1,073,362.41
St Georges and Priorslee Parish Council	3,438.53	15,289.70
Wellington Town Council	19,219.84	77,227.62
Wem Town Council	6,786.12	20,215.69
Whitchurch Town Council	15,812.41	41,846.44
Worfield & Rudge Parish Council*	281.56	2,163.10
Wrockwardine Parish Council	1,615.01	6,429.09
Wrockwardine Wood & Trench Parish Council	1,247.40	4,017.78
	22,402,102.84	66,505,451.96

* Employer contributions figure includes termination deficit income/termination surplus payment





Section B: Investment policy and performance

Investment of funds

The fund pursues a policy of managing risk by diversifying both investments and investment managers.

Assets are held by the fund to achieve returns consistent with the cost of future pension liabilities as assessed by the actuary. Actuarial valuations are undertaken every three years, with the last one held in March 2025; the results of which were communicated to employers in November 2025 and new contribution rates were set for the next three financial years commencing 1 April 2026. The March 2025 valuation showed an increase in the funding level to 115% (100% 2022) and is available on the fund's website.

The fund's strategic asset allocation for 2025/26



Asset	% of fund
Targeted return funds (e.g. absolute return bonds, hedge funds and Insurance Linked Securities)	7.5%
Investment grade corporate bonds	10%
Global equities	55%
Illiquid credit (e.g. private debt and property debt)	7.5%
Indirect UK property	5%
Private equity	7.5%
Infrastructure	7.5%

In June 2023, the Pensions Committee agreed a revised strategic asset allocation (outlined above) following the completion of a number of investment strategy workshops held in conjunction with Aon, Mercer, LGPS Central Limited and the fund's independent advisor. This strategic allocation has remained constant for most of 2025/26. In the final quarter of 2025/26, 5% of the fund was switched from equity to long-term UK Government gilts.

This allocation was outside the strategy agreed in 2023. Strong equity performance across the first nine months of the year meant that equities reached the upper limit of 60% of the fund's assets in December 2025. The Committee, on the advice of officers and advisors, agreed to reduce the equity allocation back down to 55% in line with the strategy and place 5% in UK Government long-term gilts.

The fund had a number of underweight positions against the strategy in respect of private markets at this time, but it is not possible to immediately invest into private markets. The decision to invest into UK gilts therefore retained liquidity in the fund and de risked the portfolio by closely matching the new investments to those used to determine liability values.

Following the 2025 valuation results the fund has commenced training and a review of the strategic asset allocation. Any changes to the strategy will be formally agreed in 2026.



The 2025/26 financial year has seen continued progress to meet the Governments “LGPS – Fit for the Future Requirements” as set out in the draft Pension Schemes Bill 2026, which became legislation on the 29 April 2026. There are a number of investment and governance reforms that will take place as a result of this Act with guidance due out by 30 June 2026.

During the year the fund has worked closely with LGPS Central Limited to understand how the proposed changes to both governance and investments would impact both parties. On the investment side, arrangements were agreed for LGPS Central Limited to take oversight and control of the fund’s assets from 1 April 2026. On the governance side, work was undertaken to ensure appropriate governance documentation was in place to allow new funds to join LGPS Central Limited following the announced closure of the Brunel Pension Partnership and the Access Fund. These changes saw a further 6 funds join the existing eight member authorities within LGPS Central Limited from 1 April 2026 with one further fund still working upon the terms of joining.

LGPS Central Limited, as the fund’s main investment manager and given the changes taking place from 1 April 2026, had an open invite to all committee meetings in 2025/26 of which they attended three of the four. In addition to attendance at Committee meetings, further training sessions were held during the year with presentations received by LGPS Central Limited and advisors on various topics which were split into the following areas:

- 2025 climate risk reports/carbon footprint analysis (new features and what they mean).
- Taskforce on Climate-Related Financial Disclosures (TCFD) report.
- Climate Stewardship Plan.
- Stewardship and voting.
- Asset Classes.
- Strategic Asset Allocation.

In addition to the above investment training, Mercers also delivered specific training around the valuation process and the outcomes of the valuation.

The Pensions Committee reviewed the fund’s climate strategy in September 2024 and agreed an updated version which maintains the fund’s commitment to achieving net zero emissions by 2050, in line with the Paris accord on climate. The strategy also sets out interim targets to monitor progress and timescales for

the inclusion of private market investments in the fund’s analysis.

The fund’s equity portfolios are split roughly two thirds in low carbon and sustainable investment products through both Legal & General and LGPS Central Limited with the final third in standard global equity investments through LGPS Central Limited. The fund’s equity investments are managed on a passive basis by Legal & General and on an active basis by LGPS Central Limited.

The global equity allocation managed passively by Legal & General is 100% hedged back to Sterling. This is designed to eliminate some of the risks in holding an increased proportion of overseas investments. There was an equity protection strategy in place for part of this portfolio which expired in December 2025. The fund had no equity protection in place as at year-end.

Further commitments were made during the year to LGPS Central Limited in respect of private equity with a £30 million commitment to the 2025 primary vintage. The Committee did agree a further £30 million commitment to LGPS Central Limited secondary private equity, but this product was not launched in 2025/26. Under the changes from the Pensions Bill 2026 the decision to accept this commitment in 2026/27 will fall under the jurisdiction of LGPS Central Limited.

The fund has worked closely with LGPS Central Limited on plans to transfer the remaining legacy assets to the pool control in line with the indicative timeline of the 31 March 2026 for LGPS Central Limited to have oversight of all assets. This timeline was confirmed by the Pensions Bill 2026. The fund will continue to work with LGPS Central Limited to monitor legacy positions. The fund had the following legacy investments as at the 31 March 2026 which will pass to LGPS Central Limited control on 1 April 2026.

Manager	Asset class	Value at 31 March (£000)
HarbourVest	Private equity	£180,738
Global Infrastructure Partners	Infrastructure	£84,956
Aberdeen	UK property	£129,994
T.Rowe Price	Absolute return bonds	£81,632
Twelve Securis	Insurance linked securities	£49,689
BlackRock	Hedge fund	£124,610
DRC Property	Property debt	£2,427
Total		£654,046

LGPS Central Limited was jointly owned on an equal share basis by eight pension funds and as a Collective Portfolio Management Investment Firm (CPMI) regulated by the Financial Conduct Authority (FCA). during

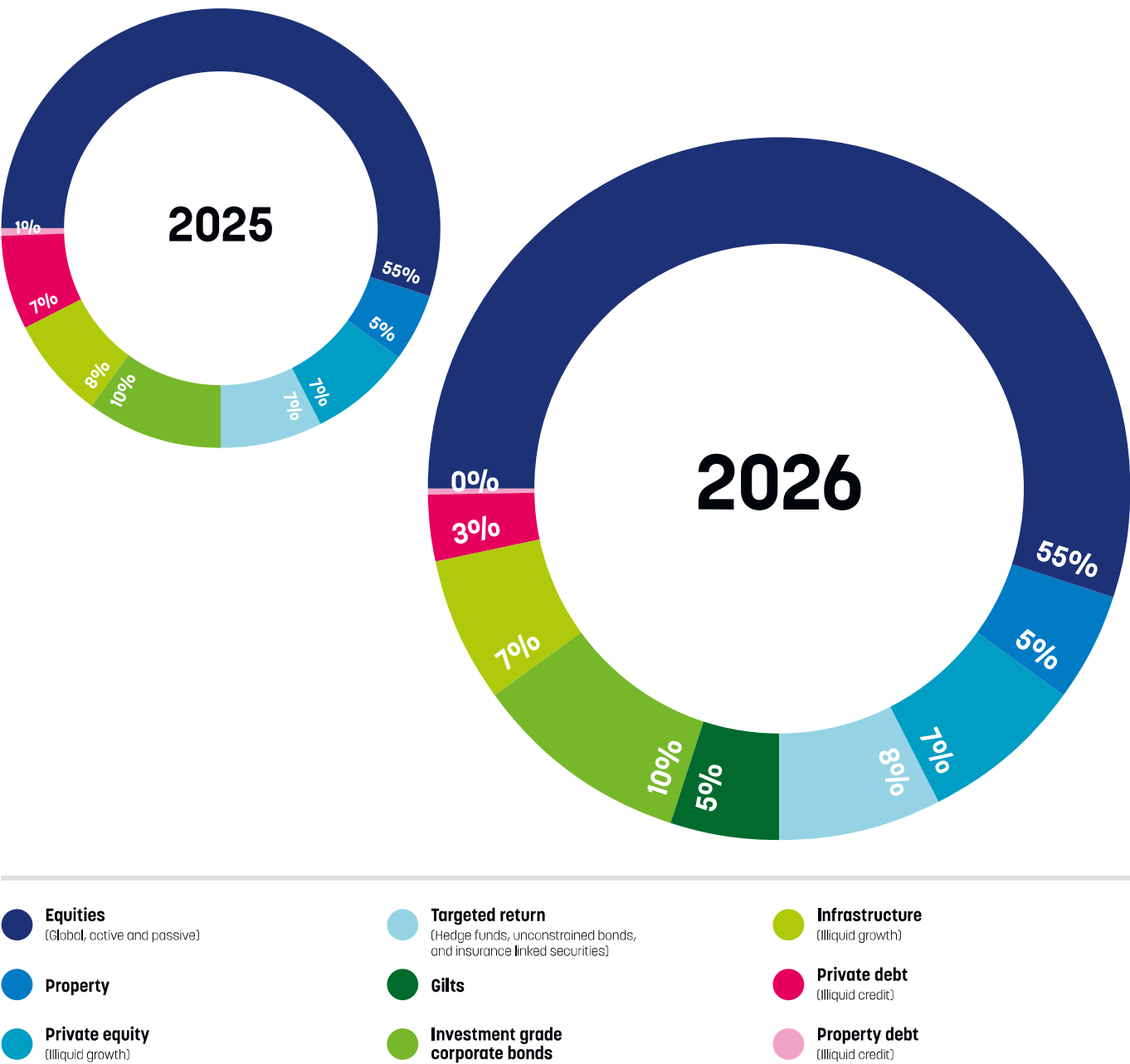
2025/26. The majority of assets under management will be structured in an Authorised Contractual Scheme (ACS), itself regulated by the FCA, in addition to other pooled investments held in alternative structures.

LGPS Central Limited is a multi-asset manager, investing, approximately £50 billion at 31 March 2026 of assets on behalf of its member funds. The aims of LGPS Central Limited are to deliver cost savings and to build on the existing investment expertise of its member funds through increased scale, resilience and sharing of knowledge. The company use a blend of internal and external investment management with the key objective

to improve risk adjusted investment returns after cost. LGPS Central Limited will expand to cover 14 partner funds from 1 April 2026 on an equal share basis with one additional fund still considering the terms of entry.

LGPS Central Limited are responsible for some advisory and discretionary mandates on behalf of its partner funds. Together, these funds and mandates see LGPS Central Limited being responsible for £50 billion of assets (71% of total assets) as at 31 March 2026. From 1 April 2026 LGPS Central Limited became responsible for all assets of funds and all investment decisions in respect of those assets.

The fund’s strategic asset allocation for 2025/26



Spread of assets between fund managers as at 31 March 2026

The following table shows the managers responsible for individual portfolios and the value of the funds they manage:

Share of fund as at 31 March 2025		Fund Manager		Portfolios held	Share of fund as at 31 March 2026	
£m	%				£m	%
			Investments managed by LGPS Central Limited			
462.844	17.62		LGPS Central Limited	Global equities	488.872	17.49
206.654	7.87			Global sustainable equities	222.224	7.95
78.984	3.01			Private debt	88.972	3.18
13.542	0.52			Private equity	26.705	0.96
66.105	2.52			Infrastructure	69.399	2.48
266.557	10.15			Investment grade corporate bonds	282.756	10.12
1.315	0.05			UK equities (unquoted)	1.315	0.05
0.685	0.03			Loan	0.685	0.02
1,096.686	41.76				1,180.928	42.25
			Investments managed outside LGPS Central Limited			
838.683	31.93		Legal & General	Global equities	800.022	28.62
114.088	4.34		Blackrock	Hedge fund	124.610	4.46
117.386	4.47		Aberdeen Property Investors	Property unit trusts	129.994	4.65
186.074	7.08		HarbourVest Partners Ltd	Private equity	180.738	6.47
91.810	3.50		Global Infrastructure Partners	Infrastructure	84.956	3.04
10.417	0.40		DRC Capital	Property debt	2.427	0.09
44.303	1.69		Securis Investment Partners	Insurance linked securities	49.689	1.78
96.944	3.69		T.Rowe Price	Global dynamic bonds	81.632	2.92
0.000	0.00		Legal & General	Conventional gilts	66.653	2.38
0.000	0.00		Legal & General	Index Linked gilts	69.092	2.47
0.018	0.00		Other	Other	0.028	0.00
1,499.723	57.10				1,589.841	56.88
2,596.409	98.86		Total assets held by fund managers		2,770.769	99.13
29.990	1.14		Cash deposits and other balances		24.103	0.87
2,626.399	100.00		Total fund		2,794.872	100.00

Major shareholdings as at 31 March 2026

			Value £m	% of fund
UK equities		Sector		
	AstraZeneca	Health care	15.776	0.56
	HSBC	Financials	5.958	0.21
	Relx	Analytics	3.434	0.12
	Unilever	Consumer staples	3.280	0.12
	Lloyds	Financials	2.703	0.10
	Compass Group	Foodservice	2.614	0.09
	GSK	Health care	2.578	0.09
	BAE Systems	Industrials	2.404	0.09
	Reckitt Benckiser Group	Consumer staples	2.394	0.09
	Diageo	Consumer staples	2.356	0.08
Overseas equities		Country		
	Nvidia Corp	United States	72.189	2.58
	Alphabet	United States	53.106	1.90
	Apple Inc	United States	52.810	1.89
	Microsoft Corp	United States	52.424	1.88
	Broadcom	United States	28.757	1.03
	Amazon	United States	28.148	1.01
	Meta Platforms	United States	20.159	0.72
	Tesla	United States	18.644	0.67
	ASML	Netherlands	16.938	0.61
	ADR Taiwan Semiconductor	Taiwan	15.978	0.57
Total fund value			2794.872	





Section B: Investment policy and performance

Investment Performance

During the year, **the Shropshire fund increased in value by £169 million to be valued at £2.795 billion at the end of the year.** The fund increased in value by 6.4% over the year but underperformed its benchmark by 2.5%.

This year's performance:

 **£169 million** fund value increase 

 **12.2% return**  insurance linked securities

 **11.3% return**  Legal & General global passive equity

 **9.2% return**  hedge funds

Global equity markets struggled in the final quarter of the financial year following conflict in the Middle East which led to increased volatility in March. This volatility had an impact on the fund's overall value with equity markets seeing a large sell off in the period 30 March to 2 April. This volatility wiped between 4.7% and 5% off the value of equities in the final quarter of 2025/26.

The fund also had long-term equity protection in place to December 2025 which cost the fund 7.7% in lost performance. Since December 2025 there has been no equity protection in place on the fund.

The fund invests in a range of asset classes to diversify risk and provide more stable returns. The fund had positive investment returns in the majority of asset classes during the year despite the year-end volatility. The strongest absolute returns were generated in insurance linked securities managed by Twelve Securis where the fund's investments increased in value by 12.2% following a strong renewal period after the US wildfires in early 2025 and recovery of losses occurred in those fires.

The Legal & General global equity fund increased in line with its benchmark by 11.3%, despite a 4.7% drop in the final quarter. The funds hedge fund investments managed by BlackRock rose by 9.2%. The graph at table 2 shows that the majority of the fund's investments had a positive year. The two exceptions were the DRC property debt portfolio and the T.Rowe Price bond investment.

The DRC portfolio is a very small (£2.4m at year-end) residual portfolio that is undergoing final redemption. Difficult market conditions have resulted in write-downs on the final investments which have reflected in negative performance figures in 2025/26. The small overall value of the portfolio means that any change has a large percentage effect on performance. The other negative performance was T. Rowe Price returning -0.6% for the year. This investment was positive for the first nine months of the year but suffered with volatility on the markets as a result of the Middle East conflict and the timing of some trades in the final quarter.

The fund changed its investment grade credit mandate with LGPS Central Limited from 50% UK and 50% Global to 100% Global in January 2026. We had not held the new account for a full quarter at year-end, so the figures shown are an amalgamation of the two funds.

In January 2026 the funds equity investments exceeded the 60% upper limit and as a result the Committee agreed to transfer 5% of the value into UK long-term treasury stocks, split 50% conventional stocks and 50% index linked stocks. This change was completed in January 2026 and is outside the 2023 agreed strategic asset allocation. No performance is quoted for these stocks as they had been held less than a quarter at year-end, but the initial investments were impacted by the volatility seen in markets in March 2026.

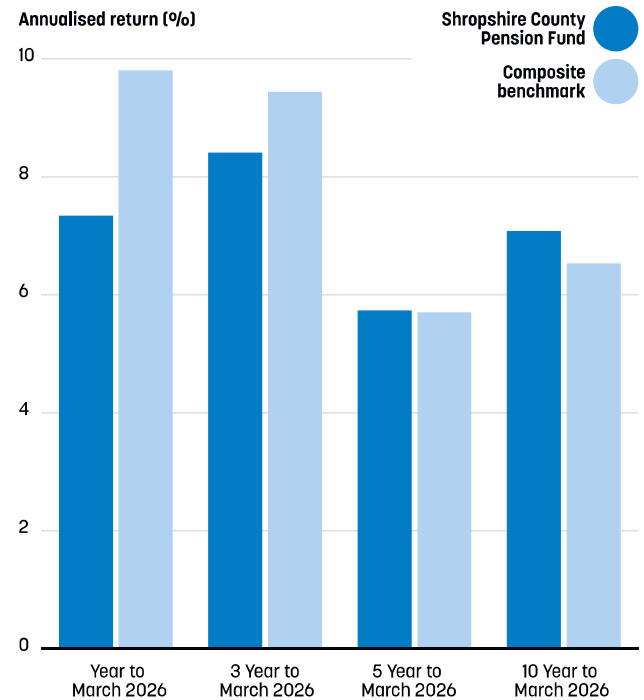


Graph 01: Whole fund performance

Graph 01 shows the total fund investment returns compared with the benchmark. The short-term one-year and three-year performance figures are both below benchmark, primarily due to comparatively poor performance on both the LGPS Central Limited active equity products. Whilst global equity increased 5.6% and sustainable equity 7.5%, these were both well below the benchmark of 18% for equities.

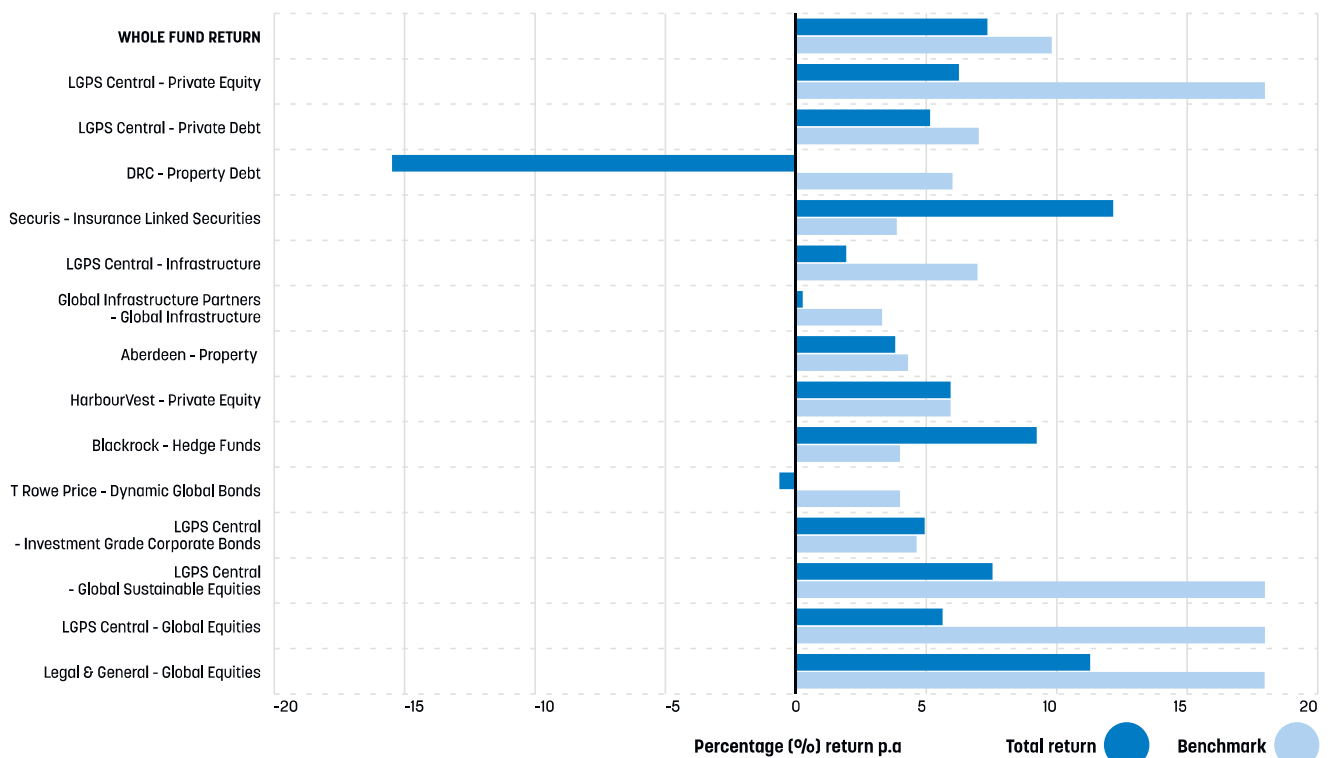
These products were also weak in 2024/25 and the two-year weak performance has dragged the three-year average down despite a strong year in 2023/24. Over the five-year and since inception, the fund's performance remains in line with benchmark.

Performance data used in this report is provided by Northern Trust who supply independent confirmation of the investment performance of individual managers on the fund's behalf.



Graph 02: Individual fund manager performance

Individual portfolio managers are given performance benchmarks related to the indices of the assets in which they invest or an absolute return benchmark where this is more appropriate. Manager performance compared to their benchmark for the year is shown in Graph 02. It should be noted that one-year performance figures on private market assets can often be volatile due to the investment profiles of these products and the time to deploy capital.





Section B: Investment policy and performance

Corporate governance and socially responsible engagement

The Shropshire County Pension Fund does not restrict its investment managers in the companies in which they can invest. To do so would be contrary to the overriding financial responsibility of the Pensions Committee. The Pensions Committee believe it is more effective to influence company behaviour from the inside as a shareholder.



Pensions Committee meetings with LGPS Central Limited

Climate risk reporting

In 2025 the fund received its fifth commissioned Climate Risk Report from its pooling company, LGPS Central Limited. The Climate Risk Report describes the way in which climate-related risks are currently managed by the fund. The report was presented to the Pensions Committee in December 2025, with all recommendations in the report receiving approval by the Committee. In the interests of being transparent with the fund's beneficiaries and broader stakeholder base, the fund has fully aligned the report with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) in one single report saving the need for two separate reports provided in previous years and creating a single point of reference.

Climate strategy

The fund produced its updated Climate Strategy in September 2024 which built on the original 2021 version by reflecting the increased data now available to the fund and setting interim targets for monitoring its journey to be net zero by 2050. The aim of such a strategy is to detail the fund's governance, beliefs, objectives, strategic actions and targets in relation to climate-related risks.

The fund's revised climate strategy was approved by the Pensions Committee in September 2024, reaffirming its commitment to be net zero by 2050 in line with the Paris Treaty on climate change. The fund continues to work with LGPS Central Limited to further develop the strategy and data collection around the fund's private market assets to ensure the report continues to show the most comprehensive overview of the fund available and to ensure it reflects the dynamic characteristics of climate change. The strategy will be updated again in 2027. The Climate Stewardship Plan was updated at the March 2026 Pensions Committee to reflect the recommendations made in the December 2025 Climate Risk Report.

Whilst the Pensions Committee has an overriding duty to consider its financial responsibilities above any other considerations, it remains committed to corporate governance and responsible investment issues. Through actively voting at shareholder meetings and sustained shareholder engagement, it is felt the fund is best able to influence company behaviour.

Governance

The Pensions Committee ('the Committee') is responsible for preparing the Investment Strategy Statement (ISS) and the Climate Strategy. The Committee meet four times a year, with quarterly engagement reports included as a standing item on the Committee's agenda. Both the Committee and the Pensions Board have received regular training on responsible investment topics.

The Head of Pensions and the Pensions Investment and Responsible Investment Manager, in conjunction with the fund's investment advisors, have primary day-to-day responsibility for the way in which climate-related investment risks are currently managed and provide updates to Committee. As detailed in the climate strategy, the fund leverages partnerships and initiatives, including the Institutional Investors Group on Climate Change (IIGCC), to identify and manage climate risk. As an externally managed fund, the implementation of much of the management of climate-related risk is delegated onwards to portfolio managers. External portfolio managers are monitored on a regular basis by officers and reports are presented to the Committee.

Strategy

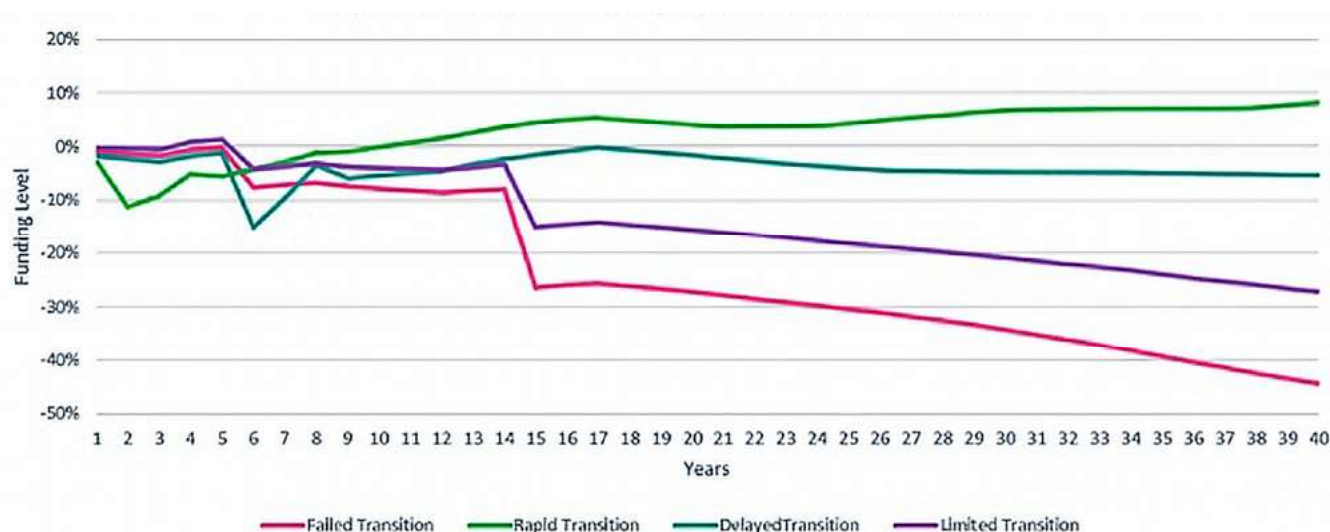
The fund considers climate-related risks and opportunities over the short, medium and long-term. Examples of short and medium-term risks include policy tightening and technological change, while long-term risks include sea level rise and resource scarcity. The fund has split these risks into two specific categories:

- Physical risks are the risks associated with the physical impacts of climate change on companies' operations. It is expected that these will manifest more strongly over the medium to long-term.
- Transition risks are those associated with the transition towards a low-carbon economy.

The fund undertakes climate scenario modelling as part of the tri-annual valuation process to allow for scientific developments. The last climate scenario analysis was undertaken as part of the 2025 valuation. The 2025 analysis covered all asset classes across four climate scenarios: transition (1.6°C), Delayed transition (1.9°C), Limited transition (2.9°C) and Failed transition (3.7°C). The results of the climate scenario analysis indicated that over the shorter time frame transition risk tends to dominate, while over longer time frames physical risk is



Funding level relative impact: Alternative asset allocation



expected to be the key driver of climate impacts.

The report revealed three key conclusions:

1. A successful transition is imperative for long-term investors.
2. Not all physical risks and their indirect impacts are captured and so physical damage could be understated.
3. Be aware of future pricing shocks and the impact upon the portfolio.

A consistent finding of Mercer's climate scenario analysis is that a successful transition is an imperative for long-term investors such as the fund. This leads to support for limiting global warming in line with the goals of the Paris Agreement (well below 2 degrees Celsius and to pursue efforts to limit warming to 1.5 degrees Celsius). The report recognises however, that based on existing policies and actions and given the current warming trajectory, a Paris-aligned pathway may represent a short-term shock to investment portfolios. The fund therefore has to consider its portfolios in line with their objectives whilst also understanding the potential impact of transition risks and physical damages.

Risk Management

The fund seeks to identify and assess climate-related risks at the total fund level and at the individual asset level. Engagement activity is conducted with investee companies through selected stewardship partners including LGPS Central Limited, EOS at Federated Hermes, Columbia Threadneedle Investments (CTI) and LAPFF (Local Authority Pension Fund Forum). Based

on its Climate Risk Report, the fund has developed a climate stewardship plan which, alongside the widescale engagement activity undertaken by our stewardship partners, includes targeted engagement at investee companies of particular significance to the fund's portfolio. The March 2026 climate stewardship plan includes six companies across four sectors: energy, industrials, materials and mining. Mining returned in the March 2025 climate stewardship plan due to concerns over coal production pathways and emissions targets and the importance of capitalisation plans in this sector which supplies a number of critical materials required for the energy transition. This engagement continues in 2026.

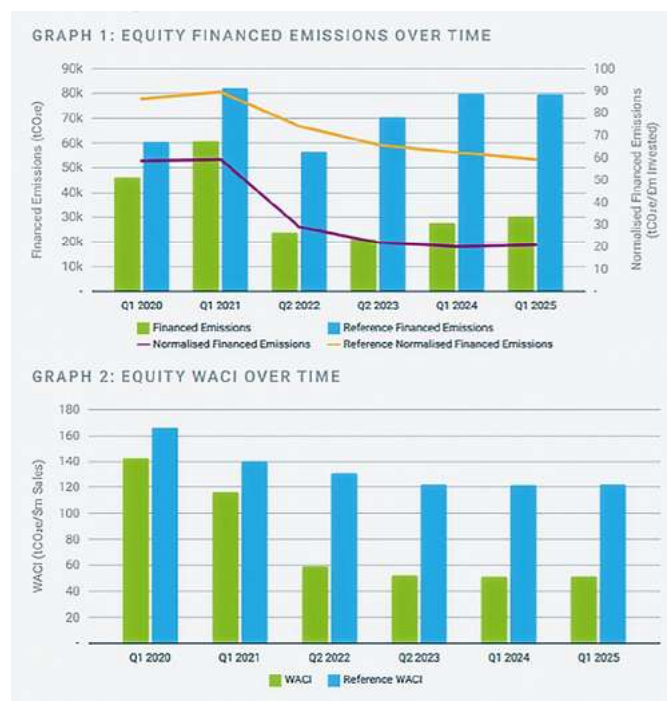
Metrics and targets

The fund's carbon risk metrics cover its listed equities portfolios (55%), together with its investment grade credit portfolio (10%), representing 65% of the fund's strategic asset allocation. The scope of the analysis comprises the total equities portfolios as at 31 March 2025, covers all four of the fund's equity strategies and approximately £1.5 billion of the fund's assets at that date. The carbon footprints are provided on the next page.

Between 31 March 2020 and 31 March 2025 the carbon footprint of the total equities' portfolio, measured by financed emissions, has reduced by 34.5% and the normalised financial emissions, which account for changes in net asset value (NAV), have fallen by 64.8% over the same period. The fund also measures weighted average carbon intensity which provides a measure of



Carbon footprint metrics



the portfolio's exposure to carbon intensive companies. This figure has reduced by 64.3% over the period. These reductions were driven initially by shifts from the LGIM World Developed Equity Index to the LGIM Solactive Fund and the transition of the fund's UK equity portfolio to LGPS Central Limited global sustainable equity funds. As a result of market movements and investments the fund's equity value increased significantly between March 2020 and March 2025 and the normalised financial emissions figure provides the direction of travel accounting for fluctuations in NAV. There have been no changes in the allocation of the fund's equity portfolios during the financial year.

Climate risk training

Throughout the year, the Pensions Committee and fund officers have received training from LGPS Central Limited on climate change and investment stewardship. Alongside the Pensions Board, they have also responded to various public questions and freedom of information requests on fossil fuel divestment, climate change and investments in conflict affected areas.

During 2025/26 the fund has received and responded to 32 freedom of information requests.

Shareholder voting

Shropshire County Pension Fund has, through external managers, been actively voting at the annual general

meetings and extraordinary general meetings of the companies in which it invests for more than 20 years. The individual fund managers vote on the fund's behalf on all equity portfolios. Since 1 January 2025 all voting has been undertaken by LGPS Central Limited via EOS at Federated Hermes for all equities, ensuring a consistent approach to voting.

The fund believes that good governance is an important element in reducing the risk of corporate failures in the future. It also believes that over the long-term, commitment to corporate best practice will enhance investment returns. As shareholders, we have a fiduciary interest and a responsibility in ensuring the highest standards of governance and accountability within the companies in which we invest.

Through ISS (Institutional Shareholder Services) and EOS at Federated Hermes, the fund has adopted a corporate governance policy based on codes of best practice and governance. Wherever practicable, votes are cast in accordance with industry best practice as set out in the UK Corporate Governance Code.

During the last year, the fund's voting activity has continued to focus on encouraging the boards of listed companies to be transparent and accountable, maintain effective systems of internal control, adopt fair remuneration structures and align with climate risk-related disclosure and practices.

UK Stewardship Code

Shropshire County Pension Fund recognises its role as one of promoting best practice in stewardship, which is considered to be consistent with seeking long-term, sustainable investment returns.

In 2023, the fund became a full signatory to the Financial Reporting Council's (FRC) revised 2020 stewardship code. In 2026 the fund successfully retained signatory status at renewal for the 2024/25 financial year. Status has to be renewed on an annual basis and involves the fund demonstrating and evidencing compliance with the twelve principles for asset owners set out in the code. The code sets high expectations of how investors and those that support them, invest and manage money. The fund is pleased to have continued to receive this recognition and will continue to promote stewardship and good governance. The fund also ensures its equity managers are signatories of the UK Stewardship Code and signatories to the Principles for Responsible Investment.

The FRC updated the stewardship code in 2026 and the fund will submit its next application in line with the updated principles of the 2026 code.

Socially responsible engagement

Shropshire County Pension Fund is addressing its social responsibility through a strategy of responsible engagement with companies. As a shareholder, the fund is a part owner in a large number of companies and by entering into dialogue with these companies it is felt that there is potential to achieve change from the inside. Given that the fund does not have the resources to regularly visit the companies itself, an external advisor has been employed to develop an engagement programme. Columbia Threadneedle Investments (CTI) provide this responsible engagement overlay on the fund's equities portfolios. CTI enter into dialogue with companies on the fund's behalf to put to them the case for improved financial performance through better management of the negative impacts they might have on the environment and society in general.

CTI view engagement not only as a tool to identify and manage environmental, social and governance (ESG) risks, but also as a route to create positive impact for the environment and society by supporting the achievement of the United Nations Sustainable Development Goals (SDGs).

CTI are an active supporter of Climate Action 100+, either co-leading or supporting 48 of the individual company engagements. They also contribute to the strategic direction of CA100+ via the new Institutional Investors Group on Climate Change (IIGCC) Corporate Programme Advisory Group.

Climate Action 100+ is an investor-led initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. A total of 169 companies that are critical to the transition to a low carbon global economy are being engaged. The three pre-agreed challenges to these companies are: to implement a strong governance framework on climate change, take action to reduce greenhouse gas emissions across the value chain and provide enhanced corporate disclosure.

CTI had 682 engagement meetings in 2025 with 450 companies. This resulted in the achievement of 89 key milestones at companies with which they were engaged. Examples of some of the themes reviewed in 2025 are shown below.

Environmental: Climate change remained a key component of CTI's environmental engagement during 2025. Specific areas of focus included coal phase out and deforestation. A sizeable portion of environmental stewardship engagement focused on natural resources and the sustainable supply and demand of critical minerals. Responsible water stewardship, emissions and plastic waste were other areas of engagement.

- **Addressing climate change:** CTI engaged with companies on their energy transition and decarbonisation goals, which helps us to understand how they are navigating these changes and to encourage the adoption of robust, science-based strategies that are viable for such companies to implement.
- **Protecting biodiversity:** CTI were part of the launching investor group for Nature Action 100 in September 2023. This collaborative investor initiative engages companies with the most material biodiversity impacts and CTI will continue to help lead this initiative through their position on the Steering Committee and Technical Advisory Group.

Social: During 2025, engagement on social issues was largely focused on human rights and public health. Topics of engagement included responsible governance of Artificial intelligence diversity in clinical trials and sustainable food systems in the public health arena.

- **Social audit assurance:** Through engaging food and beverage, we gained a better understanding of the drivers of social and environmental risks including addressing plastic pollution, reducing GHG emissions, managing water stress and soil depletion, securing working conditions in operations and supply chains and eliminating deforestation in raw material sourcing.
- **Responsible governance of Artificial Intelligence (AI):** While there are vast benefits to AI, there are also risks and harms associated with misuse, which raises questions about the accuracy, fairness, privacy and security of these AI systems. As part of the continuation of the Responsible Governance of AI project, CTI engaged with companies across the key pillars of AI governance, principles and implementation, impact assessments and associated risk mitigation to strengthen analysis of companies' approach to Responsible AI.

Governance: Board diversity was an important aspect of our corporate governance engagement during 2025, with a particular focus on gender diversity, board effectiveness and independent evaluation.



Board gender diversity in Asia: CTI continued to engage some of the most influential Asian companies with all-male boards and continues to witness positive developments at some of our target companies.

The actions taken by CTI on the fund's behalf are in addition to the actions taken by EOS at Federated Hermes for the portfolios managed by LGPS Central Limited and Legal & General.

Local Authority Pension Fund Forum

Shropshire remains a committed member of the Local Authority Pension Fund Forum (LAPFF). The LAPFF brings together 87 public sector pension funds, seven pooled companies and is the UK's leading collaborative shareholder engagement group with combined assets of over £400 billion. LAPFF exists to promote the highest standards of corporate governance to protect the long-term value of local authority pension funds. It maximises their influence as shareholders in promoting corporate social responsibility and high standards in corporate governance among the companies in which they invest. As a member of the forum, the Shropshire County Pension Fund has a stronger voice in influencing the companies in which it invests. Over the last twelve months, the work of the forum has included the following areas:

Climate and Strategic Resilience: Climate change is a significant and urgent investment risk. Academics and investment experts put the price of inaction in the trillions of dollars. To safeguard the investments of our members and the pensions of their beneficiaries, LAPFF's main engagement objectives are for companies to align their business models with a 1.5 degrees scenario and to push for an orderly net-zero carbon transition. In the fossil fuel sector LAPFF's focus has been on research to identify unsound claims which delay decarbonisation consistent with a Paris Aligned 1.5C scenario.

This approach includes engaging companies regarding decarbonisation strategies that LAPFF considers inconsistent with the Paris Accord and escalating via the issuance of voting alerts to members and attending relevant annual general meetings (AGMs) to ask questions of the board.

A major focus of LAPFF's work is improving company approaches to climate change to reduce the related financial risks. Engagement is often a multiyear process to achieve desired aims as illustrated by long-term multiyear engagements with Shell and BP. To strengthen

the approach, LAPFF issued 52 voting alerts covering climate resolutions in 2025. Proposals are assessed on whether companies are meeting the expectations LAPFF has, including those within LAPFF's responsible investment policy guide.

LAPFF treats decarbonisation in hard-to-abate sectors as a financial and governance issue. Hard-to-abate refers to industries for which emissions are difficult or costly to eliminate due to process chemistry and high heat/energy requirements. These include aviation, cement and steel, all of which are sectors of focus for LAPFF.

In the Aviation Sector LAPFF have had success with both Wizz air and IAG reaffirming commitments to net zero by 2050 and setting out net zero road maps of how they will achieve this position. Cement is among the hardest sectors to decarbonise. Cement's CO₂ comes from two main sources; process emissions and energy use. In 2025 LAPFF has been engaging with Heidelberg and CRH on potential levers to reduce direct emissions. Whilst progress has been made, LAPFF have set out their requirement for companies to issue time bound road maps for reductions which have been independently verified. Steel is another area that is difficult to decarbonise because of the use of blast furnaces to make iron and basic oxygen furnaces to convert iron to steel. Again, LAPFF has been engaging with two large manufacturers in this sector; ArcelorMittal and ThyssenKrupp, to look at the options for decreasing carbon emissions. A number of the ambitions are similar to the cement sector but one of the biggest challenges for this sector is the availability of renewable power and grid capacity to allow development of cleaner electric arc furnaces. LAPFF will continue targeted engagement in these industries as reductions are critical to driving economy-wide emissions reductions and safeguarding long-term value for beneficiaries.

Social Risk: LAPFF believes that social risk is every bit as important as environmental and governance risk when it comes to long-term shareholder returns. The nature of the risk tends to differ from the other two in that its assessment is highly reliant on qualitative, rather than quantitative, indicators. Therefore, the forum engages in an innovative process of speaking directly to affected workers and communities to identify and address social risk.

In 2025 LAPFF increased focus on conflict affected and high-risk areas (CAHRA's). A study by Verisk Maplecroft in November 2024 highlighted that conflict areas



had increased by 65% since 2021 and encompassed 4.6% of the global landmass — even prior to the recent enlargement of hostilities in the Middle East.

LAPFF's expectation is that companies with exposure to these areas will undertake heightened human rights due diligence (hHRDD), including;

- Adopt and publicly disclose policies on hHRDD, including criteria for adopting, entering, remaining in, or
- Exiting a CAHRA and
- Conduct robust conflict and human rights impact assessments, integrating findings into their corporate strategy.

Governance risk: The forum's view is that without effective corporate governance, companies can neither mitigate risk nor maximize opportunities to create shareholder value. Therefore, good governance is a sign of good business. It also facilitates the effective implementation of good social and environmental practices so mitigates risk on all fronts. As a result, many of LAPFF's engagements, both at the corporate and policy levels, focus on corporate governance.

Collaborative engagement: LAPFF works on a collaborative basis with a number of other bodies to support its engagement principles. An example of collaboration in 2025 included work with Nature action 100 on biodiversity.

LGPS and stewardship: LAPFF has a central role in the LGPS landscape, liaising with members and others on responsible investment and shareholder activism. The forum has been prominent in unifying local authority pension scheme concerns across these areas.

LGPS pooling: LAPFF remains in touch with pool companies ensuring clear sight of work programmes and activities of both parties to align mutual interests.

Stewardship: LAPFF fully supports the position set out in the regulations and guidance that active stewardship by pension funds leads to long-term success of the companies in which they invest.





Section C: Scheme administration

Scheme administration report

Shropshire County Pension Fund administers the Local Government Pension Scheme (LGPS), which provides occupational pensions for employees (except teachers) of local authority employers within the geographical area of Shropshire. This includes support staff employed by academies, employees of organisations which have entered into admission agreements with the fund and bodies who have made a resolution to join the fund.

The LGPS is a tax approved, defined benefit occupational pension scheme set up under the Superannuation Act 1972. The LGPS was contracted out of the State Second Pension scheme (S2P) until 5 April 2016; from 6 April 2016 the ‘contracted out’ status ceased to exist for all pension schemes due to the introduction of the single tier State Pension. The LGPS is a qualifying scheme under the automatic enrolment provisions of the Pensions Act 2008. From 1 April 2014, benefits for active members build up in the career average revalued earnings (CARE) scheme. Benefits for members with service pre-April 2014 are calculated under the final salary scheme.

Shropshire Council is required by law to administer the LGPS in Shropshire. It is accountable to the Pensions Committee, the Pensions Board, participating employers and scheme members. The responsibilities for scheme administration are met in-house by the Pensions Administration Team within Shropshire Council.

The administration includes the collection of employee and employer contributions and member data from all fund employers, the calculation of member benefits (including transfers in and out) and payment of pension benefits to retired members; as well as looking after the benefits for deferred members who have not yet taken payment. The scheme not only provides pensions for members but also survivor benefits to spouses, civil and cohabiting partners and children.

Following the local elections in May 2025, the Pensions Committee was reconstituted with entirely new members representing Shropshire Councillors.

Access to online training and in person training sessions held with Committee/Board members included:

- Introduction to the LGPS/Shropshire County Pension Fund.
- Decision making and effectiveness.
- Stewardship and Voting.
- Valuation and Funding Strategy.
- Asset Class.
- Climate Strategy.
- Investment Strategy.

A comprehensive training plan for 2026-2027 has been developed based on feedback from both Committee and Board members to effectively identify key training needs.

Measures for ensuring effective and efficient administrative operations include:

- External and internal audits.
- Pensions Committee.
- Pensions Board.
- Reporting breaches policy.
- Quarterly performance reporting.
- The Pensions Regulator annual scheme return.
- The Pensions Regulator General Code of Practice.
- CIPFA Benchmarking

As of 31 March 2026, the Shropshire County Pension Fund had 17,007 active members, 18,356 deferred members, 16,776 pensioners and survivors and 190 employers all looked after by 40 (37FTE) members of staff in the Pensions Team.

Value for money statement

To ensure the effectiveness of the fund the administration service is monitored and reviewed through external and internal audits.

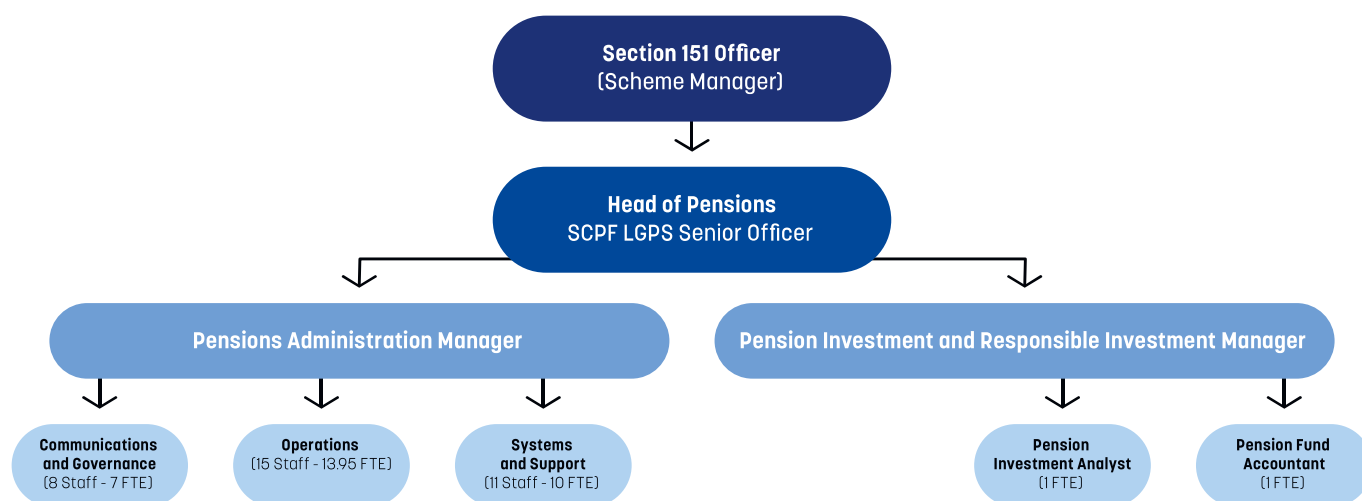
The fund has taken part in the 2025 CIPFA benchmarking exercise which looks to compare the cost for running the administration of LGPS funds across the country.

The table below shows the costs for Shropshire compared to the average of all administrators that completed the survey:

Pension Fund	Admin cost per Member	Net admin cost per FTE	LGPS Members per FTE	% of Pensioner Members	% of Active Members	Pensioner payroll cost per Pensioner
Shropshire	£30.34	£53,500	1,583	28.3%	30.4%	£6.35
Average	£40.52	£225,091	3,877	30.2%	28.2%	£6.58

The team is facing a substantial rise in workload due to new regulatory changes that add complexity and governance requirements. Additionally, increased efforts to communicate effectively with all stakeholders are raising costs as the fund continues investing in technology and staff training to deliver a high-quality service to scheme members and employers.

Shropshire County Pension Fund staff structure – High Level



Recruitment and retention

Recruiting and keeping staff is a major challenge for pension fund administrators nationwide. There are few people with the necessary qualifications and experience to fill roles that require prior expertise in administering the LGPS. Fund officers are developing a workforce strategy outlining steps to support succession planning and strengthen the team's resilience, which includes:

- A programme of enrolment for existing staff to take up the recently developed pension qualifications.
- Regular review of team skills matrix to establish training needs.
- Succession planning for key roles.
- Horizon scanning to set resources and budget at the correct level to maintain an excellent service.

During the past year, several members of the pension team have undertaken pension qualifications facilitated by the LGA.

Vacancy factor

Between 1 April 2025 and 31 March 2026, we successfully filled vacancies arising from maternity leave, staff departures and the creation of new positions.

	2023/2024	2024/25	2025/26
Staff in Pensions administration team (excluding investment team)	33	35	36
Scheme members	52,146	54,330	52,139
Scheme members to staff member	1,765	1,552	1,448
Average cases per member of staff. (Based on FTE of 13.31 from membership and benefits team)	1,728	913	731

Networking and Collaboration

Fund officers collaborate with colleagues from other funds to exchange best practices, share knowledge and offer expertise. LGPS administrators are well-regarded for their teamwork, which helps ensure a consistent service for all members nationally.

Officers attended in-person events run by the Local Government Association (LGA) and other external providers, these included:

- The LGA Governance Conference.
- CLASS AGM and User Groups (Heywood Pension Technologies).
- The LGC Investment Summit.
- The LGC Pension Symposium.
- The Pensions UK LG conference; and
- The LAPFF conference.

Officers also attended the following working groups:

- Northwest Pension Officers Group (previously Shrewsbury Pensions Officer Group).
- Joint communication meetings.
- LGPS live webinars.
- The LGPS Central Limited Strategic Admin Group.
- Employer Funding Working Group.
- Webinars on topics such as the Pensions Dashboard Programme, Good Governance and Cyber Security.

Summary of 2025/26

Activity in 2025/26

The pensions administration team consistently ensures that scheme members receive their benefits accurately, promptly and in line with scheme regulations. Additionally, the team collaborates closely with employers involved in the fund to collect data and pension contributions within statutory deadlines. The fund achieves its goals through robust controls, advanced technology and transparent stakeholder communication.

Beyond their regular daily tasks, the team has also completed several projects, though this is not a comprehensive list:

- Application of Pensions Increase to all pensions in payment.
- Annual Benefit Statements.
- Pension Saving Statements.
- Rectification work McCloud age discrimination remedy.
- Year-End closure and reconciliation.
- IAS19 reporting.
- Delivery of 4 new system releases.
- SF3 return.
- Policy reviews.
- Publication of regular newsletters to employers and scheme members.
- Review of tier 3 ill health pensions.

New Pensioners in year by type of retirement

Retirement type	Number of cases 2023/2024	Number of cases 2024/25	Number of cases 2025/26
Early	643	807	911
Ill	123	109	113
Late	30	36	24
Normal	170	226	236

Early pension payment allows members aged 55 or above to access their pension before the standard age due to resignation, redundancy, or efficiency grounds. In 2028, the normal minimum pension age of 55 will increase to age 57, with protections in place for certain groups of members who were in the scheme in 2021. We await confirmation of the change from MHCLG.

2025 Valuation

The 2025 valuation is complete and new employer contribution rates, agreed by all fund employers, will apply from 1 April 2026 to 31 March 2029. The Funding Strategy Statement (FSS) has been updated in line with

Scheme Advisory Board guidance and now includes content from the revised Employer Events Policy.

This document has been under consultation with fund employers and the Department for Education, reflecting the guarantee for Academies. Due to higher funding levels for most employers, contributions have been reduced. A sustainability reserve has also been established to address potential major rate changes at the next valuation.

The Year of the Pension Consultation

In 2025, the government started several consultations that recommended modifications to pooling arrangements, governance and enhanced access, fairness and protections for members.

With changes scheduled to take effect from 1 April 2026, funds have had to evaluate the necessary requirements to facilitate compliance and determine appropriate resourcing strategies.

The fund will be mandated to conduct an Independent Governance Review (IGR) during each valuation cycle. These reviews aim to reinforce standards, promote high-quality administration and measure effectiveness following the “Good Governance” project, for which draft regulations have been finalised in June 2026.

McCloud – Age discrimination remedy

In last year’s report we provided information on the work required by the fund to implement the age discrimination remedy which came into effect from October 2023.

The team has identified all members affected by the McCloud remedy and an underpin check is performed during calculations to determine if final salary benefits exceed CARE benefits for the period from 1 April 2014 to 31 March 2022. Most software updates needed for processing underpin cases are complete, but a few manual calculations remain due to outstanding updates.

The administration team is also reviewing cases for members who left the scheme during this period. All work related to McCloud implementation is targeted for completion by 31 August 2026. Annual benefit statements now include details of the underpin.

Pensions Dashboard

Implementation of the Pensions Dashboard is underway, and the fund has successfully established a secure connection to the platform. This will enable scheme members to access information through the Dashboard for all pensions they hold in the UK.

The aim of this is to reunite individuals with lost pensions and help with the planning of finances in retirement. It is expected to go live sometime in 2027, once all pension schemes have established a connection to the Dashboard. The first Dashboard will be made available on the Government's MoneyHelper site with Dashboards by private companies following later.

Data Quality

The fund's data improvement plan has been carefully evaluated and revised to identify areas requiring further review and correction. Throughout the team's efforts, this analysis will help determine whether team members and employers may benefit from additional training where the received data does not meet expectations or processes do not result in the data being held as expected.

Every year, we report data scores to The Pensions Regulator to reflect the quality of the information we receive and maintain.

Data category	2024 score	2025 score	Aim
Common data	98%	99%	100%
Scheme specific data	99%	99%	100%

What's the difference between common and scheme specific data?

Common data includes information needed by every pension provider, such as your name, address, National Insurance number and date of birth. Scheme-specific data refers to details required by individual schemes to accurately calculate benefits; for example, a final salary scheme would need salary details and hours worked. Poor data quality on member records will directly impact team workloads after Dashboard launch. Inaccurate data can lead to increased enquiries about pension matches, while good data enables fast, accurate matching for members.

As part of that work, the fund will conduct annual address tracing for inactive contributors (deferred members) and implement new processes to manage Dashboard queries and meet upcoming reporting requirements.

Service delivery and staffing update

The pensions team is made up of 40 posts across four teams:

1. Membership and Benefits.
2. Communications and Governance.
3. Systems and Employer Relations.
4. Investment Team.

The team works remotely, with office space available which must be pre-booked. Quarterly meetings and two annual training days are held in person for updates and collaboration.

Ongoing remote work presents challenges, especially when introducing and training new team members. We are consistently adjusting our methods to meet the needs of everyone, making use of e-learning modules provided by external sources.

Even with these challenges the team continues to deliver an excellent service to all our stakeholders.

Policy updates 2025/26

The fund has a forward plan which lists the schedule for review of policies. The majority of policies are reviewed on an annual basis or when major changes require the policy to be updated.

In 2025/26 we have reviewed and updated the Funding Strategy Statement (FSS), newly incorporating the Employer Events Policy, together with the Investment Strategy as part of the 2025 valuation process.

The FSS went out for consultation to employers in the fund and the Department of Education due to the number of Academies now present in the fund as Scheme employers.

We received positive feedback on the policy which was approved by the Committee in March 2026.

Some of the other policies that have also been reviewed include:

- Administration Strategy.
- Breaches Policy.
- Communication Policy and
- Cyber Security Policy

New Policies introduced:

- Pension Overpayment Policy.

Cyber security and Business Continuity

The Pensions Regulator (TPR) has cyber security guidelines to help trustees and pension scheme managers assess risks, support robust controls and handle incidents effectively.

The fund has a Cyber Security Policy to complement the Service Impact Assessment and Business Recovery Plan. Regular exercises are conducted to evaluate our response and recovery capabilities during potential service disruptions.

Officers receive yearly training and frequent reminders to stay vigilant, especially as LGPS funds face growing cyber threats.

'My Pension Online'

The member online portal that provides access to individuals pension information has multi-factor authentication (MFA) login security with members receiving a one-time passcode (OTP) to their email address and for subsequent logins, their mobile number. We have also introduced Electronic Identification Verification (EIDV) as a further security feature and video annual benefits statements which will talk members through the figures shown on their statements.

Pensions Scams Pledge

The fund participates in The Pension Regulator's Scams Pledge and works to prevent pension scams. Robust procedures include strict checks on benefit transfer requests and regular scam warnings for scheme members. The fund is dedicated to stopping scammers. www.thepensionsregulator.gov.uk/en/pension-scams

Our ongoing commitment to digital transformation and operational resilience is reflected in the enhancements to our member services and internal processes. The team remains proactive in adapting to regulatory changes and emerging risks, ensuring compliance and the safeguarding of members' data.

Close collaboration with external organisations and continuous investment in staff training underpin our ability to meet service objectives while maintaining high standards of governance. As we look forward, we will prioritise further improvements to our communication channels and policy framework to support members and employers alike, aligning our practices with industry best standards.

Key Performance Indicators

Pension funds must report on the outcomes of the administration KPIs set out in Table A. These KPIs are designed to measure how effectively administrative services are delivered to members and employers. The team regularly monitors workloads and can reallocate resources to address any backlogs. We also continually review our processes and software functionality to ensure they remain efficient and support the team's work.

Ref	Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of cases created the year (1 April to 31 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	34	539	535	93.37%	559	93.4%
A2	New dependent member benefits	22	376	377	94.72%	366	92.9%
A3	Deferred member retirements	138	1878	1866	92.56%	1,188	83.2%
A4	Active member retirements	43	1099	1094	95.80%	574	93.9%
A5	Deferred benefits	509	1421	1333	69.07%	1,835	66.9%
A6	Transfers in (including interfunds in, club transfers)	83	329	276	66.99%	425	79.5%
A7	Transfers out (including interfunds out, club transfers)	33	293	274	84.05%	339	80.2%
A8	Refunds	22	325	338	97.41%	381	94.0%
A9	Divorce quotations issued	3	91	90	95.74%	100	96%
A10	Actual divorce cases	0	0	0	0	0	0
A11	Member estimates requested either by scheme member and employer	39	541	539	92.93%	100	96.0%
A12	New joiner notifications	5237	5237	5,237	100.0%	5,269	100.0%
A13	Aggregation cases	100	1497	1474	92.30%	1,349	91.0%
A14	Optants out received after 3 months membership	17	302	297	93.10%	247	88.7%



For Table B, the information highlights where the team is performing well and where processes may need to be adapted to improve the number of cases completed within KPI timescales.

Ref		Suggested fund target	% completed within fund target in year	% completed in previous year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5	58.69%	62.26%
B2	Communication issued confirming the amount of dependents pension	10	85.68%	84.71%
B3	Communication issued to deferred member with pension and lump sum options (quotation)	15	83.18%	89.82%
B4	Communication issued to active member with pension and lump sum options (quotation)	15	82.98%	91.50%
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15	47.24%	48.94%
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15	82.34%	90.72%
B7	Payment of lump sum (both actives and deferreds)	15	70.47%	76.16%
B8	Communication issued with deferred benefit options	30	27.46%	51.63%
B9	Communication issued to scheme member with completion of transfer in	15	29.71%	35.50%
B10	Communication issued to scheme member with completion of transfer out	15	48.54%	55.51%
B11	Payment of refund	10	84.91%	92.18%
B12	Divorce quotation	45	96.67%	83.33%
B13	Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order	15	#N/A	N/A
B14	Communication issued to new starters	40	#N/A	100.00%
B15	Member estimates requested by scheme member and employer	15	74.03%	90.66%

Communications

Regulation 61 of the LGPS Regulations 2013 requires funds to prepare, publish and maintain a written statement setting out policies concerning communications. This includes:

- The provision of information and publicity about the Scheme to members, employers and representatives of members participating in the fund.
- The promotion of the Scheme to prospective members and employers; and
- The format, frequency and method of distributing such information or publicity.

Throughout 2025/26, the pensions administration team made significant progress in delivering the objectives set out in the Communications Policy Statement. We continued to use all established communication channels, including the website, helpdesk, events programme, contact forms, office visits and video calls. During the year, we also issued several newsletters to contributing members, pensioners and members with deferred benefits, keeping them informed and encouraging them to take action where needed.

The fund's **'InTouch'** newsletter is issued biannually to members that are receiving a pension. Sent in Spring and Autumn, the newsletter is a mixture of fund updates, notification of changes to pension benefits and a recently introduced section on Shropshire, showing our efforts to engage more in community support, such as by advertising 'what's on' locally.

InTouch: Spring edition 2025

www.shropshirecountypensionfund.co.uk/media/v3dkowtb/intouch-spring-2025-website-version.pdf

InTouch: Autumn edition 2025

www.shropshirecountypensionfund.co.uk/media/er4fxvxl/scpf_intouch_autumn_2025_web.pdf

All previous issues can be viewed and downloaded from the fund's website.



Pension Update

This newsletter issued annually is written for contributing members and produced jointly with other LGPS funds.

2025 Highlights:

- Cost of living adjustments.
- Benefits of staying in the LGPS.
- Normal Minimum Pension Age changes.
- McCloud.
- Pension Dashboards update.
- Retirement Living Standards.
- Pensions Awareness Week 2025.

www.shropshirecountypensionfund.co.uk/media/wkljdt2a/scpf_active_news_2025_web.pdf

Deferred Member News

This newsletter issued annually is written for deferred members and produced jointly with other LGPS funds. 2025 Highlights:

- Your questions answered.
- Guidance on your annual benefit statement.
- LGPS rule change- the McCloud remedy.
- The normal minimum pension age is changing.
- Retirement Living Standards.
- Pension dashboard updates.
- Scam awareness.
- Pensions Awareness Week 2025.

www.shropshirecountypensionfund.co.uk/media/fjmhgv4e/scpf_deferred_news_2025_web.pdf

Pensions Awareness Week 15-19 September 2025

Pensions Awareness Week is a national campaign featuring free, nationwide webinars and resources designed to boost retirement financial planning.

As part of this campaign, the fund teamed up with Clwyd and Oxfordshire Pension Funds, to create a series of free, live online presentations to help members better understand their pension and the Local Government Pension Scheme.

These webinars, tailored for members currently paying pension contributions into the LGPS, took place on Microsoft Teams. Eight presentations were held, with recordings made of each. From understanding the basics and benefits to planning for the future, there was something for every contributing member.

The materials produced were used by the LGPS' National Communications Committee and circulated to all funds.

Website

The fund commenced a project to redevelop the existing website. Work took place on defining how best the fund can use the site to communicate effectively to all scheme members and employers.

This will involve a move from segmenting the membership by their status to a more open site, structured by anticipating what a member wants to know at an individual level. We will also introduce a separate section for employers and Councillors.

As part of this exercise the fund's branding will adapt and change to aid future communication and engagement.

Employer communications

We have maintained all our channels of communication with employers, including the website, employer relations team and monthly update bulletins via email.

The annual Employer Meeting took place at the Guildhall, Shrewsbury on 24 November 2025. The meeting featured an insightful presentation from our actuary, Mercer, on the 2025 actuarial valuation results.

We also developed our new training programme which was launched with a Discretions Policy webinar on 20 March 2026.

During 2026, the fund plans to establish an Employer Focus Peer Group and issue regular surveys to gather feedback from employers on the support they need to provide the information required by the fund. This feedback will help us improve service delivery.

Annual Benefit Statements

The fund sent out the following number of benefit statements in 2025 with the majority being published to members 'My Pension Online' accounts:

- **Active members**
16,197 statements issued
(244 issued as paper statements) **100%**
- **Deferred members**
18,468 statements issued
(357 issued as paper statements) **100%**

Pension Saving Statements

Annual allowance is the amount of pension savings you can build up without having to pay a tax charge. If you go over these limits, you may have to pay tax.

The annual allowance is set by HMRC and in the LGPS, it is the maximum your pensions savings can increase by in a tax year before you receive a tax charge. The annual allowance is currently set at £60,000.

Each year the fund performs checks to ensure members do not exceed the annual allowance limit imposed by HMRC. For individuals who exceed the limit a statement must be issued.

Pension Savings Statements (PSS) were issued by the deadline of 6 October 2025 to 10 members, 1 of whom had incurred an annual allowance tax charge.



Key financial data

The Pension Fund categorises its expenditure for the management of the fund according to CIPFA's definitions:

- **Investment management:** The cost of managing the fund's assets, which includes fees paid to the fund's Investment managers and custodian.
- **Administration:** All activities the administering authority must perform to administer entitlements and provide members with scheme and benefit entitlement information.
- **Oversight & Governance:** The costs of accounting for and monitoring the Pension Fund, including any professional advice and support the fund requires.

The Budget is evaluated every year to ensure it covers the costs needed for managing the Pension Fund's legal duties, both in administering the scheme and handling investments. At present, the budget has enough resources to fulfil all regulatory obligations. Any new projects or changes outlined in the fund's business plan are accounted for in upcoming budgets.

Payments made to pensioners through the scheme are counted as expenses of the Pension Fund, rather than those of Shropshire Council, the Administering Authority. The Pension Fund administration budget should remain independent from Administering Authority policies, as such constraints could impede the fund's operations.

Operational expenses	2026-2027 Budget £m	2027-2028 Budget £m	2028-2029 Budget £m
Administrative costs			
Employee costs	1.450	1.520	1.560
IT costs	0.520	0.530	0.550
Office accommodation	0.020	0.022	0.024
Consultants	0.090	0.092	0.094
Printing, postage and design	0.044	0.046	0.048
Subscriptions	0.010	0.012	0.014
Other costs	0.020	0.020	0.020
Total	2.154	2.242	2.310
Investment management expenses			
Management fees	13.200	13.700	14.200
Performance fees	0.690	0.710	0.740
Other fees	4.800	5.000	5.200
Transaction costs	3.600	3.700	3.800
Custody fees	0.010	0.012	0.014
Total	22.300	23.122	23.954
Oversight and governance costs			
Investment advice	0.240	0.250	0.260
Employee costs (pensions investment)	0.460	0.480	0.500
Actuarial advice	0.100	0.105	0.270
Responsible engagement overlay	0.053	0.054	0.055
LGPS Central Limited pooling costs	0.900	0.940	0.980
External audit	0.105	0.109	0.114
Performance analysis	0.013	0.014	0.015
Internal audit	0.020	0.021	0.022
Legal and Committee	0.015	0.016	0.017
Other costs	0.048	0.050	0.052
Total	1.954	2.039	2.285
Total management expenses	26.408	27.403	28.549

Employer summary as at 31 March 2026

A summary of the number of employers in the fund analysed by scheme employers, admission bodies and designated bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities) as at 31 March 2026.

Overall numbers	Active (still contributing)	Ceased (not contributing but has outstanding liabilities)	Total
Scheme employers (Academies and Scheduled Bodies)	89	27	116
Admission Bodies	58	72	130
Resolution Bodies (formerly Designated Bodies)	43	6	49
Total	190	105	295

Accurate administration of the Local Government Pension Scheme relies on monthly employer data. Data quality is checked both monthly and at year-end, along with ongoing verification through data software, mortality screening and address checks to ensure member data is correct.

Every employer submits monthly data returns. They must pay contributions and submit data via i-Connect by the 19th of each month.

A summary of the amount of member data received during 2025/26 is below:

- Address updates: 5,420
- Contributions postings: 199,047
- Pay data postings: CARE 197,234
- Notification of starters: 5,237
- Notification of leavers: 5,717

Employers who did not meet the regulatory requirements, by either late payment of required contributions or failing to submit data on time, were classified as having breached scheme rules. If these were deemed particularly important, they could be reported to The Pensions Regulator.

There were 185 breaches recorded for 2025/26 while 128 breaches were recorded in 2024/25. As in previous years most of the breaches were for late submission of i-Connect data and late payment of monthly contributions. This has been a particular issue where an employer changes payroll provider and additional work is created from match up exercises, training for the new provider and time spent to ensure the final submission is accurate.

Feedback from members and employers

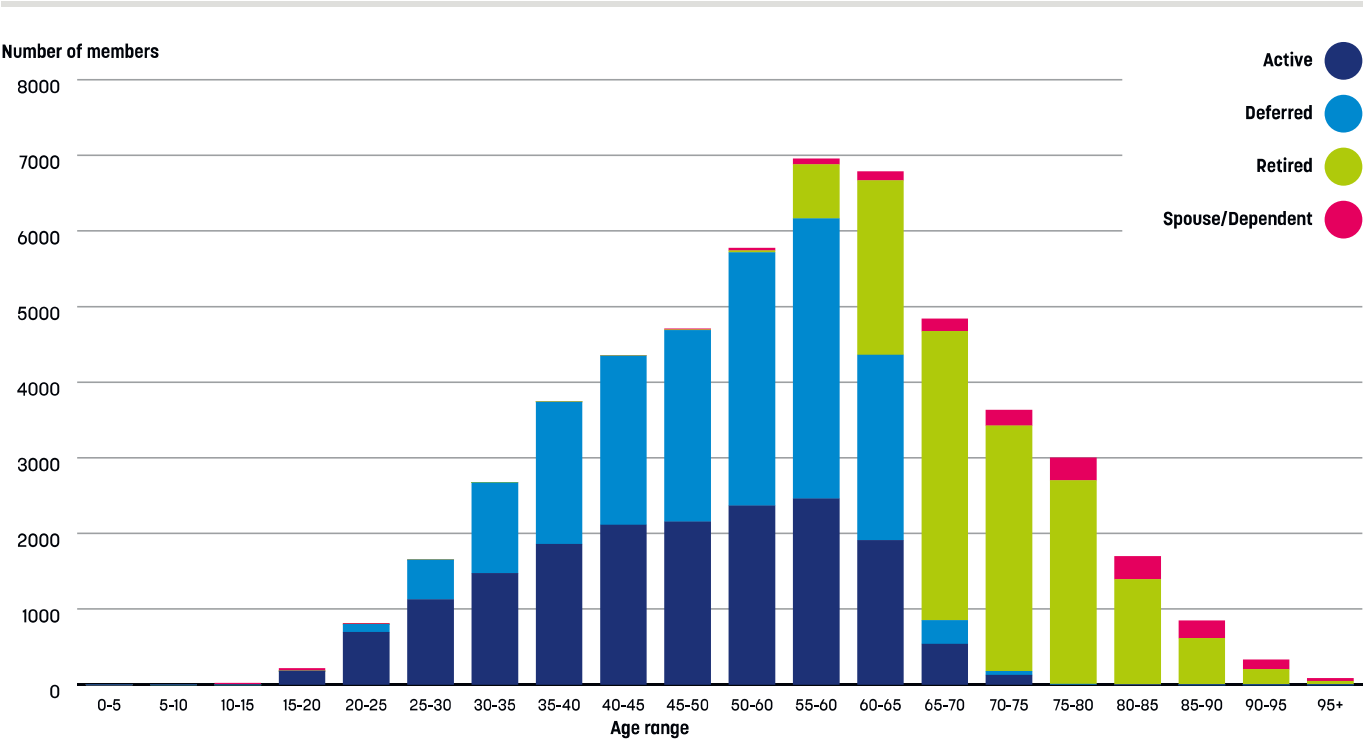
The fund welcomes feedback from stakeholders. In 2025/26 we received 15 compliments and 3 complaints, all of which were partially upheld.

Examples of compliments received in 2025/26:

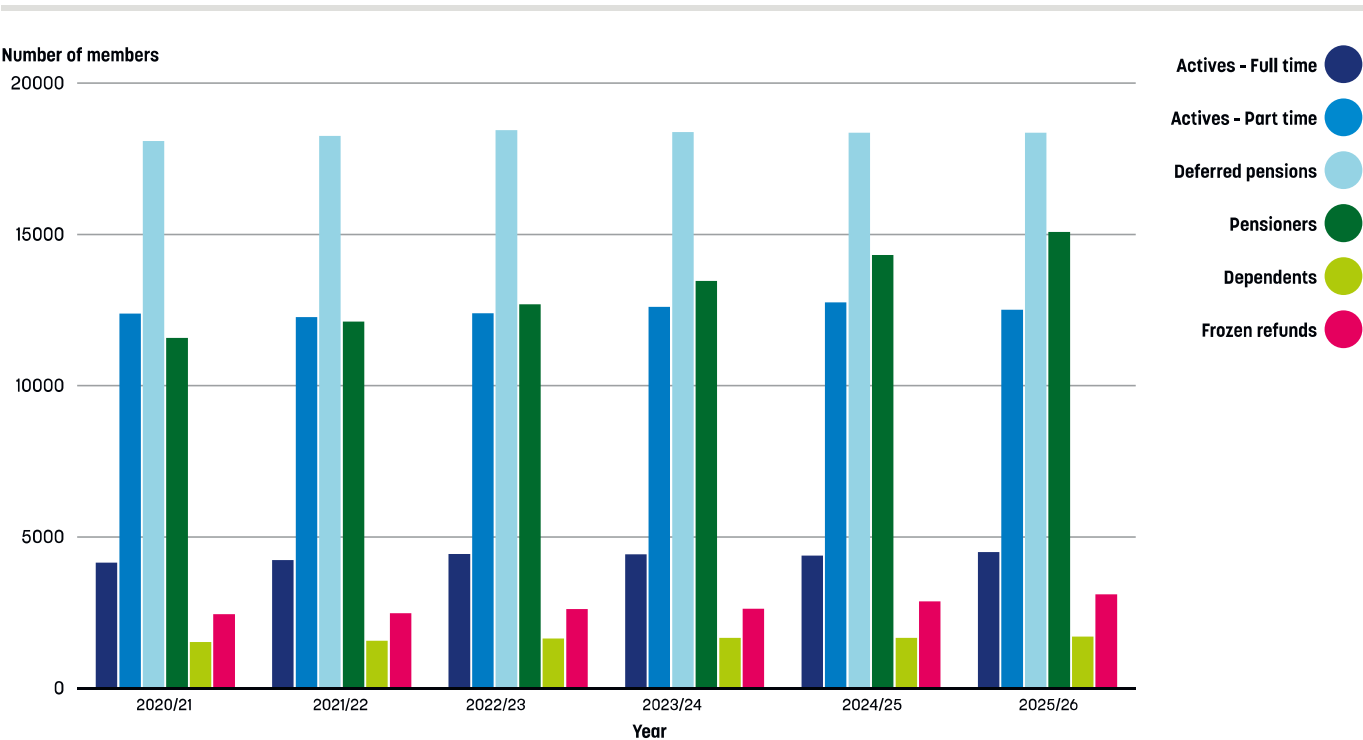
- *Mrs XXX said she was very grateful for the help the helpdesk team had given her regarding her pension options, mentioning in particular XXX who she described as “absolutely marvellous” and the female helpdesk member that she spoke to.*
- *Thank you so much, you are the calmest person I’ve ever spoke to, which has been so great during this complicated process.*
- *Thanks for letting me know, you and your team have been so good at helping me navigate all the pension side of things and I really appreciate it.*
- *Thank you very much for your help. It’s always a pleasure talking to the Pension Team, you’re all so helpful.*
- *Awesome thank you so much, form completed and uploaded, great job folks!*
- *Thank you XXXXX you’re the best!*
- *Thank you for replying so promptly, as ever a great team in Shropshire. You are brilliant.*
- *I just want to send you and everyone a huge thank you for your help with my pension.*
- *I just wanted to take the time to thank you and the pensions team for expediting my pension payments and trying to ensure it was paid for this month.*
- *Thank you, that will make my life much easier. It always makes me happy when I am delt with by people like you who care. I hope the rest of the day goes well.*



Age profile of membership as at 31 March 2026



Membership numbers and trends as at 31 March 2026



Gender Pensions Gap

The above chart shows that there are a high number of active members who are part-time, female workers. Nationally there are over 6.68 million LGPS members – more than 75% of whom are women.

New reporting requirements for Gender Pension Gap have now come into force and several regulation changes have been introduced to help bridge the gap. The government is committed to gender equity and improving retirement outcomes.

Service delivery

How our service is delivered

Regulation 67 of the LGPS regulations 2013, states that an administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and scheme employers.

The communications policy statement sets out the fund's formal policy concerning communications with its stakeholders including the format and frequency of information provided. Following any amendments, this document is passed for scrutiny by the Pensions Board and then for approval to Pensions Committee and is published on the fund website.

The fund's website is the main source of information for both current and prospective members, as well as fund employers. It provides scheme guides, forms and details that members and employers can access. Employer responsibilities are clearly outlined in the employer section, which all fund employers are encouraged to refer to this area to ensure they fulfil their obligations. Additionally, the website offers videos tailored for both members and employers.

The website address is:

www.shropshirecountypensionfund.co.uk

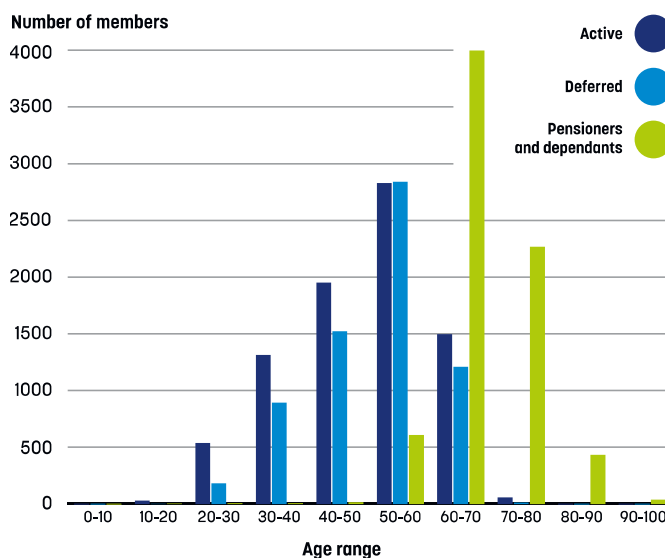
Pension administration system

The fund utilises Altair, the pension administration software from Heywood Pension Technologies Ltd, to manage all necessary information for processing member requests and benefit payments. Additionally, the fund uses i-Connect, a service enabling employers to transfer their data directly into member records after validation checks. Each month, the Systems and Employer Relations team reviews submitted returns and collaborates with employers to resolve any issues.

'My Pension Online'

'My Pension Online' allows members to access their pension details, update information, generate estimates and upload documents at any time. This self-service platform also provides easy navigation and links to more pension information.

The chart below shows the age profile of the users of the online portal:



Recognising that some members may not be able to utilise the online facility, we maintain a helpdesk to ensure members can speak directly with a team member as needed.

As of 31 March 2026, the percentage of members accessing the platform are:

- 55% Active members.
- 47% Deferred members.
- 60% Pensioners and dependants.
- 54% Overall scheme total.

Internal Dispute Resolution Procedure

Even with our best efforts, we sometimes receive appeals from members who are dissatisfied with scheme decisions. Members can request a review of such decisions through the formal appeals procedure. They may also use this process if their employer or the fund fails to make a required decision. Details of this procedure are found in regulation 72 of the LGPS Regulations 2013.

Any active scheme member, pensioner, deferred pensioner, or potential beneficiary can appeal using the IDR procedure. The IDR consists of two stages: first, the dispute is sent to the body responsible for the original decision for review. If the member remains unsatisfied after stage one, they can apply to the administering authority for a stage two review, as long as it is within six months of the stage one outcome.



Should the member or beneficiary still be unhappy after the second stage, they can take their case to The Pensions Ombudsman. They have three years to send this application and the Ombudsman can investigate any complaint about a member's or beneficiary's pension. Before reaching out to the Ombudsman, members must complete both stages of the IDRP.

The following table is a summary of the IDRP cases the fund has received.

IDRP cases raised directly to the fund in 2025/26

Stage	Received	Dismissed	Upheld	Ongoing
1st	5	0	5	0
2nd	0	0	0	0

Conflicts of interest

The Assistant Director - Legal and Governance (Monitoring Officer) maintains a Council Members' register of interests. Committee members are required to declare any business or other financial interest which may impact on their ability to undertake their official role impartially, including voting on particular issues.

In a similar way, staff within directorates should make their senior management aware of any business and personal interest which may influence the way in which they undertake their official duties.

A conflict of interest may arise when an individual has a responsibility or duty in relation to the management of or advice for Shropshire County Pension Fund and at the same time has a separate personal interest (financial or otherwise) or another responsibility which prejudices their ability to discharge their duty in the interests of the fund.

An interest could arise due to a family member or close colleague having a specific responsibility or interest in a matter. A person will not be considered to have a financial interest merely by virtue of membership of the fund.

The fund encourages a culture of openness and transparency and encourages individuals to be vigilant; have a clear understanding of their role and the circumstances in which they may find themselves in a position of conflict of interest and how potential conflicts should be managed.

The fund will evaluate the nature of any dual interests or responsibilities that are highlighted and assess the impact on pension fund operations and good governance, should an actual conflict of interest materialise.

Provided that the fund (having taken any professional advice deemed to be required) is satisfied that a potential conflict of interest can be effectively managed, it shall endeavour to avoid the need for an individual to have to resign.

However, where the potential conflict is considered to be so fundamental that it cannot be effectively managed, the individual will be required to resign from the Committee, Board, or appointment.

In relation to the Pensions Board in particular, the administering authority must be satisfied that, upon appointment, no members of the Board have a conflict of interest upon their appointment and from time to time thereafter. Members (and prospective members) of the Board are therefore required to provide the administering authority with such information as is required to make this assessment and to do so regularly. It is the responsibility of each individual to identify any instances or potential instances where their personal, financial, business, or other interest might come into conflict with (or be perceived to come into conflict with) their pension fund duties.

There are a number of ways in which potential conflicts of interest may be managed, for example;

- The individual concerned abstaining from discussion, decision-making, or providing advice relating to the relevant issue.
- The individual concerned being excluded from the meeting and any related correspondence or material in connection with the relevant issue.

A fund specific Conflict-of-interest Policy is due to be developed during 2026/27.



Section D: Actuarial report on funds

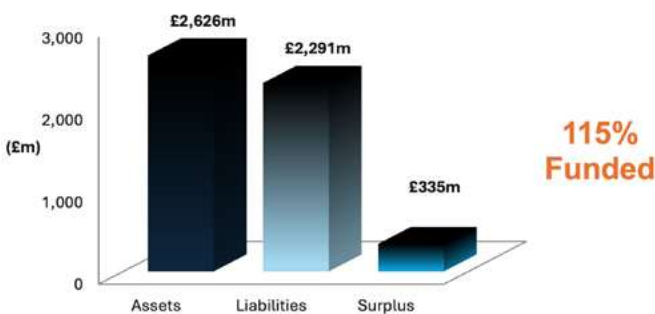
Statement by the consulting actuary

Accounts for the year-end as at
31 March 2026

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Shropshire County Pension Fund was carried out as at 31 March 2025 to determine the contribution rates with effect from 1 April 2026 to 31 March 2029.

On the basis of the assumptions adopted, the fund’s assets of £2,626 million represented 115% of the fund’s past service liabilities of £2,291 million (the “Solvency Funding Target”) at the valuation date. The surplus at the valuation was therefore £335 million.



The valuation also showed that a Primary Contribution Rate of 15.7% of pensionable pay per annum was required from employers. The Primary Rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation, a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus, it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the contributions in respect of any deficit / surplus for each employer. At the 2025 actuarial valuation the average recovery period adopted for employers in deficit was 13 years and the run off period for employers with a recoverable surplus was 15 years. The resulting total “Secondary Rate” for 2026/29 was, on average, a

surplus offset of approximately £9m per annum (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2026.

In practice, each individual employer’s position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the fund by the employers.

The valuation was carried out using the projected unit actuarial method. Full yield curves were used in calculating the liabilities and the approximate single equivalent rates for the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary Contribution Rate, were as follows:

Rate of return on investments (discount rate):	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Standard	5.60 % per annum	5.10 % per annum
Lower risk	5.35 % per annum	5.10 % per annum
Rate of pay increases (long-term)	3.85% per annum	3.85% per annum
Rate of increases in pensions in payment (in excess of GMP)	2.60% per annum	2.60% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the fund is due as at 31 March 2028. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2029.

Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the fund’s promised retirement benefits to be disclosed and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes. The assumptions adopted are shown in Appendix B.

The movement in the value of the fund's promised retirement benefits for IAS 26 is as follows:

	£m
Start of period liabilities	2,248
Interest on liabilities	128
Net benefits accrued / paid over the period*	(44)
Actuarial (gains) / losses (see below)	6
End of period liabilities	2,338

*this includes any increase in liabilities arising as a result of early retirements

Key factors leading to actuarial gains above are:

Change in financial assumptions: Corporate bond yields increased over the year, with a corresponding increase in discount rate from 5.8% p.a. to 6.2% p.a. The long-term assumed CPI also increased over the year from 2.6% p.a. to 2.9% p.a. The net effect is a small reduction in liabilities.

Change in demographic assumptions: As noted in Appendix B, the mortality assumptions have been updated to reflect the latest mortality study carried out for the 2025 actuarial valuation. This acts to slightly reduce the liabilities.

Pension increases / inflation experience: The figures allow for the impact of actual CPI over the year compared to the start of period assumption (experience to September 2025 fed into the April 2026 pension increase of 3.8% and actual inflation from that point will feed into the 2027 increase). As inflation over the year was higher than the long-term assumption, this slightly increases the liabilities.

Allowance for 2025 actuarial valuation results: The figures allow for the now completed 2025 actuarial valuation of the fund. The effect of this is a small increase in liabilities.

Mark Wilson
FIA C.Act
Michelle Doman
FIA C.Act
 Mercer Limited
 May 2026

Appendix A Additional Considerations

The “McCloud judgment”: The figures above allow for the impact of the judgment based on the remedy and the data provided for the 2025 actuarial valuation.

GMP indexation: The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

Market volatility: There was significant volatility in markets both shortly before and after the accounting date. The period-end figures reflect market conditions as at the accounting date, but do not allow for any subsequent experience.

Virgin Media Court Case: Our current understanding is that, while HM Treasury are still assessing the implications, they do not believe the case is relevant to public service pension schemes. Given this and the unknown impact on benefits even if it were to be required, we have not made any allowance for the Virgin Media judgment.

Appendix B Financial and demographic assumptions

To assess the liability value of the benefits, we have used the following assumptions as at 31 March 2026 (the 31 March 2025 assumptions are included for comparison):

Financial assumptions

	31 March 2025	31 March 2026
Rate of return on investments (discount rate)	5.80% per annum	6.20% per annum
Rate of CPI inflation / CARE benefit revaluation	2.60% per annum	2.90% per annum
Rate of pay increases	3.85% per annum	4.15% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.70% per annum	3.00% per annum

Post retirement mortality (normal health)

	31 March 2025 (M/F)	31 March 2026 (M/F)
Base mortality table	SAPS 4 / SAPS 4 middle	SAPS 4 / SAPS 4 middle
Future improvements	CMI 23.15%	CMI 24.15%
Other choices	S=7, A=0 W20=W21=0%, W22=W23=15%	Core Underlying
Non-retired members (currently age 45):		
Weightings	101% / 93%	108% / 98%
Life expectancies at age 65	23.1 / 26.0	22.9 / 25.7
Retired members (current age 65):		
Weightings	96% / 92%	103% / 95%
Life expectancies at age 65	21.8 / 24.3	21.6 / 24.2



The start of period assumption is set based on the most recent mortality analysis as at the previous accounting date (so from the 2022 actuarial valuation), but with:

- an update to the future improvement model (CMI 2023)

An update to the base tables (S4 tables, with a reweighting to maintain consistency with the underlying mortality analysis).

The end of period base tables are set based on the updated analysis undertaken as part of the 2025 actuarial valuation (note that the 1.5% improvement rate is still our best estimate assumption).

Other demographic assumptions

The other demographic assumptions as at the start of period are the same as those used for 2022 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2023. Those as at the end of period are the same as those used for 2025 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2026.





Section E: Governance arrangements

Governance Structure

Shropshire Council, as an administering authority, is **required to prepare, publish and maintain a Governance Compliance Statement** under regulation 55 of the Local Government Pension Scheme Regulations 2013.



Outline of the governance structure

The Governance Compliance Statement describes how the Shropshire County Pension Fund is governed. It explains the role of the Pensions Committee, Pensions Board and how the Committee report to the council. The make-up of the Committee and the reasons for the current representation, is outlined. The roles of officers, independent advisors and employee and pensioner representatives are also clearly explained.

The Governance Compliance Statement includes details of compliance against the best practice guidelines on pension fund governance that have been issued by the Ministry of Housing, Communities and Local Government. The governance arrangements of the Shropshire County Pension Fund adhere to these best practice guidelines.

Under the cabinet structure in local government, management of the pension fund is a non-executive function and this is reflected in Shropshire Council's governance structure as administering authority.

The Pensions Committee was established in 1994 with responsibility for all matters relating to the management and administration of the Shropshire County Pension Fund. The Pensions Committee is a standing committee of the council and is linked to Full Council by virtue of the chairman or vice-chairman being a Shropshire Council member.

The Shropshire County Pension Fund's Pensions Board was established by Shropshire Council in 2015 under the powers of Section 5 of the Public Service Pensions Act 2013 and in accordance with regulation 106 of the Local Government Pension Scheme Regulations 2013. The Pensions Board operates independently of the Pensions Committee, details of which are set out in its terms of reference.

The latest version of the Governance Compliance Statement was approved by the Pensions Committee in September 2025 and can be read at:
www.shropshirecountypensionfund.co.uk/media/gjobauns/governance-compliance-statement-september-2025.pdf



Section E: Governance arrangements

Pensions Board Report 2025/26

The Pensions Board plays a vital role in the overall governance of the **Shropshire County Pension Fund.**

About the Pensions Board

Pensions are important. We tend to take them for granted but, as the current difficulties with both the Teachers and Civil Service pension schemes demonstrate, things can go wrong. The overriding role of your Pensions Board is to ensure that they do not.

Shropshire’s Local Pensions Board exists to keep an eye on how your pension is administered. Over the years pension schemes have been increasingly closely monitored by Central Government and The Pensions Regulator, with advice from a special committee of the Local Government Association, the Scheme Advisory Board. We meet three or four times a year to consider reports on the performance of the Scheme’s administration ensuring that the contributions are received in a timely and accurate way and benefits are similarly correct. Very few things are perfect, and there are occasional breaches – failures to reach the statutory standards. If serious or protracted, these must be reported to the Pensions Regulator. These are extremely rare.

Pensions Boards were set up in 2015 – there is one for each of the 86 Schemes currently operating in England and Wales. They are not decision-making bodies but exist to “support the administering Authority in meeting its obligations”. The Pensions Committee that is responsible for ensuring the scheme’s management is properly resourced and that the funds are well and ethically invested. They have been highly successful in this in recent years, with the result that we are fully funded – that is, if the scheme closed tomorrow, there would be enough money in it to pay all the pensions due.

The Pensions Administration Team manage the considerable task of collecting the correct contributions each month from the 190 employers who are part of the scheme for the 17,007 workers who currently contribute to the scheme and maintain the records for 18,356 past contributors and 16,776 pensioners.

There are six members of the Board, three representing employers and three workers and pensioners. We look at both the day to day work of the Administration Team, the governance arrangements and the specific projects taking place. Over the past year we have been concerned with the McCloud remedy, which corrects unfairness in the treatment of some workers in the move from Final Salary to Career Average schemes,

Cyber Security – a perennial issue for complex systems delivering essential services, and the introduction of a Pensions Dashboard, whereby you will be able to view all UK pensions due to you.

Change is the one constant in the world of pensions, and to keep us up to date regular training sessions take place.

Change of personnel are also inevitable, and we were sad to bid farewell to Dave Wright who has chaired the Board for the past three years. Having also served on the Pension Committee we will miss his knowledge, experience and leadership. We wish him a long and happy proper retirement from Local Government duties!

Who sits on the Pension Board



John Hall (Chair)

Member representative

Liz Furey

Employer representative

Paul Partridge

Employer representative

Rebecca Summerlin

Member representative

Nick James

Member representative

Vacant

Employer representative

Madeline Murphy

Employer representative

Tricia Slater

Employer representative

Dave Wright

Member representative

Sarah Leese

Employer representative
(May 2026)

Andrew Watkin

Member representative
(May 2026)



Madeline Murphy, Dave Wright, Tricia Slater and Rebecca Summerlin stood down from the Pensions Board at the end of the 2025/26 financial year and replacement representatives have been appointed.

Meetings

Member	24 January 2025	23 May 2025	3 October 2025	23 January 2026
John Hall	Cancelled	Present	Present	Present
Liz Furey	Cancelled	Present	Present (virtual)	Apologies
Paul Partridge	Cancelled	N/A	Present	Present
Rebecca Summerlin	Cancelled	Present	Present (virtual)	Present (virtual)
Nick James	Cancelled	N/A	N/A	Present
Madeline Murphy	Cancelled	Present	Apologies	N/A
Tricia Slater	Cancelled	Apologies	N/A	N/A
Dave Wright	Cancelled	Present	N/A	N/A

Recent changes in both Board and Committee membership have presented challenges for the fund. Ensuring that all members receive comprehensive training is crucial for helping informed decision-making. The Shropshire County Pension Fund has several strategies which address topics such as responsible investment, climate change, funding, investments, cyber incidents and administration. The Board must be familiar with these strategies and receive updates whenever changes occur.

Emerging LGPS governance requirements from the ‘Fit for the Future’ consultation, as well as changes to Access and Fairness and Access and Protections regulations, present new challenges. The Board will collaborate with officers to ensure that the team is properly resourced and equipped with the necessary tools to deliver on these obligations.



John Hall
Pensions Board Chair
18 September 2026

To gain a deeper understanding of the activities and responsibilities of your Pensions Committee or Pensions Board, you are invited to review the publicly accessible meeting agendas and documents available on Shropshire Council’s website.



Section E: Governance arrangements

Pensions Committee Report

The Pensions Committee is responsible for **exercising all of the functions that are required as an Administering Authority** for a Local Government Pension Scheme under the Public Service Pensions Act 2013.

As well as adhering to the principles required by statutory guidance, The Pensions Regulator's (TPR) Code of Practice and performing the duties as set out in the Pensions Committee's Terms of Reference, detailed in the Council's Constitution.

Members of the Pensions Committee are responsible for the fund's activities, ensuring that the fund is managed in the best interest of all its members, employers and beneficiaries. Members of the Pensions Committee must therefore take a non-political approach to the decisions they take.

The key duties of the Pensions Committee as set out in the terms of reference are as follows:

- To exercise all those functions of Shropshire Council which are required to be performed by it in its role as Administering Authority for the Local Government Pension Scheme under the Public Service Pensions Act 2013 (and any associated legislation) adhering to the principles required by Statutory Guidance.
- To adhere to the principles set out in the Statutory Guidance and Codes of Practice, issued by the Scheme Advisory Board and the Pensions Regulator and undertake its duties in compliance with the obligations imposed on it as Scheme Manager.
- To approve the fund's operational budget and receive reports on matters of staffing and employment where significant budget implications occur.
- To represent the views of members in the management and administration of the fund.
- To determine the investment strategy, supporting responsible investment policy and framework of the fund in consideration of the long-term liabilities and duties to pay pension benefits.
- To monitor investment activity and the performance of the fund's investments.
- To take independent and specialist advice on matters to be determined, including advice from Senior Officers of the fund, adhering to the advice given when taking decisions.
- To ensure effective operational and financial risk management and to receive reports on actions identified in the fund's internal control framework.
- Reviewing and adopting the statutory policies of the fund, in accordance with the fund's policy framework.
- On an annual basis to receive and approve the Annual Report and Accounts.



Who sits on the Pensions Committee



Gary Groves (Chair)

Shropshire Council

Alan Holford

Shropshire Council

Malcolm Myles-Hook

Shropshire Council

Charles Shackerley-Bennett

Shropshire Council

Paul Davis

Telford & Wrekin Council

Zona Hannington

Telford & Wrekin Council

Thomas Biggins

Pensioner Representative

Vacancy

Substitute Pensioner Representative

David Burton

Employee Representative for Shropshire Council

Byron Cooke

Employee Representative for Telford & Wrekin Council

Vacancy

Substitute Employee Representative for Telford & Wrekin Council

Greg Ebbs

Shropshire Council (Substitute)

Benedict Jephcott

Shropshire Council (Substitute)

Carl Rowley

Shropshire Council (Substitute)

Beverley Waite

Shropshire Council (Substitute)

Fiona Doran

Telford & Wrekin Council (Substitute)

Stephen Reynolds

Telford & Wrekin Council (Substitute)

Sarah Sweeney

(Substitute)

Committee meeting attendance details 2025/26

In 2025/26, four Committee meetings were held. Attendance is recorded below:

Member	25 June 2025	19 September 2025	5 December 2025	20 March 2026
Gary Groves	Present	Present	Present	Present
Alan Holford	Apologies	Apologies	Present	Present
Malcolm Myles-Hook	Present	Present	Present	Present
Charles Shackerley-Bennett	Present	Present	Present	Present
Paul Davis	Apologies	Apologies	Apologies	Present
Zona Hannington	Present	Apologies	Present	Present
Paul Griffiths	Apologies	Apologies	N/A	N/A
Thomas Biggins	N/A	N/A	N/A	Present
David Burton	N/A	N/A	Present	Present
Byron Cooke	Present	Present (virtual)	Present	Present
Benedict Jephcott	Substitute	N/A		
Fiona Doran	Substitute	Present		





Section E: Governance arrangements

LGPS Governance Update

The Government has now consulted on making **changes to the Local Government Pension Scheme's governance arrangements** as part of the 'Fit for the Future' consultation.

The proposals themselves are largely in line with the 2021 recommendations of the Scheme Advisory Board (SAB) and include the following:

- **Governance and training strategy:** each administering authority should have a governance and training strategy, including a conflict-of-interest policy.
- **Senior LGPS officer:** each administering authority should have a senior LGPS officer, with specific roles and responsibilities relating to the pensions function.
- **Pension administration strategy:** each administering authority must have a pension administration strategy.
- **Annual reports:** funds will no longer be required to include the full texts of their policy documents within the annual report.
- **Regular governance reviews:** each administering authority will be required to participate in an independent governance review every three years, with the SAB to develop a peer support offer.
- **Knowledge and skills requirements:** Pension Committee members, senior LGPS officers and other officers must have knowledge and understanding of the LGPS to undertake their roles.
- **Independent adviser:** the Government has set out that it wishes to ensure that Pensions Committees have access to professional and independent expertise. This independent person should be able to advise on investment strategy, governance and administration.

The Shropshire County Pension Fund already meets many of these requirements and officers are currently working with external governance advisers to ensure that the fund complies with all the requirements within the prescribed timescales.

Policy Review and Development

Putting policies in place across all elements of the fund's management, followed by a review exercise of policies helps to ensure the right decisions are made, as;

- they are vital in setting out how the fund demonstrates effective systems of internal control, as required by the Pensions Regulator;
- they set out the decision-making framework;
- they set out how the fund achieves accountability and transparency;
- they set expectations of each party with an interest in your fund (be that elected members, officers, employers, advisors, etc.); and
- they form part of the defence against scrutiny, both internally (audit) and externally (audit, taxpayers, Pensions Regulator, Pensions Ombudsman, etc.).

A full list of the fund's policies can be found on our website. During the last 12 months many of these policies were reviewed and updated. Others we created in order to comply with new requirements.

The Shropshire County Pension Fund carries out the following:

- **Policy review:** making sure we have the right policies in place.
- **Accessibility:** this covers the use of plain English, as well as ensuring policies are readily available on the fund's website.
- **Pensions Committee and Board's involvement:** both Committee and Board are involved in viewing and signing off these policies. They are aware of the policies which the fund has in place and training is offered to cover these policies, their purpose and implications if required.
- **Maintaining a policy log:** with the ever-increasing focus on governance, having a policy log in place is a useful way to keep track of the policies we have and their planned review dates.

Training Policy (Members and Officers)

Shropshire County Pension Fund is committed to continuous improvement as a key part of its overall approach to service delivery.

As part of this, elected members of the Pensions Committee and Board, as well as the Authority's officers, have an obligation to ensure that they have a level of knowledge and understanding of the issues with which they are dealing to allow them to make properly informed decisions.

The purpose of this Training Policy developed by the fund is to provide a framework for members of the committee and board to access the support they need and enables the fund to manage the risk of failing to meet its objectives if members are not adequately trained and kept up to date on pensions and investment matters.

Separate but similar arrangements apply to the fund's staff. Our Training Policy has been produced with reference to CIPFA's framework for knowledge and understanding which represents a best practice standard in this area.

Learning programme

The fund's officers will each year develop an annual learning and development programme for the Committee and the Pensions Board based on an assessment of learning and development needs.

The programme will comprise of several elements:

- Access to online learning materials and background reading.
- Seminars organised specifically for the fund which will be held either virtually or in person (some of these will be targeted at members of either the Committee or the Pensions Board, although open to all).
- The opportunity to attend externally organised online events.
- The opportunity to attend a selected range of externally organised in-person events, such as the LGA 'Fundamentals Course'.

Over the last 12 months, specific training has been delivered on the Valuation and the subjects the Committee and Board need to consider in making decisions. For many Committee members this was the first time that they had dealt with this process and therefore the fund wanted to support them as much as possible.

The new role of Local Government Pension Scheme (LGPS) pools in England and Wales has involved a major shift towards higher centralisation, mandatory asset delegation and increased scale by March 2026. Under the government's "Fit for the Future" reforms, pools are transforming from passive investment managers into active, FCA-regulated "mega-pools" that direct the investment strategy, advice and local economic impact of partner funds.

This means that the Committee are taking a different role to one that they have held historically and training has been delivered on what is expected of them.

Hymans Learning Academy

In November 2022, the fund purchased this online learning platform for officers, Board and Committee members.

The platform covers a number of modules, including;

- Financial markets and product knowledge;
- Markets, investment vehicles and MiFIDS II;
- Actuarial methods, standards and practices;
- Pension administration;
- Pension governance;
- Pntroduction to funding strategy;
- LGPS actuarial valuations – process; and
- LGPS valuation – technical.

Hymans Robertson also carry out a knowledge assessment on behalf of funds in order for members of the Committee and Board to assess their own personal knowledge levels and identify gaps where training is needed.

Specific Officer Training Resources

Officers also have access to PENGuide (a specialist online resource for all aspects of both past and present LGPS regulations), which is used as both a training resource and to assist with member and employer queries.

Many fund officers have also undertaken training courses run by the LGA throughout the last 12 months.

Professional Development

Continued professional development is actively promoted for all officers, who are actively encouraged to collaborate and network across the wider LGPS community, recognising the value of sharing best practice, learning from the experiences of other funds, and identifying opportunities to enhance the service provided to LGPS members. This includes attendance at in-person events, conferences and joint working groups with other pension funds.

As the Head of Pensions, LGPS Senior Officer for Shropshire County Pension Fund, I confirm that the officers and committee members charged with the financial management and decision making for the Pension Fund collectively possessed the requisite knowledge and skills necessary to discharge those duties and make the decisions required during the reporting period.

Justin Bridges

Head of Pensions - LGPS Senior Officer

18 September 2026



Pension fund accounts

Pension fund account for the year ended 31 March 2026

2024/25 £m		Notes pages 66-87	2025/26 £m
Contributions and benefits			
	Contributions		
73.017	Employers	7	71.166
21.501	Employees	7	22.402
11.061	Transfers in from other pension funds	3,7	11.250
105.579	Total income		104.818
Benefits payable			
(88.105)	Pensions	7	(93.113)
(22.014)	Commutation of pensions and lump sum retirement benefits	7	(17.582)
(2.591)	Lump sum death benefits	7	(3.028)
Payment to and on account of leavers			
(0.243)	Refund of contributions	7	(0.280)
(5.634)	Transfer to other funds	3,7	(9.165)
(118.587)	Total expenditure		(123.168)
(13.008)	Net additions/(withdrawals) from dealings with scheme members		(18.350)
(23.944)	Management expenses		(25.497)
(36.952)	Net additions/(withdrawals) including fund management expenses		(43.847)
Returns on investments			
14.005	Investment income	3,9	13.698
(0.329)	Gain/(loss) on cash and currency hedging		(0.514)
(0.112)	Taxes on Income	10	(0.036)
146.611	Profits and losses on disposal of investments and changes in value of investments	11a	199.172
160.175	Net return on investments		212.320
123.223	Net increase/(decrease) in the net assets available for benefits during the year		168.473
2,503.176	Opening net assets of the scheme		2,626.399
2,626.399	Closing net assets of the scheme		2,794.872



Net assets statement

Net assets statement as at 31 March 2026

31/03/2025		Notes pages 66-87	31/03/2026	
£m			£m	%
Long term Investments				
1.315	Equities	11	1.315	0.05
Investment Assets				
0.018	Equities	11	0.027	0.00
	Pooled Investment Vehicles			
2594.391	Other Managed Funds	11	2768.742	99.06
	Other Investment Balances			
0.685	Loans	11	0.685	0.02
	Cash Deposits			
20.246	Deposits	11	17.686	0.63
5.700	Temporary Investments	27	1.340	0.05
2622.355	Total Investment Assets		2789.795	99.81
Long Term Debtors				
1.857	Lifetime and Annual Tax Allowances	18a	1.877	0.07
Current Assets				
7.262	Contributions due from Employers/Employees	18b	8.263	0.30
1.121	Other Current Assets	18b	0.991	0.04
0.046	Cash Balances	27	0.076	0.00
Current Liabilities				
(1.418)	Unpaid Benefits	19	(1.051)	(0.04)
(4.824)	Other Current Liabilities	19	(5.079)	(0.18)
2626.399	Net Assets of the Scheme - Available to Fund Benefits as at 31 March		2794.872	100.00

The fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in the Statement by the Consulting Actuary.

Notes

To the Shropshire County Pension Fund Accounts for the year ended 31 March 2026

Note 1: Description of fund

The Shropshire County Pension Fund is part of the Local Government Pension Scheme and is administered by Shropshire Council. The Council is the reporting entity for this Pension Fund.

The fund is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- The Local Government Pension Scheme Regulations 2013 (as amended).
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

It is a contributory defined benefit pension scheme administered by Shropshire Council to provide pensions and other benefits for pensionable employees of Shropshire Council and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they fall under other national pension schemes. The fund is overseen by the Shropshire County Pension Fund's Pensions Committee, which is a committee of Shropshire Council.

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme, or make their own personal arrangements outside the scheme.

Organisations participating in Shropshire County Pension Fund include:

- Scheduled Bodies, which are automatically entitled to be members of the fund.

- Admitted Bodies, which participate in the fund under the terms of an admission agreement between the fund and the employer. Admitted Bodies include voluntary, charitable and similar not-for-profit organisations and private contractors undertaking a local authority function following outsourcing to the private sector.

Shropshire County Pension Fund	31-Mar 2026	31-Mar 2025
No of employers	190	166
Number of employees in the scheme		
Shropshire Council	5,167	5,395
Other employers	11,840	11,738
Total	17,007	17,133
Number of pensioners in the scheme		
Shropshire Council	6,953	6,668
Other employers	8,124	7,644
Total	15,077	14,312
Number of deferred pensioners in the scheme		
Shropshire Council	8,047	8,250
Other employers	10,309	10,108
Total	18,356	18,358

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2026. Employers' contributions are set based on triennial actuarial funding valuations. The valuation covering the contributions to 31 March 2026 was completed as at 31 March 2022.

Employer contribution rates from the 31 March 2022 range from 0% to 30% of pensionable pay. The 31 March 2025 valuation will impact employer contributions from 1 April 2026.



Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index.

A range of other benefits are also provided, including early retirement, ill-health pensions and death benefits.

Note 2: Basis of preparation

The statement of accounts summarises the fund's transactions for the 2025/26 financial year and its financial position at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("the Code") which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on an ongoing concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2025/26. There have been changes to IAS 8 (Changes in Accounting Estimates and Errors), IAS 16 (Property Plant and Equipment) and IAS 38 (Intangible Assets) during the year but these do not impact the fund accounts.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year, nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts, or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to append this information within the statement by the consulting actuary.

Note 3: Summary of significant accounting policies

Fund account – revenue recognition

Contribution income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage

rates for all schemes that rise according to pensionable pay.

- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate. Contributions received earlier than the due date are accounted for on receipt and are recognised as contributions received within the Pension Fund's account statement.
- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than due date.

Transfers to and from other schemes

Transfers in and out relate to members who have either joined or left the fund.

Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in transfers in (see note 7). Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investment Income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is also disclosed in the net assets statement as a current financial asset.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profit/losses during the year.

Fund account – expense items

Benefits payable

Pensions and lump sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities, provided that payment has been approved.

Taxation

The fund is a registered public service scheme under section 1 (1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Management expenses

The fund discloses its pension fund management expenses in accordance with CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accruals basis as follows.

Expense	Disclosure
Administrative expenses	All staff costs relating to the pensions administration team are charged direct to the fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the fund.
Oversight and governance	All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the fund. Where an invoice has not been received by the year-end date, an estimate based upon the previous quarters is used for inclusion in the fund account. In 2025/26, £0.006m of fees is based on such estimates (2024/25 £0.175m)
Investment management expenses	Investment fees are charged directly to the fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off returns by investment managers, these expenses are grossed up to increase the change in value of investments. Fees charged by external investment managers and custodians are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change. In addition, the fund has negotiated with BlackRock (Hedge Fund) that an element of their fee will be performance related. Total performance related fees for all managers in 2025/26 £0.661m (2024/25 £0.649m). Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2025/26, £0.333m of fees is based on such estimates (2024/25 £0.225m).

Net Assets Statement

Financial assets

The Share Capital investment in LGPS Central Limited is valued at transaction price i.e. cost. LGPS Central Limited began to trade on 3 April 2018. The Pension Fund's view is that the market value of this investment at 31 March 2026 cannot be reasonably assessed as the company was set up for the sole purpose of LGPS pooling and no market exists for its potential sale and that cost is therefore an appropriate estimate of fair value.

All other investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments, held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in note 11a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 14).

Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

Cash and cash equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

Financial liabilities

A financial liability is recognised in the net asset statement on the date the fund becomes legally responsible for that liability. The fund recognises financial liabilities relating to investment trading at fair value and any gains or losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the change in value of investments.

Other financial liabilities classed as amortised cost are carried in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

Contingent Liabilities

Shropshire County Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Limited that transferred into the company on creation. More details are disclosed in note 21 Related Party Transactions.

The fund has no other contingent liabilities.

Additional voluntary contributions

Shropshire County Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. Please see note 20 for further information.

Note 4: critical judgments in applying accounting policies

Investment in LGPS Central Limited

The share capital investment has been valued at cost on the basis that fair value as at 31 March 2026 cannot be reliably estimated. Management have made this judgment because:

- LGPS Central Limited was set up for the specific purpose of LGPS Pooling.
- No dividend to shareholders has as yet been declared.
- There is no market for the sale of shares and all pension authorities are required to comply with the LGPS pooling requirements.

Note 5: Assumptions made about the future and other major sources of estimation uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical experience, current trends and future expectations. However, actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment the following year are as follows.

Item	Uncertainties	Effect if actual results differ from assumptions
Private equity	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £207.4 million. There is a risk that this investment may be under or overstated in the accounts. A 10% movement in the valuation would equate to a £20.7 million adjustment to the value of these assets.
Infrastructure	Infrastructure investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The infrastructure investments in the financial statements are £154.4 million. There is a risk that this investment may be under or overstated in the accounts. A 10% movement in the valuation would equate to a £15.4 million adjustment to the value of these assets.
Property debt	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total property debt investments in the financial statements are £2.4 million. There is a risk that this investment may be under or overstated in the accounts. A 10% movement in the valuation would equate to a £0.2 million adjustment to the value of these assets.
Private debt	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total private debt investments in the financial statements are £89.0 million. There is a risk that this investment may be under or overstated in the accounts. A 10% movement in the valuation would equate to an £8.9 million adjustment to the value of these assets.
Insurance linked securities	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total insurance linked securities investments in the financial statements are £49.7 million. There is a risk that this investment may be under or overstated in the accounts. A 5% movement in the valuation would equate to a £2.5 million adjustment to the value of these assets.
Hedge funds	Some hedge fund investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	The total hedge fund value in the financial statements is £124.6 million. There is a risk that this investment may be under or overstated in the accounts. A 5% movement in the valuation would equate to a £6.2 million adjustment to the value of these assets.

Note 6: Events after the reporting date

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. There have been no events between 31 March 2026 and when these accounts were authorised that require any adjustments to be made.

A Guaranteed minimum pensions (GMP) equalisation remedy in the LGPS is still to be legislated on. GMP reconciliation has ensured that data is up to date for when any changes required are known.

The McCloud remedy in the LGPS came into force in 2023/2024 and is being applied to accounts as required. This is not expected to have a significant impact on any of the figures quoted. The fund is not aware of any cases affected by the Goodwin test cases.

There are no non-adjusting events after the reporting date for GMP & McCloud.

The Court of Appeal upheld a High Court ruling on section 9(2B) rights in the case of Virgin Media Ltd v NTL in July 2024. We have been advised that HM Treasury is still assessing the implications of this ruling on the LGPS. The Scheme Advisory Board continue to raise the matter with the pensions minister for clarification.

The UK Pensions Schemes Act gained royal assent on 29 April 2026. Whilst this changes the governance of the scheme moving forward it does not impact any of the figures or statements presented here.

There are no non-adjusting events after the reporting date in respect of this ruling.

Note 7: Analysis of the main revenue account transactions

The following table provides further analysis of contributions received and benefits paid between the administering authority (Shropshire Council), designated bodies (unitary, town and parish councils), scheme employers and admission bodies (private bodies carrying out former local government functions or bodies providing a public service on a non-profit making basis).

	Administering Authority £m	Admission bodies £m	Designation bodies/ Scheme employers £m	Total £m
2025/26				
Contributions received				
Employees	7,628	1,694	13,080	22,402
Employers	24,623	5,081	41,462	71,166
Transfers in	6,182	0,305	4,763	11,250
Total income	38,433	7,080	59,305	104,818
Payments made				
Pensions	49,449	12,442	31,222	93,113
Lump sums	6,935	2,647	8,000	17,582
Death benefits	1,376	0,222	1,430	3,028
Refunds	0,069	0,001	0,210	0,280
Transfers out	4,560	0,168	4,437	9,165
Total expenditure	62,389	15,480	45,299	123,168
2024/25				
Contributions received				
Employees	7,707	1,764	12,030	21,501
Employers	29,860	3,258	39,899	73,017
Transfers in	5,765	0,346	4,950	11,061
Total income	43,332	5,368	56,879	105,579
Payments made				
Pensions	47,228	11,673	29,204	88,105
Lump sums	9,599	3,385	9,030	22,014
Death benefits	0,860	0,260	1,471	2,591
Refunds	0,076	0,004	0,163	0,243
Transfers out	2,859	0,321	2,454	5,634
Total expenditure	60,622	15,643	42,322	118,587

This table shows a breakdown of the employers contributions in the previous table:

2024/25 £m		2025/26 £m
60,617	Employers normal contributions	61,903
2,665	Employers deficit contributions	4,602
9,735	Employers augmentation contributions	4,661
73,017		71,166

Note 8: Management expenses

This analysis of the costs of managing the Shropshire County Pension Fund during the period has been prepared in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

2024/25 £m	Management Expenses	2025/26 £m
1,946	Administrative costs	1,983
20,260	Investment management expenses	21,474
1,738	Oversight and governance costs	2,040
23,944		25,497

Each external Investment Manager receives a fee for their services based on the market value of the assets they manage on the fund's behalf. One active manager is required to produce a specific target return in excess of their benchmark return and is paid a performance related fee (over and above a basic fee) for reaching required level of outperformance. The management fees disclosed also include all investment management fees directly incurred by the fund by pooled fund investments.

The investment management expenses shown below includes £0.661m (2024/25 £0.649m) in respect of performance related fees paid/payable to the fund's investment managers.

It also includes £3.488m in respect of transaction costs (2024/25 £3.266m).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of Investments (see note 11a).

2024/25 £m	Investment management expenses	2025/26 £m
11,968	Management fees	12,667
0,649	Performance fees	0,661
4,358	Other fees	4,652
3,266	Transaction costs	3,488
0,019	Custody fees	0,006
20,260		21,474



The costs incurred by the fund in administering the fund totaled £1.983m for the year ended 31 March 2026 (2024/25 £1.946m).

2024/25 £m	Administrative costs	2025/26 £m
1.241	Employee costs	1.398
0.408	IT	0.503
0.081	Consultants	0.086
0.061	Printing, postage and design	0.042
0.037	Office accommodation	0.013
0.007	Subscriptions	0.007
0.111	Other costs*	(0.066)
1.946		1.983

*Other costs figure in 2025/26 includes reversal of access paysuite fees incorrectly included in the 2024/25 figure.

The costs incurred by the fund in oversight and governance totaled £2.040m for the year ended 31 March 2026 (2024/25 £1.738m).

2024/25 £m	Oversight and governance costs	2025/26 £m
0.271	Investment advice	0.236
0.395	Employee costs (pensions investment)	0.448
0.093	Actuarial advice	0.246
0.704	LGPS Central Limited pooling costs	0.866
0.051	Responsible engagement overlay	0.052
0.102	External audit	0.101
0.027	Performance analysis	0.012
0.025	Internal audit	0.019
0.023	Legal and committee	0.014
0.047	Other costs	0.046
1.738		2.040

Note 8a: Investment management expenses

The tables below show a breakdown of investment management expenses by investment type.

2025/26	Total £m	Management fees £m	Performance related fees £m	Transaction costs £m	Other costs £m
Pooled investment vehicles					
Global equity	4.435	2.545	0.000	1.718	0.172
Fixed income	2.466	0.817	0.000	1.609	0.040
Hedge fund of funds	1.367	0.490	0.661	0.000	0.216
Infrastructure	2.975	2.383	0.000	0.000	0.592
Pooled property investments	1.966	1.914	0.000	0.052	0.000
Private equity	5.473	2.785	0.000	0.000	2.688
Private debt	2.131	1.405	0.000	0.000	0.726
Property debt	0.066	0.023	0.000	0.000	0.043
Insurance linked securities	0.589	0.305	0.000	0.109	0.175
	21.468	12.667	0.661	3.488	4.652
Custody fees	0.006				
Total	21.474				

2024/25	Total £m	Management fees £m	Performance related fees £m	Transaction costs £m	Other costs £m
Pooled investment Vehicles					
Global Equity	3.833	2.413	0.000	1.239	0.181
Fixed Income	2.534	0.675	0.000	1.824	0.035
Hedge Fund of Funds	1.290	0.445	0.649	0.000	0.196
Infrastructure	3.447	2.699	0.000	0.000	0.748
Pooled property investments	1.744	1.613	0.000	0.131	0.000
Private Equity	5.010	2.558	0.000	0.000	2.452
Private Debt	1.735	1.171	0.000	0.000	0.564
Property Debt	0.169	0.121	0.000	0.000	0.048
Insurance Linked Securities	0.479	0.273	0.000	0.072	0.134
	20.241	11.968	0.649	3.266	4.358
Custody Fees	0.019				
Total	20.260				

Note 9: Investment income

The table below analyses the investment income received by the fund over the last 12 months.

2024/25 £m	Investment income	2025/26 £m
0.001	Dividends from equities	0.001
12.690	Income from pooled investment vehicles	12.278
0.332	Interest on cash deposits	0.248
0.982	Other	1.171
14.005		13.698

Note 10: Taxes on income

This table breaks down the taxes on income by asset class.

2024/25 £m	Taxes on income	2025/26 £m
0.000	Withholding tax - equities	0.000
0.112	Withholding tax - pooled	0.036
0.112		0.036

Note 11: Investments

The table below analyses investment assets by type of investment.

2024/25 £m	Investments	2025/26 £m
	Investment assets	
0.018	Equities	0.027
	Pooled funds	
1508.181	Global equity	1511.118
363.501	Fixed income	500.134
114.088	Hedge fund of funds	124.610
157.915	Infrastructure	154.355
117.386	Pooled property investments	129.994
199.616	Private equity	207.443
10.417	Property debt	2.427
44.303	Insurance linked securities	49.689
78.984	Private debt	88.972
	Other investments	
0.685	Loans	0.685
	Cash deposits	
20.246	Deposits	17.686
5.700	Temporary investments	1.340
2621.040		2788.480
	Long term investments	
	UK unquoted equities	
1.315	Shares in LGPS Central Limited asset pool	1.315
2622.355	Total investment assets	2789.795

Note 11a: Reconciliation of movements in investments

2025/26	Value as at 1 April 2025 £m	Purchases at cost and derivative payments £m	Sale proceeds and derivative receipts £m	Other cash transactions £m	Change in market value £m	Value as at 31 March 2026 £m
Investment type						
Equities	1.333				0.009	1.342*
Pooled Investment Vehicles - Other managed Funds	2594.391	70.068	(74.473)	(20.160)	198.916	2768.742*
Other Investment Balances	0.685					0.685
	2596.409	70.068	(74.473)	(20.160)	198.925	2770.769
Cash deposits - with managers***	20.246	0.720	(0.614)	(2.913)	0.247	17.686
Temporary Investments	5.700			(4.360)		1.340
	2622.355	70.788	(75.087)	(27.433)	199.172**	2789.795

* Within the Pooled Investment Vehicles - other managed funds total of £2768.742m are £628.811m of level 3 investments as at 31 March 2026. Within the equities figure of £1.342m are £1.315m of level 3 investments as at 31 March 2026. The value of the level 3 investments was £606.638m as at 1 April 2025 which increased to £628.811m as at 31 March 2026. The increase in value is due to purchases of £46.700m, sales of £48.200m and change in market value of £23.673m. // ** The total change in market value for 2025/26 as per the table above is £199.172m. This figure is made up of profit on sales of £150.762m, market value gains offset by directly charged fees of £20.160m and also the difference between book cost and market value for the whole fund which for 2025/26 was £28.250m. // *** Cash deposits figure includes Money Market Fund balances and certain class action proceeds relating to legacy holdings.

2024/25	Value as at 1 April 2024 £m	Purchases at cost and derivative payments £m	Sale proceeds and derivative receipts £m	Other cash transactions £m	Change in market value £m	Value as at 31 March 2025 £m
Investment type						
Equities	1.331		(0.038)		0.040	1.333*
Pooled investment vehicles - Other managed funds	2478.163	101.897	(114.054)	(18.282)	146.667	2594.391*
Other investment balances	0.685					0.685
	2480.179	101.897	(114.092)	(18.282)	146.707	2596.409
Cash deposits - with managers***	14.957	1.782	(3.915)	7.518	(0.096)	20.246
Temporary investments	1.650			4.050		5.700
	2496.786	103.679	(118.007)	(6.714)	146.611**	2622.355

* Within the Pooled Investment Vehicles - other managed funds total of £2594.391m are £605.323m of level 3 investments as at 31 March 2025. Within the equities figure of £1.333m are £1.315m of level 3 investments as at 31 March 2025. The value of the level 3 investments was £596.321m as at 1 April 2024 which increased to £606.638m as at 31 March 2025. The increase in value is due to purchases of £63.217m, sales of £85.448m and change in market value of £32.548m. // ** The total change in market value for 2024/25 as per the table above is £146.611m. This figure is made up of profit on sales of £33.081m, market value gains offset by directly charged fees of £19.048m and also the difference between book cost and market value for the whole fund which for 2024/25 was £94.482m. // *** Cash deposits figure includes Money Market Fund balances and certain class action proceeds relating to legacy holdings.



Note 12: Stock lending

The fund no longer participates in a stock lending programme with its custodian, Northern Trust, following termination of the remaining segregated equities fund in April 2022.

Note 13: Analysis of derivatives

Currently, Legal & General, who manage the global equity passive portfolio, hedge 100% of their foreign currency exposure back to sterling. The global equity passive portfolio had an equity protection strategy in place during the year which expired in December 2025. There was no equity protection in place at 31 March 2026.

Note 14: Fair value – basis of valuation

Unquoted equities in LGPS Central Limited are valued using the cost approach / considering Fair Value at Initial Recognition approach as these methodologies provide viable approaches to valuing this shareholding and they both generate consistent valuations at historic cost less any adjustment for impairment. This will be the approach used for valuing this holding until any change in circumstances creates an alternative approach. All other investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

The valuation basis for each category of investment asset is set out below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted equities and pooled fund investments	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Quoted fixed income bonds	Level 1	Quoted market value based on current yields	Not required	Not required
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV based pricing set on a forward pricing basis	Not required
Pooled equity fund investments	Level 2	Index tracking funds & valuations are based on the market quoted prices of the respective underlying securities	Evaluated price feeds	Not required
Pooled Gilt fund investments	Level 2	Index tracking funds & valuations are based on the market quoted prices of the respective underlying securities	Evaluated price feeds	Not required
Pooled fixed income fund investments	Level 2	Average of broker prices	Evaluated price feeds	Not required
Infrastructure	Level 3	Discounted Cash Flows, Market valuations of comparable companies & Binding sale agreements	Enterprise Value / EBITDA multiple, Discount Rate	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Shares in LGPS Central Limited asset pool	Level 3	Valued using cost approach and considering fair value at initial recognition approach	No market for shares in LGPS Central Limited and no immediate plans to pay dividends. Cost approach generates a figure similar to the original cost of investment when LGPS Central Limited was created	Valuation reviewed on an annual basis to ascertain if there is any reason that this valuation may have been impaired
Insurance linked securities	Level 3	Closing single price. Investments are fair valued using earned net assets value method	NAV based pricing set on a forward pricing basis. NAV based pricing based upon independent valuation agent (Willis Tower Watson) using available industry loss assumptions and 3rd party reports.	Valuations could be affected by any changes to underlying values of the invested portfolio. Value appreciation/depreciation is typically dependent on and contingent on specific insurance events/triggers not occurring.
Private debt	Level 3	Valuations received directly from the manager of the underlying investment and comply with revised International Private Equity and Venture Capital Valuation Guidelines 2018	Inputs are unobservable and are dependent on the valuations provided by the manager of the underlying investment	Valuations could be affected by changes to the valuation of the underlying investment portfolio arising from changes to estimates and differences between unaudited and audited accounts
Property debt	Level 3	Valued using amortised cost and considering fair value at initial recognition approach	Underlying property value, projected future cashflows, cash available, indicative market interest rates for similar products	Valuation reviewed on a quarterly basis to ascertain if there is a reason that this valuation may have been impaired
Private equity and other unquoted	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020) or other appropriate guidelines	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Hedge funds	Level 3	Valuations received directly from the third party hedge funds with which the fund of hedge fund manager invests	Valuations/prices of the investments held are not publicly available. NAV based pricing set on a forward pricing basis	Valuations are affected by any changes to the value of the financial instrument being hedged against

Sensitivity of assets valued at level 3

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2026 and 31 March 2025.

Asset	Potential variation in fair value (+/-)	Value at 31 Mar £m	Potential value on increase £m	Potential value on decrease £m
2026				
Private equity	20%	207.443	248.932	165.954
Hedge funds	5%	124.610	130.841	118.380
Insurance linked	5%	49.689	52.173	47.205
Infrastructure	20%	154.355	185.226	123.484
Private debt	10%	88.972	97.869	80.075
Property debt	10%	2.427	2.670	2.184
Unquoted UK equity	15%	1.315	1.512	1.118
Total		628.811	719.223	538.399
2025				
Private equity	20%	199.616	239.539	159.693
Hedge funds	5%	114.088	119.792	108.384
Insurance linked	5%	44.303	46.518	42.088
Infrastructure	20%	157.915	189.498	126.332
Private debt	10%	78.984	86.882	71.086
Property debt	10%	10.417	11.459	9.375
Unquoted UK equity	15%	1.315	1.512	1.118
Total		606.638	695.200	518.076

Note 14a: Fair value hierarchy

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1: where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts.

Level 2: where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3: where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Shropshire County Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are undertaken quarterly.

The values of the investment in hedge funds are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following table provides an analysis of the assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

2025/26				Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m
Asset type	Investment manager	Investment type	Market value £m			
Equities	LGPS Central Limited*	UK equities (unquoted)	1.315			1.315
Pooled investment vehicles	HarbourVest Partners Ltd	Private equity	180.738			180.738
	Aberdeen Property Investors	Property unit trusts	129.994		129.994	
	Blackrock	Hedge fund	124.610			124.610
	Global Infrastructure Partners	Infrastructure	84.956			84.956
	Legal & General	Global equities	800.022		800.022	
	T.Rowe Price	Global dynamic bonds	81.632		81.632	
	Securis	Insurance linked securities	49.689			49.689
	DRC	Property debt	2.427			2.427
	LGPS Central Limited	Global equities	711.096	711.096		
	LGPS Central Limited	Investment grade corporate bonds	282.756	282.756		
	LGPS Central Limited	Private debt	88.972			88.972
	LGPS Central Limited	Infrastructure	69.399			69.399
	LGPS Central Limited	Private equity	26.705			26.705
	Legal & General	Conventional gilts	66.653		66.653	
	Legal & General	Index Linked gilts	69.092		69.092	
Cash deposits and other			19.739	19.739		
			2789.795	1013.591	1147.393	628.811



2024/25						
Asset type	Investment manager	Investment type	Market value £m	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m
Equities	LGPS Central Limited*	UK equities (unquoted)	1,315			1,315
Pooled Investment Vehicles	HarbourVest Partners Ltd	Private equity	186,074			186,074
	Aberdeen Property Investors	Property unit trusts	117,386		117,386	
	Blackrock	Hedge fund	114,088			114,088
	Global Infrastructure Partners	Infrastructure	91,810			91,810
	Legal & General	Global equities	838,683		838,683	
	T.Rowe Price	Global dynamic bonds	96,944		96,944	
	Securis	Insurance linked securities	44,303			44,303
	DRC	Property debt	10,417			10,417
	LGPS Central Limited	Global equities	669,498	669,498		
	LGPS Central Limited	Investment grade corporate bonds	266,557	266,557		
	LGPS Central Limited	Private debt	78,984			78,984
	LGPS Central Limited	Infrastructure	66,105			66,105
	LGPS Central Limited	Private equity	13,542			13,542
Cash deposits and other			26,649	26,649		
			2622.355	962.704	1053.013	606.638

* Share Capital investment in LGPS Central Limited has been carried at cost

Note 14b: Reconciliation of fair value measurements within level 3

Investment type	Value as at 01-Apr-25	Transfers into Level 3	Transfers out of Level 3	Purchases at cost and derivative payments £m	Sale proceeds and derivative receipts £m	Other cash transactions £m	Unrealised gains and losses £m	Realised gains and losses £m	Value as at 31-Mar-26 £m
Equities (unquoted)	1,315			0,000	0,000	0,000	0,000	0,000	1,315
Private equity	199,616			19,153	(23,230)	(5,474)	5,561	11,817	207,443
Infrastructure	157,915			8,863	(9,645)	(2,975)	(6,379)	6,576	154,355
Hedge fund	114,088			0,000	0,000	(1,367)	(11,760)	23,649	124,610
Insurance linked securities	44,303			0,000	0,000	(0,589)	5,386	0,589	49,689
Property debt	10,417			0,000	(6,655)	(0,066)	(1,335)	0,066	2,427
Private debt	78,984			18,684	(8,670)	(2,131)	(0,026)	2,131	88,972
	606.638	0.000	0.000	46.700	(48.200)	(12.602)	(8.553)	44.828	628.811

Note 15: Financial instruments

Note 15a: Classification of financial instruments

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

31-Mar-25			31-Mar-26		
Fair value through profit & loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value through profit & loss	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets					
1,333			1,342		
2594,391			2768,742		
	0,685			0,685	
	25,992			19,102	
	10,240			11,131	
2595.724	36.917	0.000	2770.084	30.918	0.000
Financial liabilities					
		(6,242)			(6,130)
0.000	0.000	(6,242)	0.000	0.000	(6,130)
2595.724	36.917	(6,242)	2770.084	30.918	(6,130)

Note 15b: Net gains and losses on financial instruments

2024/25 £m	Financial instruments	2025/26 £m
Financial assets		
146.611	Fair value through profit and loss	199.172
0.000	Loans and receivables	0.000
0.000	Financial liabilities measured at amortised cost	0.000
Financial liabilities		
0.000	Fair value through profit and loss	0.000
0.000	Loans and receivables	0.000
0.000	Financial liabilities measured at amortised cost	0.000
146.611		199.172

Note 16: Nature and extent of risks arising from financial instruments

Risk and Risk Management

The fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits to pay members). The aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cash flows. The fund manages these investment risks as part of its overall Pension Fund risk management programme.

Responsibility for the fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Pension fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the assets mix. The objective of the fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Pension Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis and manage any identified risk in two ways:

- The exposure of the fund to market risk is monitored through a risk factor analysis, to ensure that risk remains within tolerable levels.
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or by factors affecting all such instruments in the market. The fund is exposed to share and derivative price risk. The fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the fund investment strategy.

Other price risk – sensitivity analysis

In consultation with its investment advisors, the fund has determined that the following movements in market price risk are reasonably possible for the 2025/26 reporting period, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same.

Asset type	Potential market movements (+/-)
Global unconstrained equities	20.2%
Global equities (passive)	19.1%
Investment grade Bonds	7.9%
Unconstrained Bonds	5.9%
Index linked gilts	9.2%
Conventional gilts	11.1%
UK property	12.5%
Private equity	24.0%
Hedge funds	5.1%
Infrastructure	20.6%
Property debt	10.0%
Insurance-linked securities	4.9%
Private debt	10.5%



Should the market price of the fund investments increase/decrease in line with the above, the change in the net assets available to pay benefits would be as follows:

Asset 2026	Value at 31 Mar £m	Potential market movement £m	Value on increase £m	Value on decrease £m
Net assets including cash and other	26.103	0.000	26.103	26.103
Investment portfolio assets				
Global equities (unconstrained)	711.124	143.647	854.771	567.477
Global equities (passive)	800.022	152.804	952.826	647.218
Investment grade bonds	282.756	22.338	305.094	260.418
Unconstrained bonds	81.632	4.816	86.448	76.816
Index linked gilts	69.092	6.356	75.448	62.736
Conventional gilts	66.653	7.399	74.052	59.254
Property	129.994	16.249	146.243	113.745
Private equity	207.443	49.786	257.229	157.657
Hedge funds	124.610	6.355	130.965	118.255
Infrastructure	154.355	31.797	186.152	122.558
Property debt	2.427	0.243	2.670	2.184
Insurance-linked securities	49.689	2.435	52.124	47.254
Private debt	88.972	9.342	98.314	79.630
Total assets available to pay benefits	2,794.872	453.567	3,248.439	2,341.305
2025				
Net assets including cash and Other	31.990	0.000	31.990	31.990
Investment portfolio assets				
Global equities (unconstrained)	669.516	138.590	808.106	530.926
Global equities (passive)	838.683	163.543	1,002.226	675.140
Investment grade bonds	266.557	20.791	287.348	245.766
Unconstrained Bonds	96.944	5.720	102.664	91.224
Property	117.386	14.673	132.059	102.713
Private equity	199.616	47.708	247.324	151.908
Hedge funds	114.088	5.819	119.907	108.269
Infrastructure	157.915	32.373	190.288	125.542
Property debt	10.417	1.052	11.469	9.365
Insurance-linked securities	44.303	2.127	46.430	42.176
Private debt	78.984	8.372	87.356	70.612
Total assets available to pay benefits	2,626.399	440.768	3,067.167	2,185.631

Interest rate risk

The fund recognises that interest rates can vary and can affect both income to the fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the fund's risk management strategy.

The fund's direct exposure to interest rate movements as at 31 March 2026 and 31 March 2025 is set out below.

Asset type	As at 31 March 2026 £m	As at 31 March 2025 £m
Cash and cash equivalents	19.026	25.946
Cash balances	0.076	0.046
Fixed income	500.134	363.501
Total	519.236	389.493

The following analysis shows the effect in the year on the net assets available to pay benefits of a plus or minus

1% change in interest rates assuming all variables, in particular exchange rates, remain constant. This analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Exposure to interest rate risk 2026	Value at 31 Mar £m	Potential movement on 1% change in interest rates £m	Value on increase £m	Value on decrease £m
Cash and cash equivalents	19.026	0.000	19.026	19.026
Cash balances	0.076	0.000	0.076	0.076
Fixed income	500.134	5.001	505.135	495.133
Total	519.236	5.001	524.237	514.235
2025				
Cash and cash equivalents	25.946	0.000	25.946	25.946
Cash balances	0.046	0.000	0.046	0.046
Fixed income	363.501	3.635	367.136	359.866
Total	389.493	3.635	393.128	385.858

During 2025/26 the fund received £0.189m (2024/25 £0.267m) in interest from surplus pension fund revenue cash. This was either invested in call accounts (including Insight Money Market Fund) which are classified as a variable rate investment or a fixed term deposit. A 1% change in interest rates throughout the year would have increased or decreased the amount of interest earned on these investments by £0.047m. In addition, the fund earned £0.059m (2024/25 £0.065m) in interest on its loan to LGPS Central Limited. The impact of a 1% change in interest rates would have increased or decreased interest earned on this loan by £0.007m.

Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the fund investment advisors, the fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10%. A 10% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows.

Currency risk – sensitivity analysis

Assets exposed to currency risk	Value at 31 Mar £m	Potential market movement £m 10%	Value on increase £m 10%	Value on decrease £m 10%
2026				
Overseas equities	667.105	66.710	733.815	600.395
Overseas private equity	204.049	20.405	224.454	183.644
Overseas private debt	37.696	3.770	41.466	33.926
Overseas infrastructure	123.816	12.382	136.198	111.434
Cash balances	14.741	1.474	16.215	13.267
Total change in assets available to pay benefits	1047.407	104.741	1152.148	942.666
2025				
Overseas equities	627.244	62.724	689.968	564.520
Overseas private equity	199.002	19.900	218.902	179.102
Overseas private debt	31.645	3.165	34.810	28.480
Overseas infrastructure	125.065	12.507	137.572	112.558
Cash balances	13.563	1.356	14.919	12.207
Total change in assets available to pay benefits	996.519	99.652	1096.171	896.867

Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The Pension Fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2026 and 31 March 2025 were received in the first two months of the financial year.

In January 2018 the fund advanced a loan of £0.685m to LGPS Central Limited asset pool on commercial rates, repayable in 2027. LGPS Central Limited have not defaulted on any annual loan interest repayments to date. The credit risk at 31 March 2026 is therefore not considered to be significant and no credit loss adjustment has been made.

The fund has set limits on the maximum sum placed on deposit with individual financial institutions. The investment priorities for the management of the Pension Fund revenue cash held for day-to-day transactions are the security of the principal sums it

invests. The enhancement of returns is a secondary consideration to the minimisation of risk. Accordingly, the administering authority ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited. The main criteria for determining the suitability of investment counterparties is outlined in the administering authority's creditworthiness policy which the Pension Fund has also adopted and approved as part of the annual Pension Fund Treasury Strategy.

The fund's lending list is reviewed continuously in conjunction with the administering authority's treasury advisor. The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. The maximum amount is currently limited to £5,000,000. With security of capital being the main priority, lending continues to be restricted to highly credit rated institutions including Money Market funds, part nationalised institutions and other local authorities. In addition to credit ratings the administering authority continually monitors the financial press and removes institutions from its approved lending list immediately if appropriate.

The Pension Fund has had no experience of default or uncollectable deposits over the past five financial years.

	Rating	As at 31 March 2026 £	As at 31 March 2025 £
Lloyds	AA-	0	3,000,000
Insight GBP Liquidity Fund	AAAm	1,340,000	2,700,000
Total		1,340,000	5,700,000

Liquidity risk

Liquidity risk represents the risk that the fund will not be able to meet its financial obligations as they fall due i.e. that cash is not available when required. The Pension Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The fund's cash holding under its treasury management arrangements at 31 March 2026 was £1.34m (31 March 2025 £5.70m).

The fund has immediate access to cash through two instant access accounts and one instant access money market account, which at any one time could have up to £13 million available in total. The fund can also access immediate cash held by Northern Trust, which as at 31 March 2026 was £16.181m (31 March 2025 £16.617m). The fund does not have access to an overdraft facility. Officers prepare a daily cash flow forecast to understand and manage the timing of the fund's cashflows. The



appropriate strategic level of cash balances to be held forms part of the investment strategy.

Note 17: Funding arrangements

In line with the Local Government Pension Scheme Regulations 2013, the fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2025 and the next valuation will take place as at 31 March 2028.

The key elements of the funding policy are:

- To ensure the long-term solvency of the fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment.
- To ensure that employer contribution rates are as stable as possible.
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return.
- To reflect the different characteristics of employing bodies in determining contribution rates where it considers it reasonable to do so.
- To use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 13 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. For each individual employer, the funding objective, method and assumptions depend on a particular employer's circumstances and different approaches have been adopted where applicable, in accordance with the Funding Strategy Statement.

At the 2025 actuarial valuation, the fund was assessed as 115% funded (99% at the March 2022 valuation). This corresponded to a surplus of £335 million (2022 valuation was £22 million deficit) at that time. Revised contributions set by the 2025 valuation will be introduced in 2026/27 and the common contribution rate (i.e. the average employer contribution rate in respect of future service only) is 15.7% of pensionable pay (18.4% at the March 2022 valuation).

The valuation of the fund has been undertaken using the projected unit method under which the salary increase

for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows:

Financial assumptions	31 March 2025	31 March 2022
Discount rate	5.6% p.a.	4.8% p.a.
Assumed long-term CPI inflation	2.6% p.a.	3.1% p.a.
Salary increases - long-term	3.85% p.a.	4.35% p.a.
Salary increases - short-term	No allowance	No allowance
Pension increases in payment	2.6% p.a.	3.1% p.a.

The assumed life expectancy from age 65 is as follows:

Demographic assumptions		31 March 2025	31 March 2022
Current pensioners (at age 65)	Males	21.5	22.1
	Females	24.1	24.4
Future pensioners (assumed current age 45)	Males	22.8	23.4
	Females	25.6	26.2

It is assumed that, on average, retiring members will take 75% of the maximum tax-free cash available at retirement. (75% 2022).

Note 18a: Long-term debtors

Details of long-term debtors outstanding as at 31 March 2026 is shown below:

2024/25 £m	Long term debtors	2025/26 £m
1.857	*Lifetime and annual tax allowances	1.877
1.857		1.877

* The HMRC annual allowance limits the tax relief on pension contributions each year and the Life time allowance (abolished after 5th April 2023) limits the total amount of savings in a pension pot without facing a tax charge when drawing it. The Pension Fund pays the tax charge upfront on behalf of those members affected and who elect for 'scheme pays'. The Fund is reimbursed by the members via pension deductions over time.

Note 18b: Analysis of debtors

Provision has been made for debtors known to be outstanding as at 31 March 2026. An analysis of debtors outstanding as at 31 March 2026 is shown below:

2024/25 £m	Debtors	2025/26 £m
1.626	Contributions due - employees	1.779
5.636	Contributions due - employers	6.484
1.121	Other entities and individuals	0.991
8.383		9.254

Note 19: Analysis of creditors

Provision has also been made for creditors known to be outstanding at 31 March 2026. An analysis of creditors outstanding as at 31 March 2026 is shown below:

2024/25 £m	Creditors	2025/26 £m
1.310	Central government bodies	1.449
2.420	Other local authorities	2.628
2.512	Other entities and individuals	2.053
6.242		6.130

Note 20: Additional voluntary contributions

Scheme members have the option to make additional voluntary contributions (AVCs) to enhance their pension benefits. These contributions are invested with an appropriate provider and used to purchase an annuity at retirement. Contributions are paid directly from scheme members to the AVC provider and are therefore not represented in these accounts in accordance with regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Contributions are invested in with-profit, unit linked, or deposit funds of the scheme member. At present there are around 621 scheme members with AVC policies. These policies are held either by Utmost or Prudential. During 2025/26 contributions to schemes amounted to £1.322m (2024/25 £1.176m). The combined value of the AVC funds as at 31 March 2026 was £6.740m (31 March 2025 £5.342m).

Note 21: Related party transactions

Shropshire Council

The Shropshire County Pension Fund is administered by Shropshire Council. Shropshire Council incurred costs of £2.653m (2024/25 £2.411m) in relation to the administration and management of the fund and all these costs are recharged to the Pension Fund.

Shropshire Council is also the single largest employer of members of the Pension Fund. At the year-end, a balance of £4.172m (2024/25 £3.487m) was due to the fund from the Council, mainly relating to contributions which became due in March but were paid in April and some other payments due.

Several employees of Shropshire Council hold key positions in the financial management of the Shropshire County Pension Fund; the Executive Director of

Resources (£151 Officer), Head of Pensions (LGPS Senior Officer), Pensions Investment & Responsible Investment Manager, Pension Fund Accountant, Pensions Investment Analyst and the Pensions Administration Manager. These employees are active members of the fund apart from the current Executive Director of Resources (£151 Officer).

Under the Local Government Pension Scheme 1997 Regulations, councillors were entitled to join the scheme. Legislation which came into force on 1 April 2014 meant the LGPS was only available to councillors and elected mayors of an English County Council or District Council who elected to join before 31 March 2014. From 1 April 2014 access to the LGPS for councillors was removed and those councillor members who were in the Scheme on the 31 March 2014 could only remain in the Scheme until the end of their current term of office. The remaining active councillor members were removed from the Scheme in May 2017 at the end of their individual office. All councillor members who sit on the Pension Fund Committee who joined the LGPS before 31 March 2014 are now either deferred or pensioner members of the fund.

Councillors will again be eligible to join the LGPS as of May 2026 under the Local Government Pension Scheme (Elected Member Pensions) Regulations 2026.

LGPS Central Limited

LGPS Central Limited (LGPSC) has been established to manage investment assets on behalf of eight Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool. With effect from 1 April 2026, LGPSC will manage investment assets of an additional seven LGPS funds following changes under the Government's "Fit for the Future" proposals. LGPS Central Limited will be owned in equal shares by fourteen of the administering authorities from this date with one LGPS fund joining as a client.

The fund invested £1.315m in share capital and £0.685m in a loan to LGPSC in 2017/18. These remain the balances at 31 March 2026. The fund was owed interest of £0.059m (31 March 2025 £0.065m) on the loan to LGPSC at 31 March 2026. The rate of interest applied to the LGPSC loan is Bank of England Base Rate plus 4.5% margin. This loan is due to be repaid to the fund in 2027.



In addition, the fund has now invested in several LGPSC sub-funds (Global Equity, Global Sustainable Equity, Infrastructure, Private Debt, Private Equity and Global Investment Grade Corporate Bonds). The fund incurred investment management costs totaling £9.930m in respect of investments held with LGPS Central Limited of which £0.043m was payable to LGPSC at 31 March 2026.

The fund incurred costs totaling £0.866m (2024/25 £0.703m) in respect of Governance, Operator Running and Product Development etc. in connection with LGPSC in 2025/26 of which £0.248m (31 March 2025 £0.168m) was payable at 31 March 2026.

Shropshire Council, as the administering authority of the Shropshire County Pension Fund, has guaranteed a share of the pension liability relating to employees of LGPS Central Limited that transferred into the company on creation. If this guarantee is called this will be funded by the Pension Fund. The guarantee is on a joint and several basis with the other partner funds in LGPS Central Limited.

As at 31 March 2026, the LGPS Central Limited IAS 19 figure was a surplus of £3.3m (reduced to nil value after applying the asset ceiling treatment). As the figure is not in deficit, no amount would be due from the fund.

The guarantee only comes into effect following certain events which (directly or indirectly) cause LGPS Central Limited to cease to be a Scheme employer or fail to pay amounts due. This is not anticipated to be a likely event. The amount of any liability calculated under IAS 19 is subject to the specific assumptions required for the calculation of such a figure under accounting standards. In the event of an exit payment being required, this would be calculated by the Actuary based on the best estimates of the actual liability at the time.

Note 21a: Key management personnel

The posts of Executive Director of Resources (£151k) and Head of Pensions (LGPS Senior Officer) are deemed to be key management personnel with regards to the fund. The financial value of the relationship with the fund (in accordance with IAS24) is set out below.

2024/25 £m		2025/26 £m
0.145	Short-term benefits*	0.150
0.061	Post-employment benefits**	0.078
0.206		0.228

* This is the Pension Fund's element of short term remuneration for key management personnel, i.e. annual salary, benefits in kind and employer contributions // ** This is the change in value of accrued pension benefits, expressed as cash equivalent transfer value

Note 22: Contractual commitments

The fund has a 22.5% (~£625 million) strategic asset allocation to private market investments, split private equity (7.5%), infrastructure (7.5%) and private debt (7.5%). The fund has a small legacy allocation (£2.4m) to property debt which is expected to mature over the next six months and be subsumed by the private debt allocation. It is necessary to over commit the strategic asset allocation because some of these investments will mature and be repaid before the committed capital is fully invested.

As at 31 March 2026, £362m has been committed to investments in private equity via a fund of funds manager, HarbourVest Partners (£272m) and a separate investment through LGPS Central Limited (£90m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2026, the fund's private equity investments totaled £207.443m (31 March 2025 £199.616m). Commitments outstanding at the 31 March 2026 were £105m.

As at 31 March 2026, £217.7m has been committed to investment in infrastructure via Global Infrastructure Partners (£132.7m) and LGPS Central Limited Core/ Opportunistic Infrastructure Partnership (£85m). The outstanding commitments at the 31 March 2026 were £36m (Global Infrastructure Partners £17.5m and LGPS Central Limited Core/Opportunistic Infrastructure Partnership £18.5m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2026, the fund's Infrastructure investments totaled £154.355m (31 March 2025 £157.915m).

As at 31 March 2026, £47m has been committed to investment in property debt via DRC and £210m committed to investment in private debt via LGPS Central. The property debt portfolio is a legacy asset and is expected to mature over the next six months. As at 31 March 2026, there were outstanding commitments of £124.4m; private debt via LGPS Central Limited £119.1m and property debt via DRC £5.3m. Investments in the private debt portfolio will be made as opportunities arise over the next 2-3 years. As at 31 March 2026, the fund's property debt and private debt investments totaled £2.427m and £88.972m (31 March 2025 £10.417m and £78.984m) respectively.

Note 23: Contingent assets

Twelve admitted body employers in the Shropshire County Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

Note 24: Value added tax

The fund is reimbursed VAT by HM Revenue and Customs. The accounts are shown exclusive of VAT.

Note 25: Custody of investments

Custodial Services are provided to the fund by Northern Trust. This includes the safekeeping of assets, the collection of income and the monitoring and execution of corporate actions in conjunction with investment managers. The Custodian also provides independent confirmation of the assets and their value held by the fund. Securities are held on a segregated basis via a nominee account and are clearly separated from the Custodian's own assets.

Note 26: Fund auditors

Grant Thornton has completed its audit in accordance with the Local Audit and Accountability Act 2014 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board. The Audit Certificate is published within this report.

Note 27: Pension Fund bank account

Since April 2010 all income received for the Pension Fund has been paid into a separate Pension Fund bank account. The balance on this account is monitored daily and surplus cash balances invested. As at 31 March 2026, £1.34 million was invested (31 March 2025 £5.70m). The cash balance in the Pension Fund account as at the same date was in hand by £0.08 million (31 March 2025 £0.05m in hand).

Note 28: Fund structure update

In June 2023, following several investment strategy workshops, the Pensions Committee agreed the fund's new strategic asset allocation which is detailed in the following table against the previous allocations.

Asset	2021 Strategic allocation % of fund	2023 Strategic allocation % of fund	Change
Targeted return funds (e.g. absolute return bonds, hedge funds, insurance linked securities)	25	7.5	-17.5%
Property debt	3.5	0	-3.5%
Equities	50	55	+5%
Private debt	4	7.5	+3.5%
Indirect property	5	5	-
Private equity	6.25	7.5	+1.25%
Infrastructure	6.25	7.5	+1.25%
Investment grade corporate bonds	0	10	+10%

Implementation of the new strategy commenced in 2023/2024 and continued in 2025/26. Allocation changes in respect of public markets (equity and investment grade corporate bonds) were all completed in 2023/2024. Private market (private equity, infrastructure, debt) changes will take longer to fully implement as this involves the timing of maturities from existing investments and the drawdown of new commitments over time. This will result in additional holdings remaining in target return funds until the capital is required to meet commitments.

In September 2017, an equity protection strategy was implemented with Legal & General, one of the fund's existing managers. The strategy has been used over time to reduce equity risk. As at 31 March 2025, approximately 42% (£640m) of total global equities were being protected. The equity protection strategy has been reduced throughout 2025/26 with the final tranche removed in December 2025. The fund had no equity protection in place at the year-end. The option remains available to the Committee to use equity protection in the future.

During the financial year the fund made additional commitments of £30m to the LGPS Central Limited private equity 2025 primary vintage to maintain the target allocation of 7.5%. In addition to the £30m commitment, the Committee also agreed to commit £30m to a new LGPS Central Limited secondary equities fund. This fund failed to launch in 2025/26 and so is not included in the fund's commitments. Under the Pensions Bill, which came into force on 29 April 2026, LGPS Central Limited will be responsible for asset allocation decisions in the 2026/27 financial year and going



forward. The fund also made increased investments with Aberdeen to increase the property allocation towards the 5% allocation.

The strategic allocation in June 2023 removed the allocation to property debt in favour of private debt. The property debt portfolio has been slowly maturing and is expected to be fully redeemed over the next six months with proceeds used to meet existing commitments to the LGPS Central Limited private debt fund. The total proportion of the fund to debt investments remains at 7.5%, but this is now reflected as private debt in the strategic asset allocation.

During the 2025/26 financial year, the fund's equity investments reached the 60% upper limit (55% plus 5% tolerance) following a run of strong equity performance. The Committee agreed to reduce equities back to the 55% target allocation and replace them with a 5% investment in government bonds (2.5% long-term 15 year plus conventional bonds and 2.5% long-term 15 year plus index linked bonds). This investment sits outside the 2023 strategy but reflects the reality that whilst the fund has commitments to meet the private market allocations, the current economic environment has meant that getting the investments drawn down is taking longer than expected.

The fund's strategic asset allocation will be formally reviewed in 2026/27 following the triennial valuation results for 31 March 2025 received in March 2026.



Pooling report

The information request set out below reflects the information required by partner funds to meet the CIPFA Annual Report Pooling Disclosures in 2025/26.

Please note that the information request reflects the start-up nature of LGPS Central (LGPSC), and the level and complexity of the disclosures required will increase in later years.

The provision of the information by LGPSC to each partner fund should ensure consistent reporting across partner funds, and allow LGPSC to aggregate, and reconcile back the individual partner fund disclosures, to the company's financial statements.

1. Governance, operator and product development charged by LGPSC to partner funds

£000	At 1 April 2025	Charges in year	Settled in year	At 31 March 2026
Governance costs	0	358	0	0
Operator costs	0	460	0	0
IMMC	0	229	0	0
Product development costs	0	28	0	0
Fit for the Future	0	147	0	0
Total	458	1,222	-826	854

2. Other transactions between partner funds and LGPSC (e.g. service support provided by West Midlands to LGPSC)

£000	At 1 April 2025	Charges in year	Settled in year	At 31 March 2026
Interest payable	65	59	(65)	59
Total	65	59	(65)	59

3. LGPSC Investment management expenses charged to partner funds

£000	Direct	Indirect	Total	Bps charge
1 Ad valorem	2,100		2,100	9.11
2 Performance	0		0	0.00
3 Research	0		0	0.00
4 PRIIPS compliance	0		0	0.00
5 Other (provide details)	0		0	0.00
Management fees	2,100	0	2,100	9.11
6 Commissions	159		159	0.69
7 Acquisition/issue costs	0		0	0.00
8 Disposal costs	0		0	0.00
9 Registration/filing fees	0		0	0.00
10 Taxes and stamp duty	183		183	0.79
11 Other				
Implicit costs	1,795		1,795	7.79
Transaction costs	2,137	0	2,137	9.27
12 Custody/depositary	91		91	0.39
13 Other				
Fund accounting	14		14	0.06
Transfer agent	2		2	0.01
External audit	7		7	0.03
Performance reporting	-2		-2	-0.01
Transaction charges	7		7	0.03
MACS fees	0		0	0.00
Total costs	4,356	0	4,356	18.89

*For the ACS, expenses are based on actuals for the 9 months ended 31 December 2025, extrapolated for a 12 month period on a pro-rata basis; while AUM is the average for the same 9 month period.



4. Investment management expenses by product / service

£000	1	2	3	4	5	6	7	8	9	10	11	12	13	Total 2025/26 costs	AUM/ commitments £m	2025/26 Bps charge
Global multi-manager	1,079	0	0	0	0	146	0	0	0	164	1,191	43	13	2,636	486	54.29
Global active corporate bonds	305	0	0	0	0	0	0	0	0	0	546	28	10	888	275	32.30
Sustainable broad	450	0	0	0	0	6	0	0	0	12	7	14	4	493	172	28.67
Sustainable target	166	0	0	0	0	8	0	0	0	6	52	5	2	238	51	46.59
ACS sub-funds	1,999	0	0	0	0	159	0	0	0	183	1,795	91	29	4,255	984	43.27
Private equity 2018 Vintage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Private equity 2021 Vintage	9	0	0	0	0	0	0	0	0	0	0	0	0	9	30	3.12
Private equity 2023 Vintage	15	0	0	0	0	0	0	0	0	0	0	0	0	15	30	5.00
Private debt	13	0	0	0	0	0	0	0	0	0	0	0	0	13	120	1.11
Infrastructure	16	0	0	0	0	0	0	0	0	0	0	0	0	16	85	1.87
Indirect property	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Private credit 2024	32	0	0	0	0	0	0	0	0	0	0	0	0	32	90	3.50
Private credit 25+	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Private equity 2025	6	0	0	0	0	0	0	0	0	0	0	0	0	6	30	1.97
Alternative vehicles	91	0	0	0	0	0	0	0	0	0	0	0	0	91	385	2.36
Local investments	6	0	0	0	0	0	0	0	0	0	0	0	0	6	0	0.00
Local	6	0	0	0	0	0	0	0	0	0	0	0	0	6	0	0.00
Legacy assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Discretionary mandate 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Discretionary mandates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Advisory mandate 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Advisory mandates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Execution only 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Execution only	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
LGIM oversight	4	0	0	0	0	0	0	0	0	0	0	0	0	4	936	0.04
Oversight	4	0	0	0	0	0	0	0	0	0	0	0	0	4	936	0.04
Total	2,100	0	0	0	0	159	0	0	0	183	1,795	91	29	4,356	2,305	18.90

Due to rounding figures may be slightly different when cross cast. Items 1 - 13 relate to the categories in tab 3. // For the ACS, total 2025/26 costs are based on actuals for the 9 months ended 31 December 2025, extrapolated for a 12 month period on a pro-rata basis. // **AUM/Commitments:** ACS: average AUM for the 9 months ended 31 December 2025 | PM: commitments at 31 March 2026 | Other: AUM at 31 March 2026



5. Asset under management and performance by product / service

	AUM/ commitments at 1 April 2025 £m	AUM/ commitments* £m	9 month gross performance %	9 month net performance %	Passive benchmark used	9 month passive index %
Global multi-manager	463	515	11.44%	11.23%	FTSE all world index	19.36%
Global active corporate bonds	266	284	6.59%	6.49%	ICE BofAML sterling corporate index 50%, ICE BofAML global corporate index (ex GBP and emerging market issues) 50%, hedged to GBP	5.69%
Sustainable broad	162	181	12.41%	12.20%	FTSE all world index	19.36%
Sustainable target	45	52	16.56%	16.28%	FTSE all world index	19.36%
ACS sub-funds	936	1,032				
Private equity 2018 vintage	0	0				
Private equity 2021 vintage	30	30				
Private equity 2023 vintage	30	30				
Private debt	120	120				
Infrastructure	86	85				
Indirect property	0	0				
Private credit 2024	90	90				
Private credit 25+	0	0				
Private equity 2025	0	30				
Alternative vehicles	356	385				
Local investments	0	0				
Local	0	0				
Legacy assets	0	0				
Discretionary mandate 1	0	0				
Discretionary mandates	0	0				
Advisory mandate 1	0	0				
Advisory mandates	0	0				
Execution only 1	0	0				
Execution only	0	0				
LGIM oversight	839	936				
Oversight	839	936				
Total	2,131	2,353				

*AUM/commitments: ACS: average AUM for the 9 months ended 31 December 2025 | PM: commitments at 31 March 2026 | Other: AUM at 31 March 2026

6. Transition costs

The fund incurred the following one-off transition costs during 2025/26 as a result of the conversion of the Investment Grade Corporate Bond fund from 50% UK/50% Global to 100% Global. Costs incurred amounted to 0.14% of the transaction split 0.11% in respect of bid offer price and 0.03% respectively for the transition manager. The changes to the portfolio are in line with the revised strategic asset allocation agreed in June 2023.

7. Savings projections

The below table covers savings achieved as a result of pooling assets.

Product	April 2025 - March 2026	April 2018 - March 2026
Gross savings	3,133,630	14,587,488
Total costs	(1,300,913)	(6,744,023)
Net savings	1,832,717	7,843,465



8. Asset table

The below table sets out a breakdown of assets at the end of the accounting period.

Asset values as at 31 March 2026	Pooled £m	Under pool management £m	Not Pooled £m	Total £m	Explanation/ further information Not pooled items
Equities (including convertible shares)	712	800	-	1,512	
Bonds	283	136	82	501	
Investment grade credit	283	-	-		
Absolute return bonds	-	-	82		Product not offered by the pool at this time*
UK Government gilts	-	136	-		
Property	-	-	130	130	
Hedge funds	-	-	125	125	Product not offered by the pool at this time*
Diversified growth funds (including multi-asset funds)	-	-	-	-	
Private equity	26	-	181	207	Legacy assets that will wind down and be reinvested with LGPS Central over time
Undrawn commitments (excluded from total)	65	-	40	105	
Private credit	89	-	2	91	Legacy asset will mature 2026/27
Undrawn commitments (excluded from total)	119	-	5	124	
Infrastructure	69	-	85	154	Legacy assets that will wind down and be reinvested with LGPS Central over time
Undrawn commitments (excluded from total)	18	-	18	36	
Derivatives	-	-	-	-	
Cash and net current assets	-	-	20	20	Outside scope of pooling
Other	-	-	50	50	
Insurance linked securities	-	-	50		Product not offered by the pool at this time*
Total	1,179	936	675	2,790	

* LGPS Central considered a targeted return fund covering these products in 2023/2024 but the product was not launched.

9. UK investment

The below table provides additional information on investment in the UK.

£m Asset values as at 31 March 2026	Pooled £m	Under pool management £m	Not Pooled £m	Total £m
UK Listed Equities	71	31	-	102
UK Bonds	-	-	4	4
UK Government Bonds	-	136	-	136
UK hedge funds	-	-	6	6
UK property	-	-	130	130
UK infrastructure *	19	-	3	22
UK private debt *	16	-	2	18
UK private equity *	4	-	16	20
Total	110	167	161	438

* No value has been assigned to undrawn commitments in private market assets.

The figure of £438m in UK investments represents 15.7% of the fund's investments at 31 March 2026.

10. Local investment

The fund had no defined local investment strategy in place in 2025/26. The fund has made a commitment with LGPS Central to look at a commitment across private market assets to local investment as part of the Investment Strategy review in 2026 subject to appropriate opportunities being available in the footprint of the pool.



Audit opinion and certificate

Independent auditor's statement to the members of Shropshire Council **on the pension fund financial statements of Shropshire County Pension Fund** included within the Shropshire County Pension Fund Annual Report.

Opinion

We have examined the pension fund financial statements of Shropshire County Pension Fund (the 'pension fund') for the year ended 31 March 2025 included within the pension fund annual report, which comprises the Pension Fund Account, the Net Assets Statement, and the notes to the Shropshire County Pension Fund accounts, including the summary of significant accounting policies.

In our opinion, the pension fund financial statements included within the pension fund annual report are consistent, in all material respects, with the audited pension fund financial statements of Shropshire Council for the year ended 31 March 2025 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We have not considered the effects of any events between 10 February 2026, being the date we signed our auditor's report on the audited financial statements of Shropshire Council, and the date of this statement.

Respective responsibilities of the S151 Officer and the auditor

As explained more fully in the Statement of Responsibilities, the S151 Officer is responsible for the preparation of the pension fund's financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Our responsibility is to state to the members of Shropshire Council our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the financial statements of Shropshire Council.

We also read the other information contained in the pension fund annual report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information comprises the information included in the pension fund annual report, other than the pension fund financial statements and our auditor's statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the financial statements of Shropshire Council describes the basis of our opinion on those financial statements.





Use of this auditor's statement

This statement is made solely to the members of Shropshire Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Shropshire Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Shropshire Council and the members of Shropshire Council, as a body, for our work, for this statement, or for the opinions we have formed.

Grant Patterson

Grant Patterson

Key Audit Partner for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

Month 2026



Section F: Statement of accounts and notes

Statement of responsibilities

For the statement of accounts.



Responsibilities of Section 151 Officer as Chief Financial Officer

Shropshire Council's responsibilities

Shropshire Council, as administering authority for the Shropshire County Pension Fund, is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council, the responsibility of Chief Financial Officer is allocated to the Executive Director of Resources (Section 151 Officer).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

Approved by Pensions Committee

The statement of accounts was approved at a meeting of the Pensions Committee on 18 September 2026.

Chair of Pensions Committee

18 September 2026

Responsibilities Section 151 (S151) Officer as Chief Financial Officer

The Section 151 Officer is responsible for the preparation of the Shropshire County Pension Fund's

statement of accounts in accordance with proper practices as set out in the CIPFA code of practice on local authority accounting in the United Kingdom ("the code of practice").

In preparing this statement of accounts, the Section 151 Officer has;

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the code of practice;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Duncan Whitfield
Section 151 Officer
18 September 2026

Fund policies

All fund policies can be found on our website:
www.shropshirecountypensionfund.co.uk

Pensions Administration Strategy

Pension fund administering authorities have discretion as to whether to prepare a Pensions Administration Strategy Statement. Shropshire Council, as administering authority, do have an Administration Strategy under regulation 59 of the Local Government Pension Scheme Regulations 2013.

This sets out the administration processes for the fund and its stakeholders and outlines the policies and performance standards towards providing a cost-effective, inclusive and high-quality administration service.

This is shared with employers in the fund so that they too are aware of their responsibilities.

The latest copy of this document can be read at:
www.shropshirecountypensionfund.co.uk/media/t2oigi42/administration-strategy-statement-june-2025.pdf

Governance Compliance Statement

This statement has been prepared by Shropshire Council (the administering authority) to set out the governance arrangements for the Shropshire County Pension Fund, in accordance with the Local Government Pension Scheme Regulations 2013 (regulation 55).

The latest copy of this document can be read at:
www.shropshirecountypensionfund.co.uk/media/gjobauns/governance-compliance-statement-september-2025.pdf

Funding Strategy Statement

Administering authorities have been required to prepare, publish and maintain a Funding Strategy Statement (FSS) under regulation 58 of the Local Government Pension Scheme 2013 (as amended).

Securing the “solvency” and “long-term cost efficiency” is a regulatory requirement. To meet these requirements, the administering authority’s long-term funding objective is for the fund to achieve and then maintain sufficient assets to cover 100% of projected accrued liabilities (the “funding target”) assessed on an on-going past service basis including allowance for projected final pay where appropriate.

The latest copy of this document can be read at:
www.shropshirecountypensionfund.co.uk/media/4wblm2ta/shropshire-county-pension-fund-funding-strategy-statement-2025.pdf



Section G: Other fund policies

Investment Strategy Statement

Pension fund administering authorities are also required to prepare, maintain and publish an Investment Strategy Statement (ISS) under regulation 7 of the LGPS (Management and Investment of Funds) Regulations 2016.

This document sets out the investment objectives of the fund and how investments are allocated between equities, bonds and alternatives. Target investment performance is defined for each of the investment managers. The fund's approach to social, environmental and ethical issues is also explained as is the fund's compliance with Myners Principles.

The latest copy of this document can be read at:
www.shropshirecountypensionfund.co.uk/media/cq0cxqku/investment-strategy-statement-june-2023.pdf

If you require access to a printed version of any of our policies, please contact the pensions helpdesk at:
<https://www.shropshirecountypensionfund.co.uk/contact-us/>

Climate Stewardship Plan

The fund's Climate Stewardship Plan identifies specific companies and portfolio managers in which stewardship techniques can be leveraged to further understand and manage climate-related risks within the fund. The Climate Stewardship Plan aligns with and is supportive of the Task Force on Climate-related Financial Disclosures (TCFD), focuses specifically on climate change and compliments on-going stewardship activities on other environmental, social and governance factors.

The latest copy of this document can be read at:
www.shropshirecountypensionfund.co.uk/media/b4go5l5c/climate-stewardship-plan-2026.pdf

Climate Change Strategy

The fund's Climate Change Strategy explains our approach to addressing the risks and opportunities related to climate change.

Responsibility for the implementation of this strategy, prepared in alignment with the final recommendations of the Taskforce on Climate-related Financial Disclosures ("TCFD"), is held by the scheme administrator and Head of Pensions, LGPS Senior Officer and is reviewed every three years (or more often if needed).

The latest copy of this document can be read at:
www.shropshirecountypensionfund.co.uk/media/brijzlkf/climate-change-strategy-september-2024.pdf

Business Plan 2026-2029

The Business Plan highlights the key priorities for the next three years. This focuses on areas of change and one-off project work, in addition to day-to-day "business as usual" duties.

Managing the fund on a day-to-day basis involves a wide range of processes and procedures which support achievement of the fund's objectives. The management of the fund is significant, complex and highly regulated requiring expert knowledge of officers and external advisors.

The latest copy of this document can be read at:
www.shropshirecountypensionfund.co.uk/media/utzlpc3f/business-plan-2026-2029.pdf

If you require access to a printed version of any of our policies, please contact the pensions helpdesk at:
<https://www.shropshirecountypensionfund.co.uk/contact-us/>

Glossary

Actuary: an independent consultant who advises the fund and every three years formally reviews the assets and liabilities of the fund and produces a report on the fund's financial position, known as the actuarial valuation.

Additional voluntary contributions (AVC): an option available to individuals to secure additional pension benefits by making regular payments in addition to the basic employee contribution payable.

Admission body: employers whose staff can become members of the pension fund by virtue of an admission agreement made between the fund and the relevant body.

Benchmark: a yardstick against which the investment performance of a fund manager can be compared, usually the index relating to the particular assets held.

Cash equitisation: a technique using financial futures to minimise the drag on investment performance by holding cash.

Corporate bonds: investment in certificates of debt issued by a company. These certificates represent loans which are repayable at a future date with interest.

Currency hedging: a technique using forward currency contracts to offset the risks associated with the changing value of currency on the fund's overseas investments.

Custody: safe keeping of securities by a financial institution. The custodian keeps a record of a client's investments and may also collect income; process tax reclaims and provide other services according to the client's instructions.

Deferred pension: the inflation-linked retirement benefits payable from normal retirement age to a member of the fund who has ceased to contribute as a result of leaving employment or opting out of the pension scheme before the normal retirement age.

Designated body: an organisation which must make a statutory resolution covering some or all of its employees, stating that they may be scheme members.

Emerging markets: developing economies in Latin America, Africa, Asia and the Middle East as well as areas of Europe and the Far East. Investment returns within these markets tend to be more volatile than those in more established markets.

Equities: ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholders' meetings.

Equity protection strategy: a strategy that uses a combination of derivatives in order to dampen equity market risks while receiving dividends from an underlying equity portfolio. The strategy is currently being used to reduce equity risk while the fund considers making allocations to other investments.

Fixed interest securities: investments in mainly government but also company stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date, but which can be traded on a recognised stock exchange before the repayment date.

Fund of funds: funds whose principal activity is investing in other investment funds. Investors in funds of funds can increase their level of diversification and take advantage of the experience and research capability of the fund of fund's manager.

Futures: a contract made to purchase or sell an asset at an agreed price on a specified date.

Hedge funds: an investment fund that uses sophisticated investment strategies to profit from opportunities on financial markets around the world. These strategies include borrowing money to make investment, borrowing shares in order to sell them and profiting from company mergers.



Section G: Glossary

Infrastructure: a relatively new asset class often regarded as a stable source of cash flow with limited correlation to other asset classes providing diversification and low volatility. Its inflation hedging and long duration characteristics have also added to its attraction for investors. Infrastructure encompasses two broad groups: economic (transportation, utilities and communications) and social (schools, hospitals, prisons and government buildings).

Index-linked securities: investment in government stock that guarantee a rate of interest linked to the rate of inflation. These securities represent loans to government which can be traded on recognised stock exchanges.

Insurance-linked securities (ILS): a way of investing in insurance markets, receiving a premium in order to underwrite specific risks such as weather events. The strategy is diversified across a range of different underlying risks, insurers and types of insurance investment. ILS typically produces returns that do not move in line with other markets, which is a useful characteristic when held alongside the fund's other portfolios.

Investment grade corporate bonds: bonds that a credit ratings agency has signalled carry a lower rate of default. The corporate or municipal entities issuing these bonds normally have a credit rating of Baa or BBB from the main rating agencies to signify their credit standing.

Market value: the price at which an investment can be bought or sold at a given date.

MiFID II (Markets in Financial Instruments Directive II): a European Union law that provides harmonised regulation for investment services across member states of the European Economic Area.

Myners Principles: a set of six principles which pension schemes are required to consider and publish their degrees of compliance. The principles require pension schemes to disclose, for example, the effectiveness of decision making, performance management reporting and approach to shareholder voting.

Pooled investment vehicles: any fund in which multiple investors contribute assets and hold them as a group.

Private debt: lending outside of the traditional banking network to private corporates, new and developing companies.

Private equity: investments into new and developing companies and enterprises which are not publicly traded on a recognised stock exchange.

Property debt: a strategy that provides loans secured on commercial property and income (rent). The loans are typically bilateral (one lender and one borrower) and can be created for a range of purposes, including redevelopment.

Return: the total gain from holding an investment over a given period, including income and increase (decrease) in market value.

Scheme employers: councils and other similar bodies whose staff automatically qualify to become members of the pension scheme.

Stakeholders: scheme members who have a financial interest in the fund's investments. Council taxpayers who are not fund members are not considered to be either beneficiaries or stakeholders.

Stewardship code: a code requiring institutional investors to be transparent about their investment processes, engage with investee companies and vote at shareholders' meetings.

Task force on climate related financial disclosures (TCFD): a global standard to develop and communicate climate strategies.

Transfer value: these are sums which represent the capital value of past pension rights which a member may transfer on changing pension schemes.

Unit trust (managed funds): a pooled fund in which small investors can buy and sell units. The pooled fund then purchases investments, the returns on which are passed on to the unit holders. It enables a broader spread of investments than investors could achieve individually.



Contact us

Further Information

If you can read this but know someone who can't, please contact the Pensions Helpdesk so we can provide this information in a more suitable format.

Administered by:

Pension Services, PO Box 4826,
Shrewsbury,
SY1 9LG
www.shropshirecountypensionfund.co.uk

Pensions Helpdesk:

(01743) 252 130

Our telephone lines are open from:

(excluding Bank Holidays)

Monday, Tuesday and Thursday: 10am to 4pm

Wednesday and Friday: 10am to 1pm

E-mail us via the online contact form:

www.shropshirecountypensionfund.co.uk/contact-us



Grant Thornton UK LLP

17th Floor

103 Colmore Row

Birmingham

B3 3AG

DATE:

Dear Grant Thornton UK LLP

Shropshire County Pension Fund

Financial Statements for the year ended 31 March 2026

This representation letter is provided in connection with the audit of the financial statements of Pension Fund Test 1 (the "Fund") for the year ended 31 March 2026 for the purpose of expressing an opinion as to whether the Fund financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Fund's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include level 2 and level 3 investments. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities include identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. During the year we evaluated our estimation process for level 2 and level 3 investments and no change to estimation process were made. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
- vi. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Fund has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- ix. We have considered the prior year unadjusted misstatements schedule included in your Audit Findings Report and attached to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Fund and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- x. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xii. We have updated our going concern assessment. We continue to believe that the Fund's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that that:
 - a. the nature of the Fund means that, notwithstanding any intention to liquidate the Fund or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

- b. the financial reporting framework permits the Fund to prepare its financial statements on the basis of the presumption set out under a) above; and
- c. the Fund's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

Information Provided

xiii. We have provided you with:

- a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- b. additional information that you have requested from us for the purpose of your audit; and
- c. unrestricted access to persons within the Fund from whom you determined it necessary to obtain audit evidence.

xiv. We have communicated to you all deficiencies in internal control of which management is aware.

xv. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xvi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xvii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund, and involves:

- a. management;
- b. employees who have significant roles in internal control; or
- c. others where the fraud could have a material effect on the financial statements.

xviii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xix. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xx. We have drawn to your attention all correspondence and notes of meetings with regulators.

xxi. We have drawn to your attention all correspondence with The Pensions Regulator confirmed to us by all of our other advisors.

xxii. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.

xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the Fund's Pension Committee at its meeting on 18th September 2026.

Yours faithfully

Name: Duncan Whitfield

Position: s151 Officer

Date:

Signed:

Signed on behalf of the Fund

Name: Gary Groves

Position: Chair of Pension Committee

Date:

Signed:

Signed on behalf of the Fund

Appendix 1 – Prior Year Unadjusted Misstatements

Unadjusted misstatements

This is a summary of unadjusted misstatements identified during the audit. We are required to report all non-trivial misstatements to those charged with governance.

Adjustment ref.	Detail	Pension Fund Account		Net Asset Statement £'000		Impact on total net assets £'000	Reason for not adjusting
		Debit £'000	Credit £'000	Debit £'000	Credit £'000		
	Total net assets per final accounts					2,626,399	
1	Differences identified between the value of investments disclosed in the financial statements that are based on estimated value at 31 st March 2025, compared to the Actual investment valuation statement received following accounts preparation. The draft financial statement investment balance is £4.489m lower based on the estimated value compared to if actual investment value		4,489	4,489		4,489	Not material qualitatively or quantitatively

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Pensions Committee
Date 18 September
2026

Item 8

Public

Corporate Governance Monitoring Report

Responsible Officer:	Peter Chadderton		
email:	peter.chadderton@shropshire.gov.uk	Tel:	07990 086399
Cabinet Member (Portfolio Holder):			

1. Purpose of Report

- 1.1 The report is to inform members of corporate governance issues arising in the quarter, 1st April 2026 to 30th June 2026., together with confirmation of the position in respect of the Funds renewal of its stewardship code application and the latest correspondence with the PSC.

2. Recommendations

- 2.1. Members are asked to note and accept the position as set out in the report in respect of voting and engagement activity.
- LGPS Central at **Appendix A**,
 - Columbia Threadneedle Investments Responsible Engagement Overlay Activity Report at **Appendix B** and
 - LAPFF Engagement Report at **Appendix C**.
 - The update on further contact from the PSC on investing in companies in conflict zones.
 - The update on the renewal application for the UK Stewardship Code.
- 2.2 To confirm that the Committee delegate authority to the Chair to agree the response to the Palestine Solidarity Campaign on behalf of the Fund.

3. Background

- 3.1 The Shropshire County Pension Fund has been actively voting for over eighteen years at the Annual General Meetings and Extraordinary General Meetings of the companies in which it invests. Voting is carried out by LGPS Central through EOS @ Federated Hermes (EOS) on all equity portfolios since the 1st January 2025 which ensures a consistency of approach. **Appendix A** to this report shows the engagement examples by EOS and engagement work by LGPS Central.

- 3.2 Prior to January 2025 voting was undertaken by both LGIM in respect of the Funds passive equity portfolio and EOS on behalf of LGPS Central.
- 3.3 The Fund is also addressing its social responsibility through a strategy of responsible engagement with companies. Columbia Threadneedle Investments (CTI) provides this responsible engagement overlay on the Fund's global equities portfolios.
- 3.4 CTI engage with companies across five key engagement themes and a rolling program of 10 projects. The current themes and projects are shown below

Theme	Project
Climate Change	Coal phase out
	Deforestation
Environmental Stewardship	Emissions and plastic waste
	Sustainable supply and demand of critical minerals
	Responsible Water Stewardship
Human Rights	Responsible governance of Artificial Intelligence
Public Health	Diversity in clinical trials
	Sustainable Food Systems
Governance	Improving board gender diversity in Asia
	Independent Board Evaluation

- 3.5 Engagements often operate over a period of several years reflecting the time taken to build relationships and develop real change. A copy of their quarterly report is attached at **Appendix B**.
- 3.6 In addition the 86 LGPS Scheme members and the pooling companies are represented by the Local Authority Pension Fund Forum (LAPFF). LAPFF use the holdings of the entire Local Government Pension Scheme to leverage engagement with companies on a range of ESG issues and their quarterly report is attached at **Appendix C**.

4. Executive Summary

- 4.1. Detail is provided on the actions taken by the Funds key stewardship partners in respect of the quarter from 1st April 2026 to 30th June 2026.
- 4.2. An update on the latest correspondence with the Palestine Solidarity Campaign on funds investing in conflict areas.

- 4.3. Confirmation that the Fund intends to apply for continuation of its UK Stewardship Code credentials under the new 2026 framework.

Report

5. Risk Assessment and Opportunities Appraisal

- 5.1. Risk Management
Risk Management is part of the Pension Fund's structured decision-making process by ensuring that investment decisions are taken by those best qualified to take them.
- 5.2. Human Rights Act Appraisal
The recommendations contained in this report are compatible with the Human Rights Act 1998.
- 5.3. There are no direct Equalities or Community consequences.
- 5.4. Environmental Appraisal
The Fund's Corporate Governance Policy enables it to influence the environmental policies of the companies in which it invests.

6. Financial Implications

- 6.1. There are no direct financial implications arising from this report.

7. Climate Change Appraisal

- 7.1 The Fund takes responsible investment very seriously and has a Climate Change Strategy (updated in September 2024) in place committing to net zero by 2050 in line with the Paris accord on climate change adopted in 2015 and setting out interim targets to achieve that goal.
- 7.2 Responsible investment is a key process the investment managers go through before investing and something the fund considers as part of investment opportunities. Thorough due diligence is undertaken considering all risks including climate change. The investment managers vote where applicable on the Fund's behalf, Columbia Threadneedle Investments engage with companies on the Fund's behalf and the Fund is a member of the Local Authority Pension Fund Forum (LAPFF) which undertakes engagements on behalf of all LGPS members.
- 7.3 Shropshire County Pension Fund is a signatory to the UK stewardship code.
- 7.4 Shropshire County Pension Fund has also received and published Climate Risk Reports and TCFD reports since December 2020. The latest report from December 2025 is publicly available on our website.

8. Manager Voting Activity

- 8.1. The LGPS Central stewardship report at [Appendix A](#) is a generic report across all of the investments operated by LGPS Central and those products that LGPS Central can vote on through Legal and General, it is not specific to the products in which the Fund is invested. This means that the majority of examples and engagements will relate to the Fund's portfolio but not all. In respect of the report at [Appendix A](#), the following three companies were not held by the Fund as at the 30th June 2025 – Exxon Mobil, Volution Group, and Vale. The report covers the half year from January to June 2026 because as previously advised no report is produced in Q1 due capacity and priorities at that time.
- 8.2. The Fund holds the following public market investments which are voted on and engaged with by LGPS Central:
- LGPS Central Global Equity (Multi Manager Fund)
 - LGPS Central Sustainable Equities Broad Fund
 - LGPS Central Sustainable Equities Targeted Fund
 - LGPS Central Investment Grade Credit Fund (Engagement Only)
 - Legal and General Investment Managers (LGIM) Low Carbon Global Equity Passive Fund.
- 8.3. The Funds investments are held on a pooled basis so the Fund actually holds units in a pool which has underlying investments, this means unlike previous segregated mandates the equities are in the name of LGPS Central or LGIM. On average there are approximately between 1700/2000 underlying holdings in the portfolios at any given point.
- 8.4. LGPS Central have set their stewardship themes for three years covering 2024 to 2027 reflecting again the average length of engagements to impact real change.

Their current themes are:

- Climate Change
- Natural Capital
- Human Rights Risk
- Sensitive and Topical Issues

- 8.5. LGPS Central have developed the following scale to allow transparency and understanding of the success of engagements and these are reflected where appropriate in the report at [Appendix A](#) in section 4 pages 23-25.

The engagement response will be measured across 4 levels:

- Level 0 No progress has been made as a result of engagement.
- Level 1 Minimum expectations have been met.
- Level 2 Moderate progress.
- Level 3 Successful outcome.

- 8.6. For example in the case of an engagement on climate change the four levels would reflect the following positions:

- Level 0 No progress or a failure by the company to engage.
- Level 1 Companies disclosing data to facilitate carbon performance assessment.
- Level 2 Progress observed in Climate Action100+ Benchmark Framework, Companies improving on TPI (Transition Pathway Initiative) quality ladder, Companies partly aligning with LGPS Central Net Zero Strategy.
- Level 3 Complete and demonstratable alignment to LGPS Central Net Zero Strategy.

8.7 The report shows the key companies that LGPS Central and partners have had engagement with across the four key stewardship themes. It also shows the escalation proposed on all companies where there is a failure to see adequate progression. The highest current level of escalation is level 3 across the priority companies. This applies to 10 engagements that impact nine holdings in the Fund's portfolio, the exception being Volution Group. The majority appear under human rights risk and sensitive and topical issues. Level 3 as set out in the report is the highest level of engagement, prior to direct action including actions such as potential public statements, AGM attendance and extending voting dissent to appointments and approval of annual report/accounts.

9. Responsible Engagement Activity

- 9.1. During the last quarter Columbia Threadneedle Investments have continued to actively engage with companies on the Fund's behalf. An update on the engagement activities for the quarter is attached at **Appendix B** in the REO Activity report. This report covers companies across all the Fund's equity portfolios and includes engagement examples from Prysmian, BYD, BMW, Michelin and Mondelez Int.
- 9.2. In addition to the public overview Columbia Threadneedle Investments also produce a confidential report on an ongoing engagement which can be shared with Committee members on request.
- 9.3. As part of the service provided by Columbia Threadneedle, they screen holdings against breaches and controversies around the UN Global Compact which is a voluntary initiative to get CEO's to adopt sustainable and socially responsible practices. There were no reported breaches in the last quarter.
- 9.4. In addition to the service provided by Columbia Threadneedle Investments, the Fund is also a member of the LAPFF (Local Authority Pension Fund Forum). The LAPFF use the combined power of LGPS Members to engage with companies on behalf of the LGPS. An update on the engagement activities of the LAPFF for the quarter is attached at **Appendix C**.
- 9.5. The LAPFF engagement is not specific to companies in the Fund's portfolio. The LAPFF use Local Government Pension Scheme (LGPS) share holdings at an aggregate level to determine engagement companies, and they often engage at a sector level as well as with specific companies. Examples of some of the companies within the Shropshire portfolio on 30th June 2026 include an article on climate change mitigation which covers BP and an item on UK Banks Climate obligations which covers HSBC and Nat West. The article on Modern Slavery Benchmark covers engagements with Philip Morris International (PMI), Salesforce

and Amgen all of which are held in the Shropshire portfolio. Other articles such as Mining PRI and Earthworks may not cover specific companies in the Shropshire portfolio, but they do highlight sector issues.

10. Conflict Affected Areas

- 10.1 The Palestine Solidarity Campaign (PSC) has long raised the issue of conflict affected areas specifically in respect of the occupied territories requesting all LGPS Funds divest from companies they allege are involved in breaches of International Humanitarian Law. This point was originally raised in August 2025 supported by a legal position paper.
- 10.2 The Fund's position on investment in companies in conflict affected and high-risk areas is set out in our CAHRA statement which is available on the Funds [website](#) and is backed by legal opinion from Nigel Giffen KC which was obtained by the Scheme Advisory Board on behalf of the LGPS.
- 10.3 On the 12th May 2026 the Government through the minister at the MHCLG responded stating "The Government's position is clear: decisions on boycotts, divestment and sanctions are matters of UK foreign policy and are for central government, not local authorities. It is therefore not appropriate for local authorities to adopt investment policies that go beyond or differ from UK Government sanctions or foreign policy positions." A full copy of the response was provided at Appendix C to the June Committee meeting.
- 10.4 Since that response the Palestine Solidarity Campaign (PSC) have again contacted all Funds on 3rd August to challenge the MHCLG letter and question the authority of the minister to provide the direction given. The Fund recognises the seriousness and complexity of the matters raised by the PSC, as well as the significant public interest in them. We are currently finalising a holding letter with LGPS Central as our stewardship partner as we look to further clarity from central government on the legal arguments put forward by the PSC. The response will be agreed with the Chair and a copy provided to all members.
- 10.5 The Fund continues to keep the position under review and recognises the hardship for people living in these areas, for the reasons outlined in our CAHRA statement, the Fund believes that the effective stewardship of assets provides the best long-term outcomes for stakeholders and society.
- 10.6 The Fund continues to work with stewardship partners to ensure that all companies operating in impacted areas have appropriate policies in place and promote formal adoption of the UN guiding principles in these areas.

11. Stewardship Code 2026

- 11.1. The Financial Reporting Council (FRC) revised the stewardship code for 2026 to reduce the burden of reporting across both asset owners and manager. From 2026 the requirement on Policy and context disclosures will only require to be submitted every fourth year. This will require the fund to provide disclosures and evidence covering the following five principles.

Disclosure	
A	Organisation, investment beliefs and stewardship approach
B	Governance and resources
C	Policies, processes and review
D	Conflicts of interest
E	Dialogue with clients and/or beneficiaries

11.2. On an annual basis the Fund will be required to submit an activities and outcomes report covering the following six principles as appropriate.

Activities and Outcomes	
1	Integrating stewardship and investment
2	Promoting well-functioning markets
3	Engagement
4	Exercising rights and responsibilities
5	Selection and oversight of managers
6	Monitoring service providers

11.3. The FRC have acknowledged that not all six principles will apply depending upon the setup of the asset owner /manager, so in the instance of SCPF under the Pensions Bill principle 5 will fall under LGPS Centrals control.

11.4. The FRC have designated 2026 a transition year so all existing signatories will remain on the FRC Stewardship code list until 2027, but we intend to submit a 2026 renewal as best practice and to ensure alignment with the new guidance prior to the 2027 renewal.

11.5. Officers will prepare the application with assistance from LGPS Central as our primary stewardship provider, and this will be circulated to Members for comment prior to the 31st October submission deadline.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Climate Risk Report, Pensions Committee 5 December 2025

Corporate Governance Monitoring report, Pensions Committee 19 September 2025

Corporate Governance Monitoring report, Pensions Committee 05 December 2025

Corporate Governance Monitoring report, Pensions Committee 20 March 2026

Corporate Governance Monitoring report, Pensions Committee 19 June 2026

Local Member:

N/A

Appendices [Please list the titles of Appendices]

Appendix A – LGPS Central Stewardship Report 1st January 2026 to 30th June 2026

Appendix B – Columbia Threadneedle Investments Engagement Overlay Report 1st April 2026 to 30th June 2026

Appendix C – LAPFF Quarterly Engagement Report 1st April 2026 to 30th June 2026

Stewardship Update

H1 2026 (JANUARY – JUNE 2026)





Responsible Investment & Engagement

LGPS Central's approach



LGPS Central's approach to Responsible Investment & Engagement carries two objectives:

OBJECTIVE #1

Support investment objectives

OBJECTIVE #2

Be an exemplar for responsible investment within the financial services industry, promote collaboration and raise standards across the marketplace

These are met through three pillars:



LGPS Central's approach to responsible investment is driven by an assessment of financially material risks and opportunities that could affect long-term investment returns. ESG factors are considered because of their potential impact on investment performance, and our stewardship and investment decisions remain focused on delivering long-term value. This update covers LGPS Central's stewardship activity. Our stewardship efforts are supplemented by global engagement and voting services provided by EOS at Federated Hermes. For more information, please refer to our Responsible Investment & Engagement Framework and Annual Stewardship Report.

Additional Disclosures

Responsible Investment & Engagement Framework



Climate Report



Voting Principles



Voting Disclosure



Voting Statistics



Stewardship Code Report



Signatory of:





01 H1 Stewardship Activity Overview

A summary of engagement and voting activities and key stewardship developments

Key Stewardship developments

2026 Proxy Season: Governance Takes Centre Stage

The second quarter of 2026¹ saw a growing focus on governance, shareholder rights and board accountability, reflecting broader changes in investor priorities across global markets. While environmental and social issues remained important, many of the quarter's most significant stewardship debates centred on how boards oversee strategic decisions, respond to shareholder concerns and demonstrate effective oversight of long-term value creation.

A Changing Stewardship Landscape

This evolution was particularly evident during the 2026 proxy season. Shareholder proposals continued to decline in number, while governance-related resolutions represented the largest share of proposals brought to a vote (49%)². At the same time, regulatory developments in the United States created a more complex environment for shareholder engagement, encouraging investors to place greater emphasis on direct dialogue with companies rather than relying solely on the annual meeting process.

These developments shaped our stewardship activity during the quarter. We continued to view governance as the foundation through which investors assess climate strategy, executive remuneration, natural capital, human rights and shareholder rights, and as the key mechanism for holding companies accountable for delivery against stated commitments.

Governance Under the Spotlight

Ahead of BP's 2026 Annual General Meeting (AGM), we engaged with the Company Secretary and Investor Relations team

regarding several governance concerns arising from proposals advanced under the new Chair. Our discussions focused on the exclusion of a shareholder resolution, proposed changes to the Articles of Association that could enable virtual-only AGMs, and the proposed removal of shareholder-approved climate disclosure resolutions. We stressed that changes affecting shareholder rights and corporate accountability should be supported by robust justification and meaningful shareholder consultation. The proposals attracted significant investor opposition and both management resolutions ultimately failed to obtain majority support at the AGM [further detail is provided below].

We also voted against ExxonMobil's proposal to redomicile from New Jersey to Texas, opposed Nvidia's executive remuneration package due to concerns about limited performance metrics, weak clawback provisions and alignment with long-term value creation, and supported a Meta Platforms proposal seeking alignment between voting rights and economic ownership. Taken together, these actions reflect a consistent stewardship approach: governance arrangements allow shareholders to understand, challenge and influence decisions that may affect long-term value.

New Listings, Familiar Questions

The quarter also highlighted the stewardship implications of companies entering public markets with governance structures that may not align with investor expectations. Investor attention was drawn to the public market debut of a Communications Services company, one of the most closely watched listings in recent years. While the company's growth profile and strategic importance generated significant market interest, governance considerations quickly emerged as an area of focus. Concerns

¹ References to the "quarter" in the voting commentary refer to the peak proxy voting season (Q2), when most Annual General Meetings and voting activity occur.

² "Shareholder proposal submissions declined from 951 in 2025 to approximately 789 in 2026. Corporate governance proposals comprised the largest share of proposals at 49%." Mayer Brown LLP, June 2026



relating to concentrated founder control, board independence, shareholder rights and transparency raised important questions regarding how investors assess governance risks in rapidly growing companies entering public markets. As index providers and asset owners evaluate new entrants to global benchmarks, governance quality remains a critical component of long-term investment decision-making.

Collectively, these developments highlight a growing stewardship focus on the quality of corporate decision-making rather than

outcomes alone. Whether assessing climate transition plans, executive remuneration or biodiversity commitments, investors are increasingly asking a common question: do governance structures provide confidence that commitments will translate into action? Against this backdrop, LGPS Central's stewardship activity concentrated on areas where governance, accountability and transparency are most closely linked to long-term value creation.

Engagement Highlights

Assessing Transition Readiness

We continued to engage with heavy emitting priority engagement companies to ensure that their approach to climate risk management is adequate. Engagements with Holcim and ArcelorMittal reflected the importance of clear pathways, interim milestones, board oversight and transparency over the investment and operational decisions required to support decarbonisation. In both cases, the stewardship focus was not simply on the existence of climate objectives, but on whether the companies can demonstrate how those objectives will be governed, implemented and reported in a way that allows investors to assess execution risk, resilience and alignment with long-term value creation.

Nature, Biodiversity and Resilience

Natural capital and circularity were also important areas of focus. At Rio Tinto, engagement on biodiversity and nature-related risk highlighted the need for governance frameworks that connect group-level commitments with asset-level accountability, monitoring and disclosure.

At LyondellBasell, engagement on petrochemical strategy and circularity focused on changes to sustainability ambitions, the dependencies that underpin delivery, and the alignment between strategic priorities, capital allocation and market conditions. Our focus remained on assessing the credibility and stringency of the company's circular economy strategy.

We co-signed letters to several European multinationals encouraging transparency over the company's approach to policy engagement on the EU Deforestation Regulation (EUDR). We requested the companies to clarify their position on the EUDR, including an explanation of how the Company engages with its industry associations to ensure alignment of positions regarding this regulation.

Alongside 172 investors we supported the 2026 CDP Non-Disclosure Campaign. The campaign targets 770 companies to disclose environmental data via CDPs questionnaire. Transparent environmental disclosures enable investors and lenders to accurately assess a company's exposure to environmental

risks, evaluate long-term financial resilience, and allocate capital toward businesses that demonstrate sustainable and responsible practices.

Embedding Human Rights Oversight

Human rights engagement similarly centred on governance effectiveness, due diligence and disclosure quality. At Volution, our dialogue on modern slavery and supply-chain risk reflected a broader expectation that companies should be able to identify salient risks³, explain how those risks are assessed and escalated, and provide reporting that enables investors to understand the effectiveness of controls.

We also wrote to Alstom, Thales and QinetiQ, which had been identified as lacking a publicly disclosed human rights policy, encouraging greater transparency regarding human rights governance and risk management. While a policy alone does not guarantee effective oversight, its absence can make it difficult for investors to assess how companies identify, manage and mitigate human rights risks.

Supporting Effective Policy Frameworks

We sent a letter to the European Commission last year outlining LGPS Central's position on the EUDR. The EUDR provides a legal framework and due diligence requirements for companies exporting forest-risk commodities (e.g. palm oil, soya, wood, cocoa etc) into the EU. We emphasised that postponing the regulation would create uncertainty, undermine investor confidence, and expose companies and pension savers to greater climate and biodiversity related risks. Encouragingly, in their response the Commission emphasised that the EUDR will be implemented in a timely manner with no further delay. We alongside 55 investors representing EUR 13.6 trillion in assets have called on EU leaders to support a robust and predictable EU Emissions Trading System (ETS), ahead of the ETS review, which is a critical moment for Europe's competitiveness and energy security.

We co-signed a letter to the Attorney-General of Australia which called for the 2018 Modern Slavery Act to align with international standards, such as the UN Guiding Principles on Business and

³ In corporate and human rights contexts, salient risks refer to the most critical risks that a company's activities or business relationships may pose to individuals or communities.



Human Rights, and risk-based due diligence, which would level the playing field and promote an effective, proportionate, and outcome focused approach to addressing modern slavery – reflecting what many Australian businesses are already doing.

We responded to the FCA's consultation on simplifying climate disclosure requirements for investment products, supporting efforts to streamline reporting while emphasising that any changes must not reduce the quality, comparability, timeliness or availability of climate-related information for institutional investors. The response highlighted the importance of product-level disclosures for manager due diligence and oversight, and called for continued access to decision-useful information, including forward-looking metrics. We also urged the FCA to provide clear expectations on disclosure updates, materiality thresholds and transparency to avoid weakening climate reporting standards in the market.

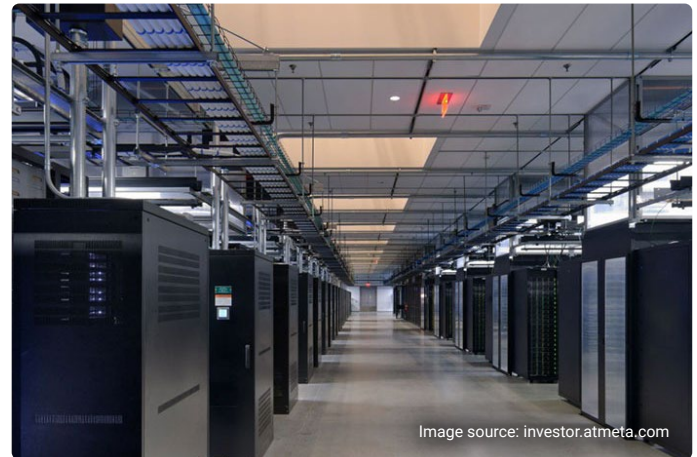


LGPS Central has retained its signatory status to the UK Stewardship Code for the sixth year in a row, as confirmed by the Financial Reporting Council. As of 09 July 2026, there are 291 signatories to the Code. In 2026, the Financial Reporting Council published updated Stewardship Code guidance intended to improve the consistency and comparability of stewardship reporting. The guidance encourages signatories to focus on material stewardship activities and outcomes, supported by clear evidence of effectiveness.

LGPS Central's stewardship approach reflects our continuous efforts to exercise our fiduciary duty and to excel in stewarding the assets managed on behalf of our Partner Funds. The UK Stewardship Code sets best practice for stewardship reporting, guiding those responsible for managing investments on behalf of UK savers, pensioners, and their supportive institutions. Stewardship embodies the diligent allocation, administration, and oversight of capital with an unwavering commitment to creating lasting value for Partner Funds and their scheme members.



Voting Highlights



ExxonMobil

Exxon Mobil Corporation

At Exxon Mobil Corporation, we opposed management's proposal to move the company's legal domicile from New Jersey to Texas because of concerns that the change could weaken certain long-standing shareholder protections. We also supported resolutions aimed at strengthening accountability through an independent Board Chair and greater choice within the company's retail voting programme. Further detail on this voting decision is provided later in the report.

Meta

Meta Platforms, Inc.

At Meta Platforms, Inc., we supported a shareholder proposal for all stock to have one vote per share, consistent with the rationale that the proposal sought to protect and advance shareholder rights on behalf of institutional investors; the resolution failed but received 26.5% support. See further detail on page 22.

FIGURE 1: OVERVIEW OF ENGAGEMENTS

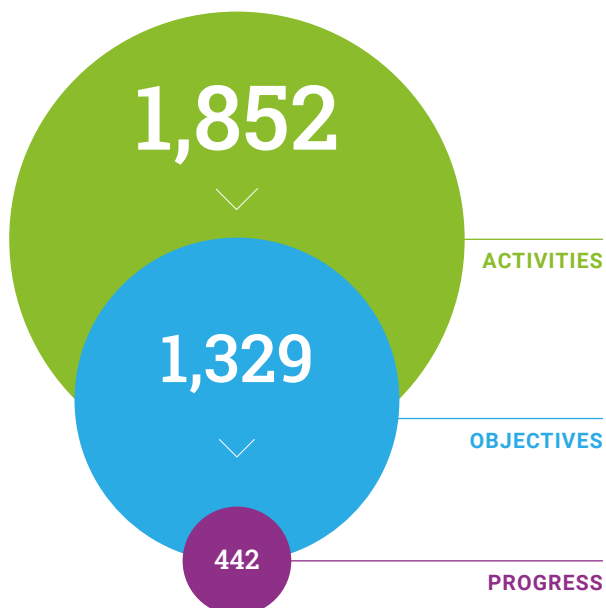
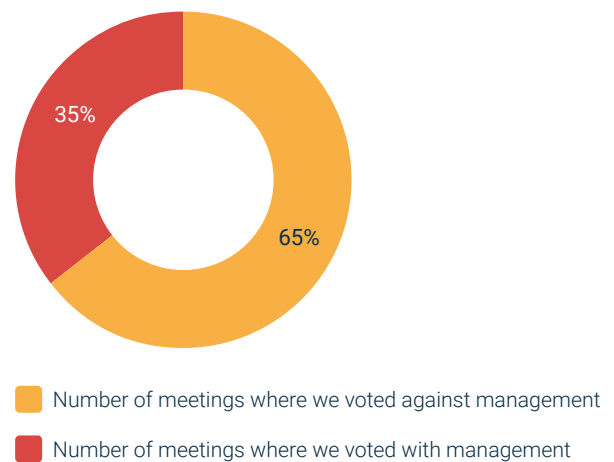


FIGURE 2: GLOBAL VOTING





02 Engagement Case Studies

Below, we provide more detailed examples of ongoing or new engagements related to the four Stewardship Themes identified in collaboration with our Partner Funds.



How we measure engagement progress:

- No Progress Made
- Minimum Expectations
- Moderate Progress
- Successful Outcome



During the reporting period, our engagement efforts⁴ comprised 1,001 companies. 1,852 engagement activities⁵ took place against 1,329 specific objectives, positive progress was measured on 442 instances. Most engagements were conducted through letter issuance or remote company meetings, where we, our partners or our stewardship provider (in a majority of cases) met or wrote to the Chair, a Board member or a member of senior management.



⁴ This includes engagements undertaken directly, in collaboration, and via our contracted Stewardship Provider on LGPS Central's stewardship themes.

⁵ There can be more than one engagement issue per company, for example board diversity and climate change.



Climate Change Engagements



Our climate change engagement set comprised 245 companies with 236 engagement activities⁶. Positive progress is measured on 236 engagement objectives.

FIGURE 3: BREAKDOWN OF CLIMATE CHANGE ENGAGEMENT BY TYPE

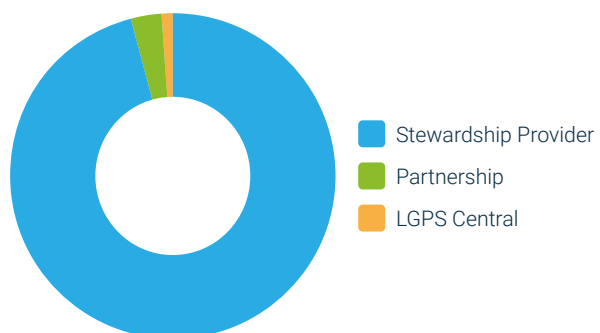
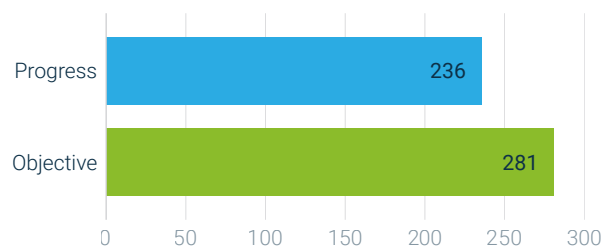


FIGURE 4: CLIMATE CHANGE ENGAGEMENT BY OUTCOME



⁶ There can be more than one climate-related engagement issue and/or objective per company.



Holcim

PROGRESS:

■ Moderate Progress

OBJECTIVE:

To disclose a pathway to achieve its 2030 clinker factor⁷ reduction target of 68%. A secondary objective was to improve transparency regarding the assessment criteria used for board-level ESG competence.

LINK TO LONG-TERM VALUE CREATION:

Decarbonisation of cement production is a material strategic issue for the sector. Improved disclosure on clinker reduction pathways and board oversight of climate-related matters can help investors assess transition readiness, capital allocation, execution risk and the credibility of long-term climate commitments. Enhanced transparency supports more informed stewardship and investment decision-making.

ENGAGEMENT:

LGPS Central engaged with Holcim's ESG and Investor Relations teams regarding disclosure of the company's

pathway to achieving its 2030 clinker factor target. During the discussion, investors encouraged the company to provide greater detail on market-level clinker reduction pathways, expected capital expenditure requirements and the contribution of alternative materials to target delivery.

The company indicated that additional information would be provided within its FY2025 Annual Report. A follow-up review of published disclosures was identified as the next step to assess progress against the engagement objective.

A separate engagement focused on board governance and climate oversight. Holcim confirmed that it was undertaking an external assessment of board competence and stated that the results, including relevant disclosure, would be reported in its FY2026 reporting cycle.

OUTCOME:

The company demonstrated responsiveness by engaging directly with investors and indicating planned future disclosure enhancements. Holcim committed to providing additional information on its clinker reduction strategy in FY2025 reporting and confirmed an external assessment of board ESG competence. Progress will be evaluated through forthcoming annual-report disclosures.

⁷ Clinker is the main ingredient in cement and is produced by heating limestone and other materials at high temperatures; the clinker factor refers to the proportion of clinker used in cement production, with lower clinker use generally resulting in lower carbon emissions.



ArcelorMittal

PROGRESS:

■ Minimum Expectations

OBJECTIVE:

To encourage the company to strengthen its climate strategy through the adoption of a robust interim climate target.

LINK TO LONG-TERM VALUE CREATION:

Steel producers face material business risks from evolving regulation, energy costs, customer procurement requirements, and the capital investments needed to modernise production assets. Investors therefore require clear milestones and disclosure to assess whether management is deploying capital efficiently, maintaining cost competitiveness, and positioning the company to generate sustainable long-term returns. Improved transparency on transition planning supports better assessment of execution risk and long-term value creation.

ENGAGEMENT:

LGPS Central met with ArcelorMittal's Investor Relations and Sustainability team to discuss executive remuneration and the company's climate transition strategy. On remuneration, we reiterated concerns that have informed our opposition to the remuneration report for three consecutive years, including the absence of bonus deferral mechanisms, limited disclosure of annual bonus performance targets and achievement levels, and a lack of clarity regarding LTIP holding periods.

The discussion also focused on the company's revised climate strategy. ArcelorMittal recently reduced its 2030 emissions reduction target from 35% in Europe and 25% globally to a 10% group-wide target, reflecting only projects that have reached Final Investment Decision (FID). The company explained that this followed engagement with its largest shareholders and reflected challenges arising from the current policy environment.

We questioned why the company had not incorporated alternative decarbonisation scenarios within its transition planning, despite this being discussed during previous engagements. We also encouraged clearer disclosure of how the company's strategic pillars contribute to delivery of its decarbonisation targets and highlighted the need to strengthen the link between R&D investment and the company's long-term decarbonisation pathway.

OUTCOME:

The engagement provided greater transparency regarding the rationale for the revised 2030 climate target and reaffirmed the company's commitment to its long-term decarbonisation ambitions. LGPS Central identified several opportunities to enhance climate-related disclosures, including the use of scenario analysis, improved articulation of decarbonisation levers, and the introduction of measurable indicators linking R&D activity to climate objectives. The company was receptive to receiving examples of emerging market practice and peer approaches. LGPS Central will share examples of peer remuneration structures that demonstrate stronger alignment with shareholder expectations, together with examples of best practice transition planning, climate scenario analysis and disclosure of decarbonisation levers.



Natural Capital Engagements



Our natural capital-related engagement set comprised 785 companies with 916 engagement activities. Positive progress is measured on 77 specific engagement objectives.

FIGURE 5: BREAKDOWN OF NATURAL CAPITAL ENGAGEMENT BY TYPE

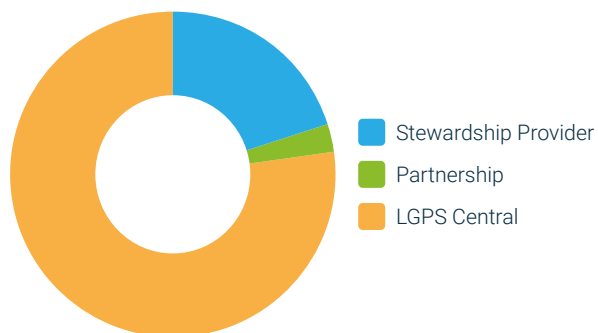
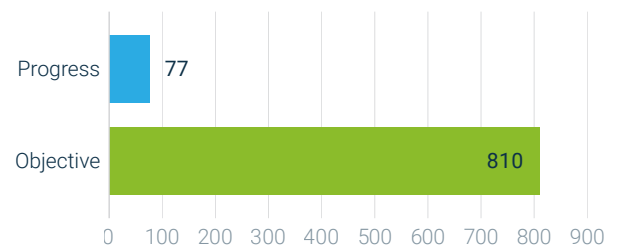
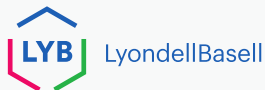


FIGURE 6: NATURAL CAPITAL ENGAGEMENT BY OUTCOME





LyondellBasell

PROGRESS:

■ Successful Outcome

OBJECTIVE:

To disclose a robust petrochemical strategy underpinned by credible targets.

LINK TO LONG-TERM VALUE CREATION:

The circular economy transition presents risks and opportunities for petrochemical producers. Failure to adapt to regulation, customer demand and scrutiny of plastic waste could increase compliance costs, restrict market access and strand assets. Disclosure on circularity, sustainable polymer production and capital allocation helps investors assess whether LyondellBasell is investing sufficiently to remain competitive and create long-term value in a lower-waste, resource-efficient economy.

ENGAGEMENT:

In 2024 we cosigned an investor statement to 22 petrochemical companies, including LyondellBasell (LYB), encouraging the reduction of fossil based plastic production and met with the CEO via a collaborative engagement initiative to discuss LYB's broader climate strategy. During the reporting period we met with investor relations to discuss LYB's circular strategy, stringency of the 2030 renewable-based polymer production target, and MoReTec-1, LYB's first industrial-scale chemical recycling facility, due to begin operations in 2027.

RESULT:

LYB strengthened disclosure of how it will respond to greater material circularity and reduced reliance on virgin fossil-based feedstocks⁸. It embedded circularity in corporate strategy through a dedicated Circular and Low Carbon Solutions (CLCS) business, one of its three strategic priorities. LYB also set a target to produce and

market 800kt of recycled and renewable-based polymers annually by 2030, supported by disclosure of delivery mechanisms, key assumptions, risks and governance. It revised its previous 2 million-tonne ambition because of weaker markets and increased capital discipline during the global petrochemical's downturn.

LYB reports annually against this target. Production reached 206kt in 2025, approximately 26% of its 2030 target. Although still a small share of total polymer production, this provides a transparent baseline for tracking progress.

LYB has also clarified its delivery approach, covering mechanical, chemical and solvent-based recycling and bio-circular feedstocks, with updates on projects including MoReTec-1, expected to begin operating in 2027. Although market conditions have delayed final investment decisions on further recycling facilities, LYB said demand for recycled materials remains robust, supported by voluntary commitments and evolving regulation, particularly in Europe. Its disclosure of policy, regulatory, demand and investment factors that could enable or constrain delivery helps investors assess execution risk and monitor management.

While LYB has not published a technology-by-technology volume pathway to 2030, its disclosures allow investors to assess strategic credibility, understand delivery assumptions, track progress and hold management accountable. However, it discloses key assumptions, enablers and risks, publishes policy positions on recycling and circular economy regulation, and emphasises the need for stable policy frameworks and investment incentives to expand recycling infrastructure.

Sustainability-related measures in executive remuneration provide further accountability.

We therefore consider the objective met: LYB now provides a robust petrochemical and circularity strategy, credible measurable targets and regular progress reporting. We have closed the objective and will monitor implementation through ongoing stewardship.

⁸ Virgin Fossil Feedstocks are primary materials derived directly from unprocessed fossil fuels, forming the default basis for most manufactured goods.



Rio Tinto

Rio Tinto

PROGRESS:

 Moderate Progress

OBJECTIVE:

To disclose a group-wide nature impacts and dependencies assessment.

LINK TO LONG-TERM VALUE CREATION:

Nature-related risks can have significant financial implications for mining companies through project delays, permitting challenges, operational disruption and reputational damage. Clear governance of biodiversity impacts, credible offset programmes and transparent disclosure provide investors with greater confidence that environmental risks are being effectively managed, supporting the long-term resilience and value of mining projects.

ENGAGEMENT:

Engagement centred on biodiversity management and governance arrangements across Rio Tinto's operations. We co-signed an AGM statement requesting greater clarity on the scope, ambition and publication timeline of the company's nature strategy.

Following the AGM, we met with the biodiversity management team across the Simandou project. Discussions focused on governance arrangements, accountability for biodiversity outcomes at asset level, monitoring of biodiversity risks, and implementation of offset mechanisms. Particular attention was placed on how management intends to ensure that biodiversity considerations are integrated into project development and operational decision-making.

The company also outlined its staged disclosure process, with impact assessments submitted first to the Guinean government prior to public release. Investors discussed the need for clarity and consistency in disclosure, particularly given the reliance on partner-led processes for parts of the project footprint.

OUTCOME:

Rio Tinto demonstrated a structured and technically robust approach to biodiversity management, including clear alignment with IFC PS6, implementation of mitigation measures, and establishment of a centralised offset governance mechanism. However, disclosure remains staged and partially dependent on partners, limiting current transparency. Further updates are expected as residual impact assessments are publicly released and offset strategies progress.



BASF

We create chemistry

BASF

OBJECTIVE:

To improve transparency on hazardous chemicals production, including substance-level disclosure and production volumes, so investors can better assess how the company is managing potential regulatory, liability and operational risks associated with hazardous chemicals.

ENGAGEMENT:

Through the Investor Initiative on Hazardous Chemicals, EOS engaged BASF from 2023 to May 2026 on the risks associated with hazardous chemicals in its production processes and products. Engagement activity included co-signing a letter to the CEO, regular dialogue with investor relations and ESG/governance teams, and a site visit to BASF's agricultural division R&D facility. The engagement asked BASF to strengthen transparency on hazardous chemicals by disclosing a full substance-level list and associated production volumes. BASF highlighted its focus on safe management, exposure

reduction and substitution where viable, while noting that many hazardous substances are controlled industrial intermediates rather than consumer-facing products.

OUTCOME:

BASF has strengthened its reporting on hazardous chemicals. In its 2025 Annual Report, the company disclosed aggregated volumes for substances of concern and substances of very high concern by hazard class, including carcinogenicity, mutagenicity, reproductive toxicity, sensitisation, persistence and bioaccumulation, and endocrine disruption. It also expanded disclosure on pollutant releases to water, including nitrogen, phosphorus, adsorbable organic halogens, total organic carbon, chlorides, cyanides and fluorides. BASF also improved transparency through its TripleS methodology, which classifies around 40,000 products across five categories. While BASF has not yet provided substance-level volume disclosure, these improvements should help investors assess how the company is managing potential exposure to liabilities and costs linked to hazardous chemicals. EOS will continue to monitor BASF's exposure through engagement via the Investor Initiative on Hazardous Chemicals.



Sensitive/Topical Activities



Our sensitive and topical activities engagement set comprised of 54 companies with 63 engagement activities. Positive progress is measured on 15 engagement objectives.

FIGURE 7: BREAKDOWN OF SENSITIVE/TOPICAL ACTIVITIES ENGAGEMENT BY TYPE

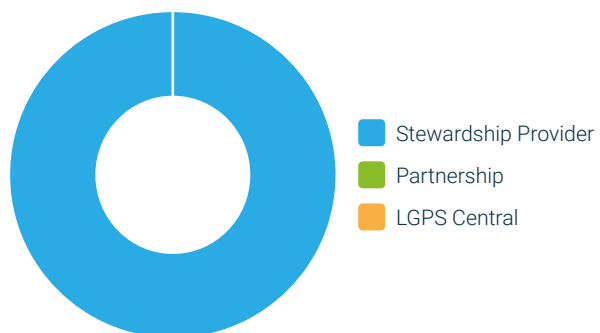
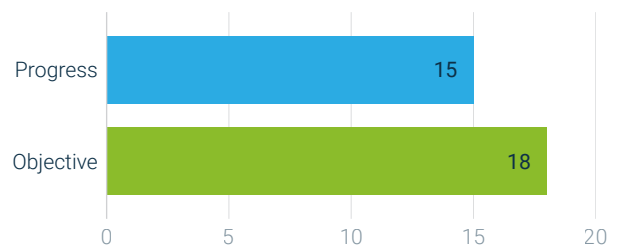


FIGURE 8: SENSITIVE/TOPICAL ACTIVITIES ENGAGEMENT BY OUTCOME





Toronto-Dominion Bank

OBJECTIVE:

To engage with the company on issues relating to anti-corruption and financial crime controls, with a focus on governance, risk management and organisational culture following concerns regarding anti-money laundering (AML) practices.

ENGAGEMENT:

During a series of meetings in 2025 and 2026, EOS discussed the bank's response to ongoing AML-related concerns and the broader governance implications arising from the controversy. The bank has acknowledged the concerns and confirmed that it continues intensive remediation of its AML programme.

EOS asked about the challenge of balancing day-to-day operations with the extensive remediation programme. EOS encouraged the company to remain guided by its broader business purpose while implementing regulatory requirements. EOS also challenged the company to demonstrate evidence of cultural improvement alongside regulatory remediation.

OUTCOME:

The company demonstrated responsiveness by acknowledging the concerns raised and providing detailed updates on its remediation programme, governance oversight, and cultural improvement initiatives in its public disclosures. Remediation remains ongoing and further evidence of governance oversight and sustained cultural change, will be reviewed through future engagement.



Human Rights Risks



Our human rights engagement comprised 213 companies with 386 engagement activities. Positive progress is measured on 114 specific engagement objectives.

FIGURE 9: BREAKDOWN OF HUMAN RIGHTS-RELATED ENGAGEMENTS BY TYPE

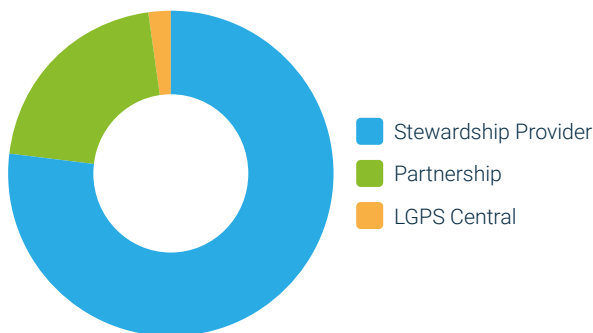
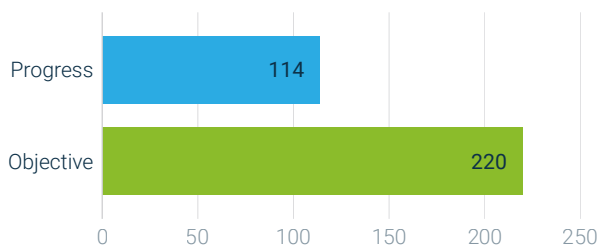


FIGURE 10: HUMAN RIGHTS-RELATED ENGAGEMENTS BY OUTCOME



volution

Volution Group plc

PROGRESS:

Moderate Progress

OBJECTIVE:

To strengthen its modern slavery and human rights disclosures, improve transparency around salient supply-chain risks, governance oversight, whistleblowing effectiveness, and alignment with recognised frameworks such as the UN Guiding Principles on Business and Human Rights (UNGPs).

LINK TO LONG-TERM VALUE CREATION:

Effective management of modern slavery and human rights risks supports long-term value creation by reducing supply-chain disruption, legal and reputational risks, and strengthening stakeholder confidence. As a highly acquisitive international business with operations and suppliers across multiple jurisdictions, robust due diligence, governance oversight, and transparent reporting are important for maintaining operational resilience and supporting sustainable growth.

ENGAGEMENT:

LGPS Central met with representatives of Volution Group plc, including the Company Secretary, Group



Procurement Director and Senior Independent Director, to discuss modern slavery risk management, supply-chain due diligence, governance oversight and disclosure expectations.

The company outlined a relatively mature framework for identifying and managing modern slavery risks. Management explained that enhanced due diligence is conducted on 181 key suppliers, supported by supplier assessments, physical audits in higher-risk jurisdictions and external risk-screening tools. The company noted that oversight is concentrated on Tier 1 suppliers while also seeking greater visibility into lower-tier supply chains.

Discussion focused on salient risk areas, including supply-chain operations, temporary labour providers, cleaning contractors and acquired businesses. Investors encouraged greater transparency regarding risk exposure, governance accountability and reporting. Management acknowledged that existing public disclosures do not fully reflect the breadth of activity undertaken and identified opportunities to enhance future reporting.

OUTCOME:

The engagement demonstrated constructive dialogue and evidence of responsiveness. Management recognised opportunities to strengthen disclosure around salient risks, governance accountability, whistleblowing effectiveness and alignment with recognised human rights frameworks. The company committed to sharing draft enhanced disclosures with investors in September 2026, providing a clear basis for follow-up and assessment of future progress.

Japanese Automotive Company

OBJECTIVE:

To improve human rights management and supply chain due diligence, supported by clearer disclosure, evidence of effectiveness and corrective actions, leading to a stronger Corporate Human Rights Benchmark (CHRB) performance.

ENGAGEMENT:

EOS met with company executives to discuss the low CHRB score and the need for stronger evidence that its human rights policies and due diligence processes are effective in practice. The company acknowledged the concerns and highlighted recent reforms to its human rights framework. EOS continued the dialogue and requested updates on implementation and oversight of human rights risks across the supply chain.

OUTCOME:

The company has demonstrated progress by updating its basic human rights policy in 2025 and committing to the gradual implementation of risk assessment, remediation and remedy processes across its domestic and international affiliates and suppliers. The company also recognised the importance of evidencing the effectiveness of its due diligence approach. While implementation remains ongoing, EOS considers the company to be moving in the right direction and will continue to monitor progress, disclosure and future improvements in human rights performance.



Vale SA

OBJECTIVE:

To strengthen governance, human rights due diligence and climate resilience regarding mining operations and affected communities.

ENGAGEMENT:

Through PRI Advance and wider stakeholder engagement activities, LAPFF engaged Vale on community impacts, human rights governance and climate resilience.

The engagement focused on how community concerns are escalated into operational decision-making and board oversight, the effectiveness of grievance mechanisms and access to remedy, Indigenous engagement practices, and climate-related physical risks affecting mining assets.

LAPFF also sought greater clarity regarding how extreme weather risks and water-related risks are incorporated into project approval processes, asset management and long-term planning.

OUTCOME:

The engagement reinforced expectations around board accountability, human rights due diligence and climate adaptation. Dialogue remains ongoing and future discussions will assess evidence of implementation, governance oversight and responsiveness to stakeholder concerns.



03 Voting

Policy

For UK listed companies, we vote our shares in accordance with a set of bespoke LGPS Central UK Voting Principles. For other markets, we consider the recommendations and advice of our third-party proxy advisor, EOS at Federated Hermes.

Commentary

Between January – June 2026, we:

Voted at

 **3,420**

MEETINGS

and on

 **41,891**

RESOLUTIONS GLOBALLY

Opposed one or more
resolutions at

 **64.8%**

MEETINGS

and our **dissent level** was

 **15.2%**

Supported

 **45.5%**

OF SHAREHOLDER
PROPOSALS

(427 out of
930 resolutions)

Environmental

 **183**

INSTANCES

we dissented on **director elections**
due to environmental concerns

Supported

 **30**

ENVIRONMENTAL-RELATED
SHAREHOLDER RESOLUTIONS

Topics included: Paris aligned
accounts⁹, climate transition
plans, antimicrobial use, scope
3 emissions, disclosing energy
financing ratio's, plastic pollution,
and biodiversity.

Social

 **901**

INSTANCES

we dissented on **director elections**
due to social concerns

Supported

 **46**

SHAREHOLDER RESOLUTIONS

Topics included: Human rights risk
assessments, political spending
disclosures, Diversity, Equity &
Inclusion (DEI), Labour Issues and
Artificial Intelligence (AI) Use.

Remuneration

We dissented on

 **1,190**

OF REMUNERATION-RELATED
PROPOSALS, OF WHICH:

Opposed

 **21%**

OF PROPOSALS IN THE UK

Opposed to

 **25.7%**

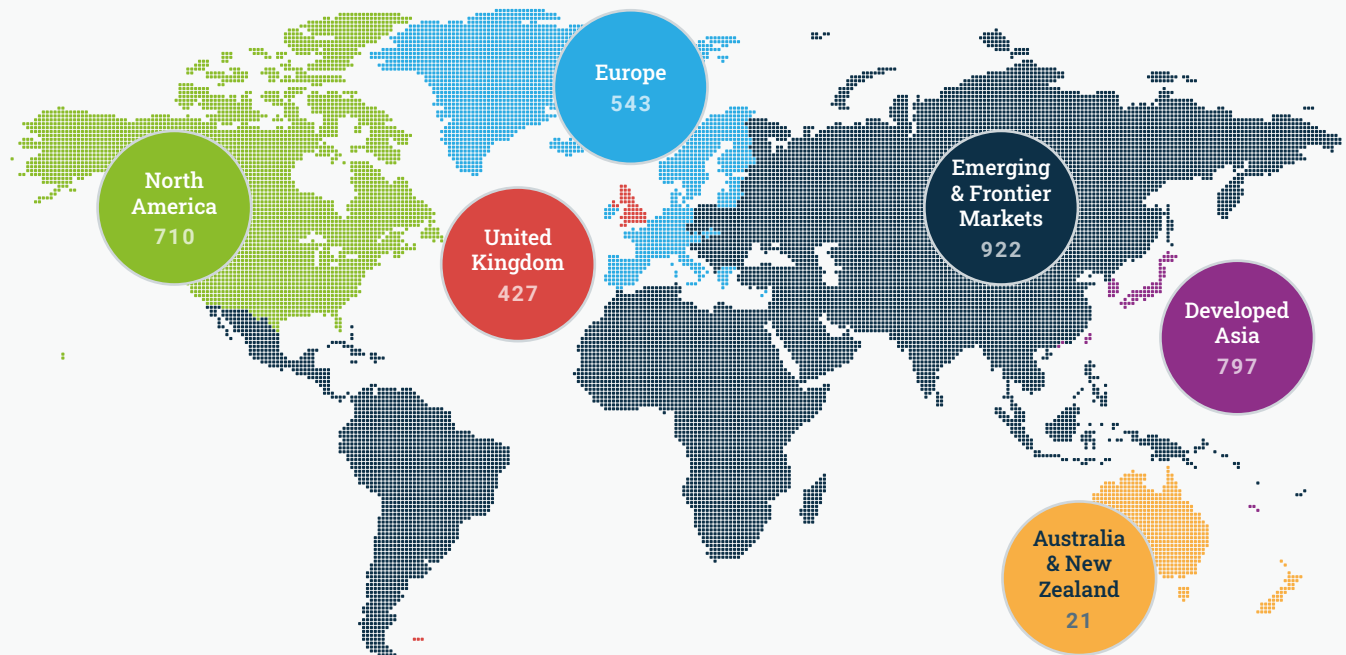
IN THE US

⁹ Financial statements that are assessed for consistency with the goals of the Paris Agreement.



Number of meetings voted on by region:

FIGURE 11: NUMBER OF MEETINGS VOTED ON BY REGION



Overview of Voting Activity¹⁰:

FOR	35,472	84.3%
AGAINST/WITHELD	5,883	14.0%
ABSTAIN	509	1.2%
OTHER	24	0.1%

A full overview of voting decisions for securities held in portfolios within the Company's Authorised Contractual Scheme (ACS) – broken down by market, issues and reflecting the number of votes against and abstentions – can be found on our website [here](#).

Number of resolutions voted on by theme:

AMEND ARTICLES	4,063	9.7%
AUDIT + ACCOUNTS	5,216	12.4%
BOARD STRUCTURE	22,249	53.1%
CAPITAL STRUCTURE + DIVIDENDS	3,146	7.5%
INVESTMENT/M&A	8	0.0%
OTHER	1,331	3.2%
POISON PILL ¹¹ / ANTI-TAKEOVER DEVICE	26	0.1%
REMUNERATION	4,961	11.8%
ESG SHAREHOLDER RESOLUTIONS	918	2.2%

¹⁰ Due to independent rounding and the exclusion of proposals for which no valid voting instruction was submitted, percentages may not total 100%.

¹¹ A takeover defence mechanism designed to make a company less attractive to a potential acquirer.



Examples of voting decisions



BP Plc

THEME:

Shareholder rights and climate disclosures

RATIONALE:

We voted against management's proposals to adopt new Articles of Association and to revoke shareholder-approved climate reporting resolutions (Resolution 25 (2015) and Resolution 22 (2019)). The proposed Articles would have allowed greater use of fully virtual shareholder meetings, which we considered could weaken shareholder rights and accountability without a clear justification over hybrid formats. We also opposed the removal of the climate reporting resolutions because the company had not sufficiently demonstrated that the information requested by shareholders would continue to be provided through alternative disclosures.

RESULT:

Both management resolutions failed to achieve majority support. The proposed Articles of Association received 47.1% support, while the proposal to revoke the climate reporting resolutions received 47.5% support. The outcome reflected significant shareholder concern regarding the protection of shareholder rights and the maintenance of climate-related disclosure commitments. Shortly after the AGM, BP's Chair stepped down from the role.



Exxon Mobil Corporation

THEME:

Shareholder rights and governance protections

RATIONALE:

We voted against management's proposal to change Exxon Mobil Corporation's state of incorporation from New Jersey to Texas. Our concern was that the reincorporation had the potential to erode established shareholder protections, including through possible future restrictions on shareholders' ability to submit shareholder proposals or file derivative suits¹². We also supported shareholder resolutions that sought to strengthen accountability, including a proposal requiring an independent Board Chair and a proposal asking the company to provide multiple voting-policy options within its retail voting programme. The rationale for supporting the retail voting programme proposal was that offering a range of policies could increase retail shareholder participation and avoid an automatic default to management-aligned voting, which could otherwise stifle dissent and entrench management in a way that may not support long-term value creation.

RESULT:

The reincorporation proposal was approved; however, 28.8% of shareholders voted against management's recommendation, signalling notable investor concern. The shareholder resolutions calling for an independent Board Chair and additional retail voting options did not pass but received 15.2% and 23.5% support respectively. These results demonstrate continuing investor focus on governance standards, board accountability and shareholder rights at the company.

¹² Legal actions brought by shareholders on behalf of a company against directors or other parties.



Meta Platforms, Inc.

THEME:

Shareholder rights and voting accountability

RATIONALE:

We supported shareholder proposals at Meta Platforms, Inc. that sought to improve shareholder rights and accountability. These included proposals to initiate an annual vote on executive compensation, approve a recapitalisation plan so that all stock would have one vote per share, and disclose voting results based on class of shares. We considered these proposals to be aligned with the protection and, where appropriate, advancement of shareholder rights on behalf of institutional investors, as well as with improved transparency over how voting power is exercised across share classes.

RESULT:

Management recommended against these shareholder proposals, and all three failed. However, the proposals received meaningful levels of support: 27.1% for initiating an annual vote on executive compensation, 26.5% for the recapitalisation plan to move to one vote per share, and 20.1% for disclosure of voting results by class of shares. These results demonstrate continued investor interest in voting accountability and shareholder rights reform at the company.

climate-related risks and opportunities, particularly given the importance of credible transition planning for an electric utility business.

RESULT:

Management recommended against the shareholder proposal, and the resolution failed. Nevertheless, it received 34.6% support, with 65.4% of votes cast against. This level of support represented a significant signal from shareholders that additional clarity on greenhouse gas reduction plans and Paris-aligned transition disclosure remains an important stewardship priority.



ASML Holding NV

THEME:

Remuneration and long-term alignment

RATIONALE:

We voted against management's remuneration report because the short-term incentive package was delivered 100% in cash, which does not necessarily align management with the interests of long-term shareholders. We also noted that 40% of the targets in the short-term incentive package were not disclosed, making it difficult for shareholders to assess the stringency of the targets. We voted against the proposed number of shares for the Management Board because the remuneration policy design appeared insufficiently aligned to long-term shareholder value and no malus clause¹³ was disclosed. In addition, we voted against the re-election of T.L. Kelly to the Supervisory Board, given her role as Chair of the Remuneration Committee and the continuation of our remuneration-related concerns, noting that dissent had been registered on the remuneration report since 2023.

RESULT:

All three management resolutions passed, but each recorded dissent: 6.0% against the remuneration report, 3.6% against the share plan grant for the Management Board, and 3.1% against the re-election of T.L. Kelly to the Supervisory Board. The votes reinforced our expectation that remuneration structures should support long-term alignment, provide sufficient transparency on performance targets, and include appropriate risk-mitigation provisions such as malus arrangements.



NextEra Energy, Inc.

THEME:

Climate transition and Paris-aligned disclosure

RATIONALE:

We supported the shareholder proposal requesting that NextEra Energy, Inc. report on plans to reduce and align greenhouse gas emissions with the goals of the Paris Agreement. The voting record states that the proposal would provide material additional disclosures that would be decision-useful to investors and would be an efficient use of company resources. We considered such disclosure relevant to assessing the company's long-term

¹³ A remuneration mechanism that allows unvested incentive awards to be reduced or cancelled in certain circumstances.



04 H1 2026 Stewardship Strategy Reporting

Progress report against LGPS Central's 3-year Stewardship Strategy¹⁴

STEWARDSHIP THEME:



CLIMATE CHANGE

Company Name	Engaged as at June 2026	Progress	Momentum	Escalation Grade	Associated Voting Dissent	Removal
SHELL	✓	Level 2	-	Level 2	⊗	-
HOLCIM	✓	Level 2	⤴	Level 2	⊗	-
CEMEX	✓	Level 1	-	Level 2	⊗	-
ARCELORMITTAL	✓	Level 1	-	Level 1	⊗	-
BP	✓	Level 1	-	Level 3	✓	-
SOCIETE GENERALE	✓	Level 1	-	Level 1	⊗	-
GLENCORE	⊗	Level 1	-	Level 2	✓	-

STEWARDSHIP THEME:



NATURAL CAPITAL

Company Name	Engaged as at June 2026	Progress	Momentum	Escalation Grade	Associated Voting Dissent	Removal
GLENCORE	⊗	Level 0	-	Level 2	⊗	-
RIO TINTO	✓	Level 2	-	Level 3	⊗	-
COSTCO	✓	Level 1	-	Level 1	⊗	-
REPSOL	⊗	Level 2	-	Level 1	⊗	-
LYONDELLBASEL	✓	Level 3	⤴	Level 1	⊗	✓

¹⁴ This section tracks progress against the priority engagement companies identified in LGPS Central's three-year Stewardship Strategy, including engagement outcomes, momentum and escalation activity where relevant.



STEWARDSHIP THEME:



HUMAN RIGHTS RISKS

Company Name	Engaged as at June 2026	Progress	Momentum	Escalation Grade	Associated Voting Dissent	Removal
NVIDIA	⊗	Level 0	-	Level 3	⊗	-
MOTOROLA	⊗	Level 1	-	Level 3	✓	-
BHP	⊗	Level 2	-	Level 2	AGM not occurred	-
VOLUTION	✓	Level 2	-	Level 3	AGM not occurred	-

STEWARDSHIP THEME:

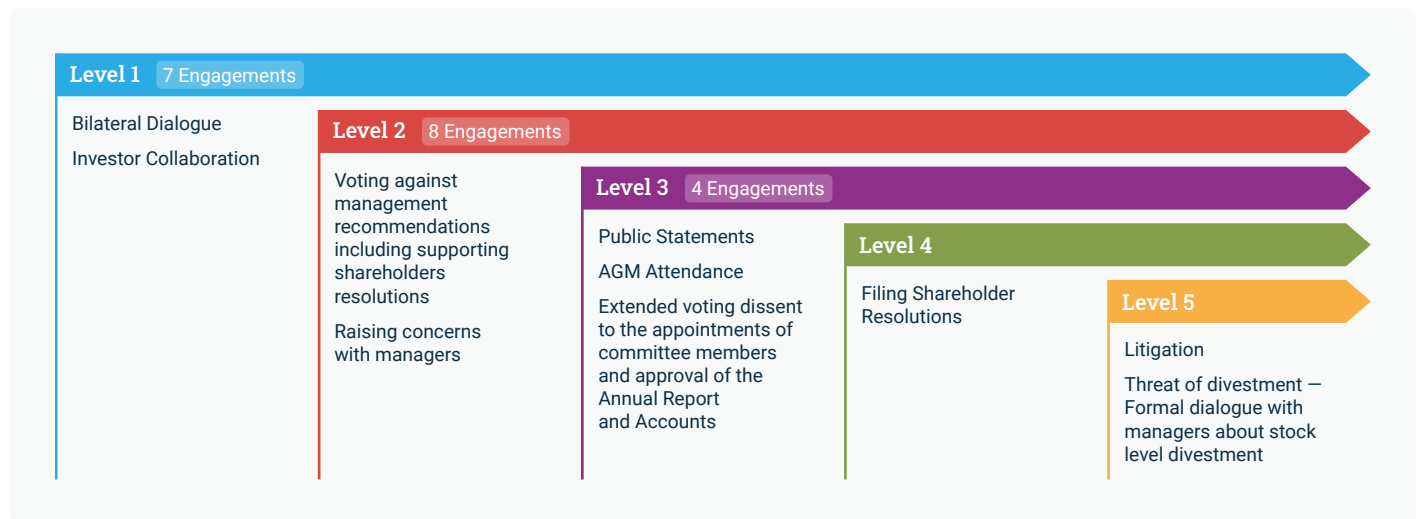


SENSITIVE/TOPICAL ACTIVITIES

Company Name	Engaged as at June 2026	Progress	Momentum	Escalation Grade	Associated Voting Dissent	Removal
TESLA	⊗	Level 0	-	Level 3	AGM not occurred	-
KIA	⊗	Level 0	-	Level 3	✓	-
META	⊗	Level 0	-	Level 3	✓	-
AMAZON	⊗	Level 0	-	Level 3	✓	-
BERKSHIRE HATHAWAY	⊗	Level 0	-	Level 3	✓	-



Escalation Strategy



Measures of Success

	 Climate Change	 Natural Capital	 Human Rights Risks	 Sensitive/Topical Activities
LEVEL 3: SUCCESSFUL OUTCOME	Company demonstrates alignment with our Net Zero Strategy.	- Company undertook a nature impacts and dependencies assessment and has published an ambition to align with the GBF. - Company has disclosed robust petrochemical strategy underpinned by credible targets.	Company demonstrates full alignment with UNGPs or Modern Slavery Act.	- Company has disclosed a plan for: - Addressing the alleged controversy. - Improving ESG practices at reasonable level.
LEVEL 2: MODERATE PROGRESS	- Progress observed in the Climate Action 100+ Benchmark Framework, CDP. - Companies improving on TPI management quality ladder. - Companies are partly aligned with our net zero strategy.	- Progress on undertaking a nature impacts and dependencies assessment or on publishing an ambition to align with the GBF. - Progress on developing a robust petrochemical strategy underpinned by credible targets.	Partial progress observed by Find it, Fix it and Prevent it, Corporate Human Rights Benchmark and LAPFF research.	- Company has disclosed a plan for: - Partly addressing the alleged controversy including acknowledgment of the controversy. - Partly improving ESG practices at reasonable level.
LEVEL 1: MINIMUM EXPECTATIONS	Companies disclosing data to facilitate carbon performance assessment if relevant.	Evidence of constructive meeting with companies.	Companies responded to engagement request.	Companies responded to engagement request.
LEVEL 0: NO IMPROVEMENT	No progress made.	No progress made.	No progress made.	No progress made.



Partner Organisations

LGPS Central actively contributes to the following investor groups:





Meet the Team

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All information is prepared as of **17/08/2026**.

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Shropshire County Council

Q2 2026

The purpose of the *reo*® (responsible engagement overlay) service is to engage with companies held in portfolios with a view to promoting the adoption of better environmental, social and governance (ESG) practices. The *reo*® approach focuses on enhancing long-term investment performance by encouraging commercial success at companies through safer, cleaner, and more accountable operations that are better positioned to deal with ESG risks and opportunities.

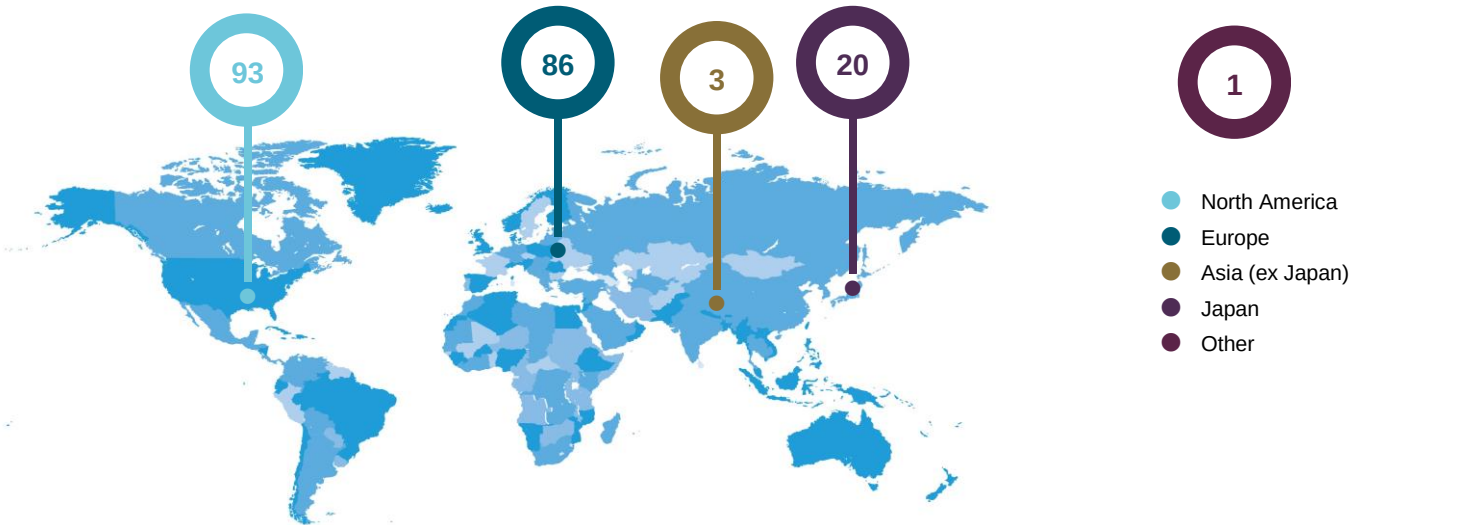
Engagements

Interactions	Companies	Countries covered
203	137	21

Milestones

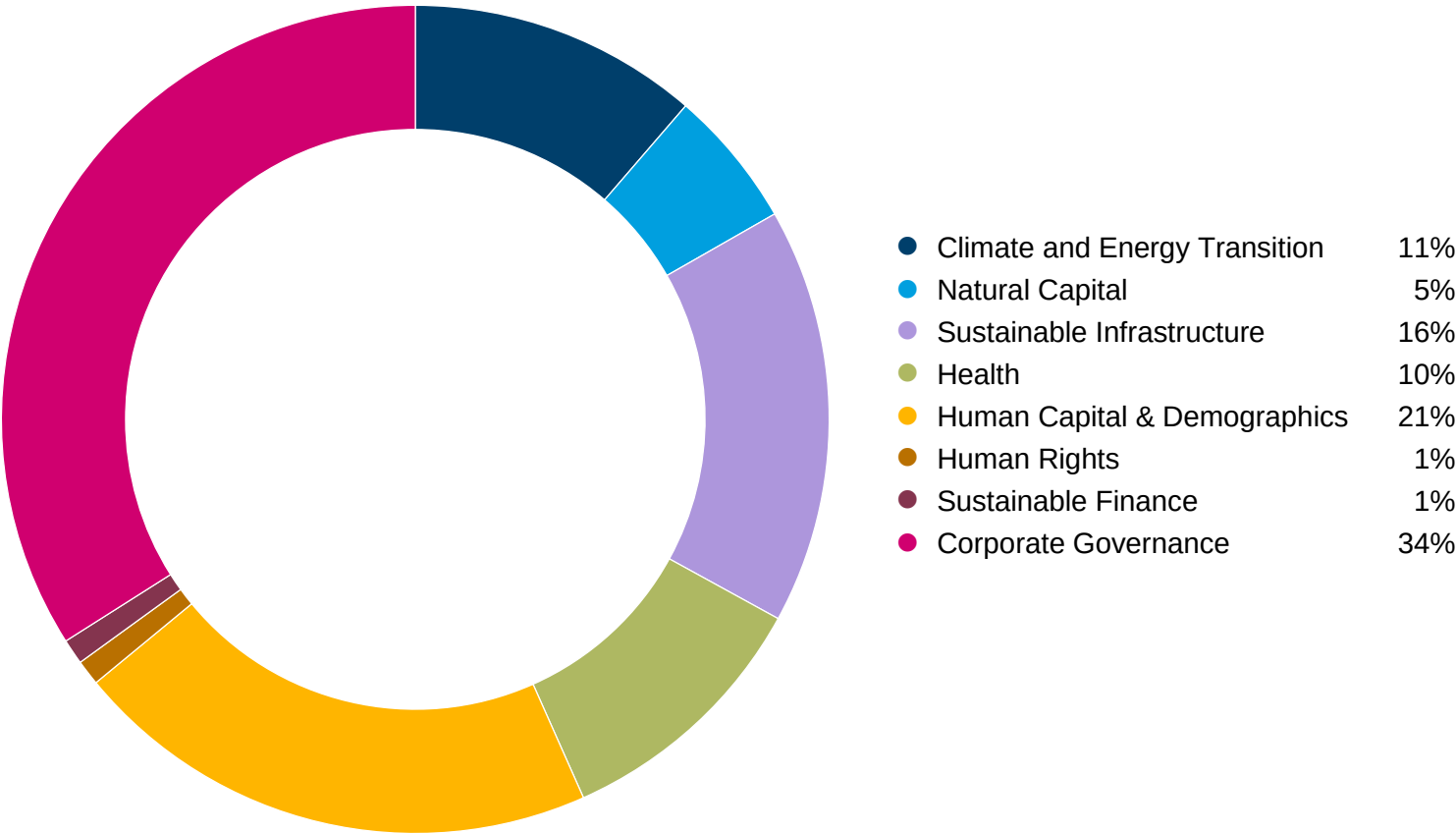
★	★★	★★★
25	9	3

Companies engaged by region



Engagements by theme

Your engagements by theme



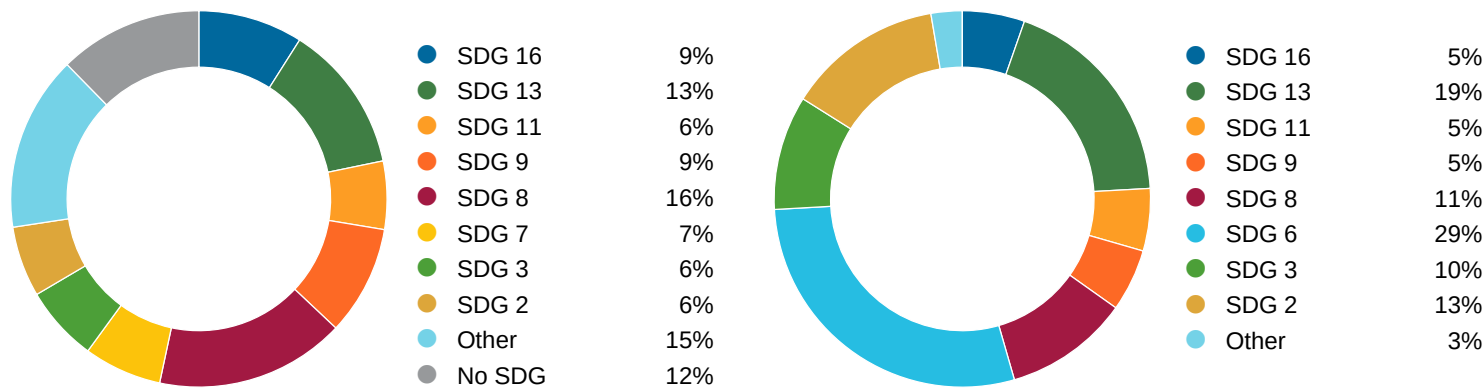
Engagements and Sustainable Development Goals (SDGs)

The 17 Sustainable Development Goals (SDGs) were developed by the UN and cross-industry stakeholders with a view to providing a roadmap towards a more sustainable world.

We use the detailed SDG goals to report company engagement objectives, where relevant, as well as to articulate the positive societal and environmental impacts of engagement.

Engagement: SDG level

Milestone: SDG level



Engagement case studies

Climate and Energy Transition

Prysmian SpA

Country: Italy

Sector: Industrials

Objective group: Grid

Exposure rating: Opportunity - High

Milestone:



Strong demand for electrification supports grid leadership

Why we engaged

Prysmian is the world's leaders manufactures of cables and systems for power transmission and distribution as well as medium and low voltage cables for the construction and infrastructure sectors. They also produce a comprehensive range of optical fibres, copper cables and connectivity systems. We engaged to assess the order backlog and revenue expansion in light of increasing demand for fiber and cables for grid investments and data centers.

How we engaged

Group meeting with Head of Investor Relations

What we learned

Prysmian confirmed it sees strong thematic tailwinds for its main divisions across Renewables Transmission (Grid Interconnectivity), Power Grid (tariff winner), Industrial and Construction (DC build out). The company shared that demand from data centers is increasing, currently it represents 25% of their business and \$1bn revenue. They shared they have an investment with a hyperscaler for a long-term contract to provide fiber inside a data center which could represent a significant opportunity. The backlog for high voltage for power grid/transmission continues to be strong as well as low voltage for electrification coming mostly from construction business. The company believes the transition to 800Voltage for Data centers design will have a net positive effect on them because despite the fact it will require less cables the power will be higher. They expect in 3-4 years they will have 20% of the market.

Outcome and next steps

Prysmian has high opportunity to electrification and grid infrastructure themes with attractive revenue visibility from the strong order backlog. Next Steps: We expect Prysmian to continue to show strong orders backlog and gaining market share. To move to MS-2 we would need to see the materialization of the business growth to data centers and market share of 20% as indicated by the company.

Source: Columbia Threadneedle Investments

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For professional investors only

Engagement case studies

Sustainable Infrastructure

BYD Co Ltd

Country: China

Sector: Consumer Discretionary

Objective group: EV Transition

Exposure rating: Opportunity - High

Milestone: ★★



Concerns on social and environmental management of EU manufacturing expansion

Why we engaged

To assess the viability of BYD's strategy to grow electric vehicle sales in Europe. To appraise the environmental and social management of BYD's localisation production in Europe.

How we engaged

In June we travelled to Hungary and were the first investors to visit BYD's first European production facility.

What we learned

We visited BYD's Hungary facility which will have an initial 150k unit capacity, with plans to expand to 300k. Officially, production starts in Q3 2026, although the plant looked materially behind that timeline. BYD initially sent us to the wrong entrance to their factory. There were hundreds of Chinese construction workers living in containers in pretty poor conditions. BYD has already fallen foul of labour issues for its Brazilian site, and the Hungary site has had labour and environmental allegations levelled against it. From our experience we think it is likely that BYD brand will take a hit from failing to meet European standards as it looks to scale in Europe. BYD is going to push its premium EV brand Denza harder in Europe than we realised, in direct competition with BMW and Mercedes. BYD is deploying 3,200 1 MW flash charging stations across Europe by end of next year, the network will be open to other OEMs. The 1,000-volt architecture underpinning BYD's next-generation BEV and PHEV platforms enables a full charge in approximately seven minutes.

Outcome and next steps

Thesis: BYD is one of the best positioned automotive brands for the EV transition – driven by its unencumbered focus on electrified vehicles, high degree of verticalization and strong EV technology. This presents BYD with a cost advantage over peers, which is further augmented by BYD's diversified brand and model line up which targets all major segments of the passenger vehicle market. The main risk for BYD is managing the complexities of expanding production and sales into multiple different export markets. Next Steps: Monitor strategy to strengthen social and environmental controls associated with new factory development, track outlook for European trade restrictions on Chinese vehicle imports.

Source: Columbia Threadneedle Investments

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Engagement case studies

Sustainable Infrastructure

Bayerische Motoren Werke AG

Country: Germany

Sector: Consumer Discretionary

Objective group: EV Transition

Exposure rating: Opportunity - Medium

Milestone: ★★



Neue Klasse EV platform solidifies the EV transition strategy

Why we engaged

To assess the operational credibility and competitive positioning of BMW's Neue Klasse manufacturing facility. To inform our view on BMW's EV cost trajectory and the competitive threat from Chinese OEMs in Europe.

How we engaged

In June we travelled to Hungary and were the first investors to visit BMW's Debrecen EV production plant

What we learned

BMW's Debrecen facility is operationally impressive and ahead of schedule, having moved to two shifts within six weeks of opening and now evaluating a third, underpinned by a 70,000-unit iX3 order backlog. The EV Neue Klasse platform delivers meaningful structural cost and efficiency improvements - 40-50% battery cost reduction versus the previous generation, 100-200kg weight advantage over competitors, and a fossil-fuel-free manufacturing footprint. BMW has integrated suppliers EVE and CATL which are located next door to this factory, though BMW is less well positioned to integrate low cost LFP cells than we previously thought. Labour costs in Debrecen are described as broadly competitive with China and below Mexico. The total landed cost position for Debrecen-produced vehicles is structurally attractive relative to both Chinese imports and BMW's existing European plants.

Outcome and next steps

Neue Klasse enables BMW to hit EV margin parity with ICE vehicles on a unit-by-unit basis "from the get-go" for new models. R&D and CapEx peaked in 2024, already fell QoQ in 2025. China performance is poor (down 16% in 2025, further 15% in 2026), anti-involution, dealer rationalisation and new models in 2026/7 should help. Best rated European OEM on EV technology, more flexible strategy than peers and well on track to meet EU 2025-27 emission standards and tracking to generate €1.9bn in credits. In my view still the best positioned EU auto on the EV transition. Next Steps: Continue to track Neue Klasse order volumes and progress in China when the iX3 launches there at the end of 2026.

Source: Columbia Threadneedle Investments

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Engagement case studies

Sustainable Infrastructure

Cie Generale des Etablissements Michelin SCA

Country: France

Sector: Consumer Discretionary

Objective group: EV Transition

Exposure rating: Opportunity - High

Milestone:



Well positioned to benefit from EV transition through technological edge

Why we engaged

To understand their diversification into high-value specialty products focused on electric vehicles. To evaluate their competitive positioning on tyre abrasion performance and microplastics regulation.

How we engaged

We met with IR on 14th April. We met with the CFO on 5th May.

What we learned

Michelin demonstrates strong competitive positioning in the EV tyre market, holding market share approximately 1.5x higher in EV original equipment versus overall OE share, rising to over 3x in premium BEV segment. EV tyres command a 15% price premium due to technical specifications including lower rolling resistance that extends range by 10-15%. Michelin targets 17.5-22% EV tyre market share, potentially adding \$550m-\$1.1bn in earnings. The company claims a 20% wear-life advantage over premium competitors on EVs, addressing accelerated wear from instant torque and heavier battery packs. On 6PPD replacement, Michelin is actively seeking alternatives and ranks well on average 6PPD content versus peers, supporting stricter pollution standards. For EUDR compliance, Michelin has geolocated its natural rubber supply chain at farm level, though the regulation's second one-year postponement to 2027 delays implementation.

Outcome and next steps

Michelin is best positioned to grow sales of high margin EV tyres due to its technology edge (R&D spend 50% higher than closest peer). It has the largest exposure to the growing Chinese EV market of any of the international tyre makers, and is best prepared for US/EU regulation on 6PPD, deforestation and tyre wear rates. Next Steps: Our milestone upgrade criteria is for Michelin to grow EV/high value tyre sales from 68% to >70% passenger car tyre revenue. We are also tracking Michelin establishing a target date and R&D requirement to phase out 6PPD with suitable alternatives, and plans to phase out products in the bottom quartile of tyre wear performance.

Source: Columbia Threadneedle Investments

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Engagement case studies

Health

Mondelez International Inc

Country: United States

Sector: Consumer Staples

Objective group: Food and Nutrition

Exposure rating: Risk - High

Milestone: ★



Structural exposure to less healthy products limits health-aligned growth

Why we engaged

To assess whether changes in consumer demand toward protein, functional nutrition and cleaner labels, alongside a shift in regulatory focus from just reducing high fat, sugar & salt (HFSS) content toward ultra processed food (UPF) and food ingredient scrutiny, are likely to reshape core snacking categories. To evaluate whether Mondelez's portfolio can adapt at scale, or remains structurally reliant on HFSS and UPF

How we engaged

Met with the CEO and Chairman, as part of a meeting hosted by UBS

What we learned

Portfolio is structurally HFSS / UPF-led (~90% of revs) with only ~8% health-aligned exposure, indicates limited mix shift. Growth is diverging. Select health-aligned SKUs (e.g. protein bars) growing ~20%+; core categories slowing, with growth increasingly price-led (~+3–5%) and volumes declining (e.g. biscuits ~-4% US). However, health aligned revenues remains subscale (~5–10%) and cannot offset core category pressure. Further, much of the health-focused portfolio still uses ingredients facing increasing scrutiny, limiting the benefit of current mix shift. Regulatory and consumer attention is expanding beyond sugar and salt towards ingredients, additives and food processing, increasing risk for core categories. GLP-1 / weight-loss drug adoption is an additional headwind, with lower calorie intake and reduced snacking potentially affecting key profit pools. Management acknowledged growing consumer focus on ingredients, with ingredient-list simplification now a strategic priority and artificial colours set to be removed from the US portfolio by 2027, with artificial flavours thereafter.

Outcome and next steps

Thesis: Mondelez is structurally exposed to tightening health and regulatory constraints, with ~90% of revenue in HFSS categories facing both regulatory pressure (UPF, ingredients) and structural demand headwinds (health trends, GLP-1). While 'better-for-you' categories are growing quickly, they are too small and not sufficiently differentiated, to offset core decline—leaving risk to volume, mix, and margin durability. Next Steps: Monitor whether health-aligned revenue scales toward >20%; track evidence of portfolio-wide reformulation (ingredient simplification, not just nutrients); assess whether health-aligned growth becomes core and structurally embedded (vs adjunct); watch regulatory developments (UPF definitions, additive policy) and GLP-1 adoption trends as accelerants of core volume pressure

Source: Columbia Threadneedle Investments

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Quarterly Engagement Report

April-June
2026

- **Energy Supply**
- **Modern Slavery**
- **CAHRAs**

Local
Authority
Pension
Fund
Forum

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Cover image and left: Alamy

CLIMATE CHANGE MITIGATION: BP AND DRAX

BP

Objective: LAPFF's approach to stewardship with oil and gas companies is grounded in the view that climate transition risk is fundamentally a financial risk, and therefore centres on engaging companies to align their business models to be Paris-aligned. A core element of LAPFF's approach is challenging the prevailing industry model of production growth, which LAPFF argues risks over-investment in high-cost projects and potential value destruction. Instead, LAPFF advocates a "managed decline" model focused on capital discipline, prioritising low-cost assets, reducing overall capital

expenditure, and returning cash to shareholders. The rationale for this approach is set out in a [report](#) LAPFF published over ten years ago. Although some of the assumptions in this report are now dated, the prevailing argument that oil and gas companies should be able to demonstrate that capital allocation to oil and gas projects is disciplined and capable of generating acceptable long-term shareholder returns remains as relevant as ever.

The notion remains particularly relevant in the case of BP, a company LAPFF has maintained a multi-decade engagement with because of concerns regarding the credibility and consistency of the company's climate strategy, capital allocation, and board accountability. These concerns were brought to the fore as a result of the company's strategy reversal in 2025, in which it committed to refocusing its business on hydrocarbons. While BP had previously been regarded by some investors as relatively

forward-thinking in acknowledging climate risks and investing in renewable energy, LAPFF became increasingly concerned following the company's "reset", which involved scaling back renewable investment and increasing spending on oil and gas. In response to these concerns, LAPFF issued a voting alert ahead of the company's 2025 AGM recommending the withdrawal of support for the then Chair, Helge Lund. Mr Lund received over 24% opposition to his re-election, having already announced his intention to stand down from the board.

Achieved: Based on these concerns, LAPFF supported the co-filing of a shareholder proposal ahead of the company's 2026 AGM. Resolution 24 sought to enhance shareholder understanding of BP's capital allocation by requesting improved disclosure on how the company applies capital discipline to its upstream oil and gas investments. Specifically,

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the proposal focused on three core areas: the assessment of project cost-competitiveness (to understand exposure to high-cost, higher-risk assets), the incorporation of realistic assumptions around project execution risks such as cost overruns and delays, and the value creation of ongoing exploration expenditure.

Overall, the proposal called for greater transparency to enable shareholders to evaluate whether BP's capital allocation decisions are disciplined and aligned with long-term value creation. The resolution was well supported, receiving over 28% in favour. This level of support triggers a formal response requirement under the UK Corporate Governance Code. In practice, this means the company will explain what actions it intends to take to understand shareholder concerns, undertake a shareholder consultation and report publicly on the outcome of that process within 6 months to remain compliant with this provision of the Code.

In Progress: During 2026, LAPFF's engagement with BP extended beyond the topic of capital discipline, with governance issues at the company taking centre stage in the build up to the AGM. In April, LAPFF raised concerns about governance decisions at BP that LAPFF viewed as impinging on the rights of shareholders. These included proposals to allow virtual-only AGMs, efforts to revoke binding shareholder-approved climate disclosure resolutions, and the exclusion of a shareholder proposal from the AGM agenda. In response to these concerns, LAPFF issued a voting alert, urging members to withdraw support for the Chair, who was seeking election to the board for the first time, as well as recommending voting against proposals regarding amending articles and virtual-only AGMs.

The company's attempts to revoke climate disclosure resolutions and to allow virtual-only AGMs were defeated, with over 50% of shareholders opposing the proposals. The newly appointed Chair, Albert Manifold, received over 18% in opposition. Mr Manifold has since been sacked by the Board of BP, arguably putting the company into another governance crisis. The company has had three CEOs and, by the time a successor to Albert Manifold is named, three Chairs

over a five-year period. Following the news of the Chair's departure, LAPFF met with BP in April.

Drax

Objective: LAPFF has a longstanding engagement with UK energy company Drax plc regarding the credibility of its biomass-based business model. The Forum's core concern is that Drax's claim of carbon neutrality, based on the concept of "dynamic carbon sinks" (i.e. that burned wood is offset by regrowth), is not supported by robust evidence. LAPFF has previously highlighted that available data does not demonstrate that forest regrowth is sufficient to offset emissions in the short term, raising the risk that Drax is contributing to a net increase in atmospheric carbon. The Forum has also questioned the overall efficiency of biomass, noting that wood burning can produce more emissions per unit of energy than coal, alongside wider environmental and community impacts linked to forestry practices in the US and Canada. Additional concerns include data integrity and disclosure, evidenced by regulatory action by Ofgem and the FCA, and ongoing scrutiny of biomass sourcing practices.

LAPFF also has concerns around the technological and policy assumptions underpinning Drax's strategy, particularly its reliance on bioenergy with carbon capture and storage (BECCS). The Forum notes that CCS remains unproven at scale, highly dependent on subsidies, and may be operationally incompatible with Drax's evolving role as a dispatchable, rather than baseload, power provider.

Accordingly, LAPFF's objective is to ensure that Drax's strategy is grounded in credible, evidence-based decarbonisation, ensuring full transparency on emissions, sourcing, and ecological impacts and scrutinising reliance on unproven technologies such as CCS.

Achieved: In June, LAPFF met with the senior independent director at Drax to discuss four key areas: governance and internal controls following recent regulatory scrutiny; the credibility and transparency of its biomass sourcing practices; the resilience of its business model under reduced government

support and tighter operational constraints; and the extent to which its transition strategy depends on CCS and BECCS.

LAPFF sought reassurance that Drax had strengthened board oversight of internal controls following an investigation from Ofwat, and an ongoing investigation by the FCA, over data accuracy. The company assured LAPFF it has robust traceability and compliance in its supply chain. The company also stated it is ending the use of Canadian wood pellets at its UK power station and that by around 2027, its UK plant will burn biomass sourced only from the United States. This decision follows sustained criticism, including from LAPFF, over allegations of the use of wood from old-growth or primary forest in its Canadian operation. The decision is also likely linked to the new UK subsidy regime starting in 2027, which comes with a requirement to ensure biomass meets stricter sustainability criteria.

In Progress: Drax remains a focus for LAPFF engagement into 2026. Concerns remain regarding the transparency and integrity of Drax's biomass supply chain, including traceability to forest level and exposure to old-growth or environmentally sensitive forests. LAPFF will monitor the ongoing FCA investigation as it relates to the accuracy and adequacy of what the company told investors about its biomass sourcing. Beyond this, LAPFF will continue to engage the company on whether Drax's business model remains resilient given its heavy reliance on public support and the tighter constraints under the new Low Carbon Dispatchable CfD, and the extent to which the company's pathway to net zero is overly dependent on BECCS and other CCS technologies that remain technically and commercially uncertain at scale.

UK banks materially backtracking on climate commitments

LAPFF has long recognised the imperative to address climate change as a systemic, long-term investment risk given the material financial risks it poses across all asset classes and its potential to erode shareholder value. The Forum expects companies to identify and address climate-related risks and opportunities, align their business models with a

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Image: Alamy

1.5C scenario, and support an orderly transition to net-zero.

Climate change and the energy transition remain financially material for banks. The transition to a cleaner economy increases the risk of stranded assets, and evidence suggests credit risks could also rise significantly. The UK's Climate Change Committee (CCC) cited evidence that "Banks who participated in the BoE's climate scenario exercise estimated [potential credit losses on lending could be 50%](#)

[higher](#) than in a future with no climate change". In parallel, physical climate risks are intensifying, with extreme weather events - including storms, flooding, heatwaves, drought, and wildfires - becoming more frequent and severe. These risks carry significant macroeconomic implications. The CCC also cites estimates that physical climate impacts globally could adversely affect up to 6% of the value of physical assets in S&P international stock indices. This is particularly relevant to

the UK, given the global exposure of its financial sector and its significant role in GDP, exports, and price stability. The CCC further estimates that "aggregate climate damages could cost 4-10% of UK GDP each year by the end of the century". Climate change also presents a chronic risk to workforce productivity and economic output. High temperatures affect productivity, leading to a loss in earnings for those in the workforce, and lost learning days for children.

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It is widely recognised that the banking sector sits at [the heart of the climate-energy](#) nexus; banks can manage and mitigate climate-related risks by curtailing fossil fuel financing and leverage their position to accelerate the energy transition. The growing demand for sustainable finance presents significant commercial opportunities for banks, as [investment in renewables continues to break records](#) and energy security concerns strengthen the case for cleaner alternatives. The twin fossil crises of the 2020s, Russia's 2022 invasion of Ukraine and the 2026 US-Israel war on Iran, has exposed the [dependency and volatility of fossil fuel markets](#). In contrast, renewable energy sources are increasingly cheaper and, once deployed, are increasingly viewed as offering greater price stability and energy security.

Policies that restrict fossil fuel finance and reduce financed emissions signal alignment with the transition and the Paris Agreement. However, banks backtracking on such policies undermines the credibility of its climate strategy and increases exposure to climate and transition-related risks. It also erodes investor confidence, particularly for banks like NatWest, where over 93% of shareholders approved its climate strategy in 2022, which has since been materially weakened. Where credibility is undermined, investor confidence has declined, and board oversight of climate and transition-related risks is deemed inadequate, the chair should be held accountable.

Objective: Against this backdrop, NatWest updated its Environmental and Social Risk policy in February 2026, which has occurred in tandem with the dissolution of the board-level Group Sustainable Banking Committee (SBC). The bank has removed its restrictions on financing upstream oil and gas companies, including those without credible transition plans and those operating outside the UK. Restrictions on unconventional energy activities, including fracking and oil sands, have been diluted, with blanket exclusions replaced by thresholds and the removal of the specific ban on expansion. Concurrently, HSBC updated its Sustainability Risk Policies Framework in November 2025. The bank has diluted its oil and gas policy by weakening restrictions on new oil and gas fields,

exploration capex, ultra-deepwater exposure, and altered its definition of oil and gas infrastructure to exclude regasification facilities used to import Liquefied Natural Gas (LNG). It has changed the standards it uses to engage with non-EU/OECD thermal coal clients in ways that make them less clear. Most crucially, HSBC has extended its discretion to accept clients and transactions that contravene the terms of its policy. The bank has also diluted the ambition of its decarbonisation targets by basing them on the IEA's 1.5C-aligned NZE scenario from 2024 (updated from 2021) and introducing a range of target values. Together, these changes increase the scope for financing activities with limited prospects of alignment with its stated climate commitments.

During Q2, LAPFF engaged both NatWest and HSBC to assess how these policy updates align with their stated climate commitments, including commitments to be net zero across their financed emissions, own operations and supply chain by 2050. The Forum sought to understand and evaluate the updates to both banks' risk frameworks, while maintaining constructive dialogue on climate-related issues and promoting transparency and accountability in each bank's approach.

Achieved: NatWest

NatWest affirmed that it would continue to prioritise renewables and transition finance, including through its £200 billion sustainable finance target. The bank acknowledged moving away from 1.5C temperature alignment, arguing that its previous framework constrained its ability to pursue ambitious climate-related financing opportunities. NatWest considers this a shift towards flexibility, enabling it to build a better risk-return profile, creating value while reducing emissions.

LAPFF challenged the bank's position, maintaining that these changes weaken fossil fuel guardrails and climate ambition, ultimately misaligning its business model with a 1.5C scenario. Concerns regarding governance were raised, particularly the disbanding of the SBC. NatWest justified this on the grounds that oversight is now embedded across the board and its committees as part of a broader effort to simplify governance

and integrate sustainability into its core business strategy.

HSBC

HSBC framed the policy update as part of an annual review informed by client engagement and latest scientific scenarios. It positioned its approach to fossil fuel financing as focused on supporting clients' transition, particularly in emerging markets, through enhanced due diligence, internal risk controls, and shorter loan tenors to manage exposure.

LAPFF challenged how continued support for hydrocarbon expansion, including unconventional and LNG projects, can credibly align with the Paris Agreement. The Forum also raised concerns on the decision to replace the requirement of coal clients in non-EU/OECD markets to demonstrate phase down plans with a discretionary assessment of transition plans.

In Progress: The engagement with NatWest provided a broader context for the policy changes but cemented concerns that these changes risk increasing NatWest's exposure to transition risk. LAPFF also emphasised that it does not negate the value of a dedicated committee with clear oversight and accountability.

For HSBC, the engagement clarified its rationale for these changes, but beyond general references to governance and monitoring processes, the company was unable to demonstrate how its updated policies align with its decarbonisation targets or the Paris Agreement. This culminated in the call for independent assurance on the bank's climate strategy. The Forum also requested improved transparency on how financing decisions align with its climate commitments and clearer disclosure on the methodology for assessing transition plans for its clients in non-EU/OECD markets. Once published, LAPFF will use these enhanced disclosures as the basis for further engagement.

In response to the dilution of their climate policies, LAPFF issued a voting alert recommending members withdraw support for HSBC's Chair Brendan Nelson and Chair of the Group Risk Committee James Forese, and NatWest's Chair Rick Haythornthwaite. Both banks faced elevated shareholder dissent at their

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Annual General Meetings. At HSBC, 7.7% of votes were cast against Chair Brendan Nelson and 8.1% opposed the re-election of James Forese, Chair of the Group Risk Committee, compared with near-unanimous support previously. At NatWest, 7.9% opposed the re-election of Chair Rick Haythornthwaite, a sharp increase from 2.4% last year. Given that Chairs are routinely [waved through with over 98% support](#), outcomes close to 92% send a clear signal of investor concern over the policy rollbacks.

While the AGM season has concluded, continued engagement with both NatWest and HSBC will focus on restoring undiluted policies, strengthening board oversight of climate-related risks, and rebuilding investor confidence in banks' climate strategies.

CLIMATE CHANGE ADAPTATION AND ENVIRONMENT

Climate adaptation has continued to be a focus for LAPFF during Q2, building on the Climate Adaptation: Food Producers and Distributors report which set out what the Forum should be asking investee companies with exposure to high-risk commodities, including dairy, fresh fruit and vegetables, coffee and cocoa. Adaptation concerns how companies anticipate and prepare for climate-related changes already occurring and expected to intensify, complementing LAPFF's continued focus on climate mitigation.

The financial implications of insufficient adaptation are significant. A [2024 report by the World Economic Forum](#) estimates that climate hazards could drive annual fixed asset losses of \$560–610 billion across listed companies by 2035, which equates to a fall in average company earnings of 6.6% to 7.3% each year by 2035 in the absence of adaptation strategies.

Within the food sector, adaptation risks are particularly acute. The UK government has identified [climate change as one of the greatest risks to long-term global food security](#). Food producers and distributors face material impacts from

extreme heat, drought and water stress. Exposure varies considerably by geography and commodity, reinforcing the need for location-specific and commodity-specific adaptation approaches.

This urgency has been echoed by the industry itself. [Inside Track's April 2025 memo](#) from food industry executives stressed that yield, security and supply predictability will become increasingly unreliable due to physical climate risks. The memo cautioned that the food sector is ill-equipped to deal with the magnitude of these risks and called on investors to lead a pragmatic dialogue with companies to strengthen supply chain resilience. Against this backdrop, strengthening supply chain transparency, traceability, and risk management has become a key priority for LAPFF.

Objective: Building on Q1 engagement with food retailers, LAPFF sought this quarter to engage with Tesco on how it is managing material physical climate risks across its supply chains. The engagement also aimed to encourage improved disclosure of material physical climate risks and adaptation responses. LAPFF emphasised the importance of ensuring that adaptation strategies are grounded in a range of plausible climate scenarios, rather than a single preferred outcome, and that these strategies reflect the specific characteristics of different sourcing regions. In addition, LAPFF sought to reinforce expectations around governance and accountability. This includes regular disclosure of progress, clear assessment of key sourcing geographies, and demonstrable board-level oversight of adaptation planning, with responsibility anchored to a named director to ensure clear accountability.

To conclude these engagements, LAPFF participated in an Investor Roundtable focused on protecting UK food security and investor returns by strengthening food supply chain resilience. Bringing together investors, NGOs and academics, the session discussed industry research by ShareAction, WWF, and Anglia Ruskin University, alongside key insights from engagements, to inform a shared view on priorities and next steps.

Engagement: Tesco stated the themes raised in the memo are core to board discussions. It identified security of

supply and climate - which has been expanded to include nature-related risks, as principal risks - with cross-functional teams working more closely.

Tesco highlighted several initiatives aimed at strengthening resilience. These include investment in agricultural innovation through its low-carbon concept farm in Lincolnshire, as well as long-term partnerships with suppliers designed to support farmer investment in regenerative agricultural practices.

On policy engagement, Tesco noted its advocacy for a more coherent UK food strategy through the British Retail Consortium. The company also reported progress in developing a proprietary, AI-enabled risk mapping tool intended to support real-time supplier engagement and enhance visibility across its supply chain.

In Progress: Given the engagement took place with representatives from Tesco's Investor Relations teams, LAPFF is seeking a follow-up meeting with relevant subject matter experts to address remaining gaps in understanding. Further clarity is required on the company's progress in mapping and tracing specific high-risk commodity supply chains, including coffee and cocoa.

Next steps will focus on assessing how Tesco is advancing traceability to the farm level and how this information informs broader risk management and climate adaptation strategies. LAPFF will also seek to understand how insights generated at the farm and supplier level are translated into operational decision-making, prioritisation and capital allocation. This continued engagement will aim to ensure that Tesco's approach to climate adaptation is sufficiently granular, decision-useful and aligned with the scale and immediacy of physical climate risks facing the food sector.

A key outcome of the roundtable was the call to develop a clear set of investor expectations of companies. Participants also highlighted the need to expand the discussion to include trade associations representing UK farmers, recognising the critical need to support farm-level resilience and adaptation. This will form the foundation for the next stage of engagement, supporting a more coordinated and effective approach to addressing systemic risks to the UK food system.

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Image: Alamy

CCLA MODERN SLAVERY BENCHMARK

Modern slavery encompasses forced labour, debt bondage, human trafficking and other forms of severe labour exploitation. With an estimated [50 million people affected worldwide and 28 million in forced labour](#), it represents a serious human rights crisis and carries direct implications for companies operating complex, multi-geography supply chains. According to the International Labour Organisation (ILO), a majority of all forced labour cases are linked to global supply chains, with [risks particularly concentrated in lower tier suppliers](#). Modern slavery remains a significant global business risk, with the International Labour Organisation estimating that [forced labour generates US\\$236 billion in illegal profits each year, up 37% since 2014](#).

During Q2, LAPFF engaged companies

listed in the lower tiers of CCLA's Modern Slavery Global Benchmark. The Benchmark provides an investor-focused framework for assessing how major listed companies disclose and manage modern slavery risks in their operations and supply chains. Developed in the context of a growing concern that corporate reporting often emphasises policy commitments above and beyond demonstrable, the Benchmark highlights a persistent gap between disclosure and implementation.

CCLA evaluates the public disclosures of large companies operating in the UK and places them across performance tiers ranging from leading practice to unsatisfactory. Its purpose is not only to assess the quality of disclosure, but also to encourage stronger due diligence, better transparency, and more effective management of modern slavery risks in practice. For investors, the benchmark serves as a useful tool to identify gaps between policy and implementation, support engagement with companies, and promote more credible action on human rights risks across global supply chains.

For companies and investors, modern slavery creates clear financial materiality: exposure can lead to supply chain disruption, import restrictions, regulatory investigation, legal liability, remediation costs and reputational damage, while also signalling broader weaknesses in governance and risk management. Recent and emerging regulations, including the EU Forced Labour Regulation and the Corporate Sustainability Due Diligence Directive, are increasing expectations on companies to demonstrate credible, risk-based due diligence rather than relying on high-level policy commitments alone.

Against this backdrop, LAPFF engaged companies which scored in the lower-tiers of the benchmark to encourage focus companies to move beyond compliance-led disclosure towards more robust management of modern slavery risk. The aim was to assess how companies are strengthening supply chain mapping, improving the quality of risk identification, embedding effective remedy and building the governance needed to prevent recurrence.

ENGAGEMENT

Objective: The objectives for these engagements were aligned with the CCLA's Modern Slavery Global Benchmark, which served as the basis for each meeting and provided a consistent framework for assessing company practice. The overarching objective was to understand how far companies are moving beyond policy commitments towards more credible and effective management of modern slavery risk. LAPFF sought evidence of stronger due diligence, including better identification of higher-risk operations and supply chains, deeper supply chain mapping beyond tier 1, clearer disclosure of salient risks, and more robust approaches to monitoring, remedy and governance.

More specifically, the engagement objectives were designed to encourage companies to use the benchmark as a gap-analysis tool, improve the quality and timeliness of their modern slavery disclosures, and demonstrate how risks are identified, prioritised and mitigated in practice. This included seeking greater transparency on sub-tier suppliers and indirect risk exposure, clearer reporting on the effectiveness of controls and grievance mechanisms, and stronger evidence that companies can identify harms, support affected workers and prevent recurrence. Taken together, these objectives reflect the benchmark's core emphasis on closing the gap between policy and practice and strengthening investor confidence in companies' management of modern slavery risk.

Achieved

Philip Morris International (PMI)

Philip Morris International (PMI) disclosed a comparatively developed approach to managing modern slavery risk, particularly within its agricultural supply chain. It pointed to direct supplier relationships, farm-level monitoring, external verification and an emphasis on corrective action over time. PMI also described steps taken to address labour standards in contracted workforces and acknowledged the need to improve the visibility of its UK modern slavery statement. Overall, the discussion suggested stronger traceability and oversight in tobacco sourcing than seen in some peers, although there remains

scope for clearer external reporting on outcomes, non-conformances and remediation.

Salesforce

Salesforce acknowledged that the benchmark had not previously been a major point of focus but engaged constructively on its approach to modern slavery risk. It described a largely compliance-led framework supported by supplier risk assessment, onboarding controls, grievance channels and internal governance processes. Salesforce recognised that a lower-risk business model does not remove exposure, particularly through indirect supply chains and higher-risk service categories. The discussion nevertheless suggested that its external disclosure remains at an earlier stage, with further work needed to provide clearer evidence on risk prioritisation, due diligence and measurable outcomes. Planned publication of its human rights saliency assessment may help strengthen that picture over time.

Amgen

Amgen highlighted its broader compliance culture, supplier standards, audit processes and speak-up mechanisms as the basis of its approach to modern slavery risk. It also pointed to board-level oversight of compliance matters and described these structures as supporting risk management across its operations and supply chain. However, the discussion indicated that the attendees were not best placed to address several of the more detailed questions on supply chain due diligence and modern slavery risk management. As a result, follow-up questions were shared after the meeting so that the relevant internal teams could provide a more informed response. Overall, the engagement suggested an underlying governance framework, but also a need for more specific evidence on how risks are identified, managed and remediated in practice, particularly beyond tier 1 suppliers.

In Progress: Across all three engagements, several themes remain under active follow-up. Further work will focus on how companies are moving beyond policy commitments and compliance-led processes towards more demonstrable management of modern slavery risk in practice. In particular, ongoing engagement will examine the extent to which companies can strengthen sub-tier supply chain mapping, improve the clarity and accessibility of disclosure, and provide more robust evidence on how risks are identified, prioritised, escalated and remediated, including through grievance mechanisms and worker support processes.

For Amgen, follow-up will centre on the written responses to questions that could not be fully addressed during the initial discussion, particularly in relation to supply chain due diligence, risk identification beyond tier 1, and the operation of remedy and escalation processes in practice. For PMI, continued dialogue will focus on improvements to the visibility and quality of its UK modern slavery disclosure, alongside clearer external reporting on outcomes, non-conformances and remediation. For Salesforce, further engagement will examine how the company translates internal governance and compliance processes into more decision-useful evidence on risk prioritisation, due diligence effectiveness and measurable outcomes, including through planned publication of its human rights saliency assessment.

More broadly, LAPFF will continue to use the CCLA Global Modern Slavery Benchmark as a reference point for assessing whether investee companies are closing the gap between policy and practice. Engagement will test whether companies can demonstrate credible progress against the objectives set out for these calls, including stronger due diligence, clearer disclosure of salient risks, and more persuasive evidence that governance, monitoring and remedy processes are operating effectively. This will remain important as investor expectations rise and regulatory scrutiny of forced labour and supply chain due diligence continues to intensify.

ENGAGEMENT



Image: Alamy

MINING: PRI AND EARTHWORKS

Earthworks

In Q2, LAPFF met with US-based NGO Earthworks to discuss recent events within Vale's Brazilian mining operations and ongoing concerns regarding the company's preparedness for climate-related physical risks, particularly in relation to tailings facilities.

The discussion built on LAPFF's ongoing engagement with affected communities in Brazil and highlighted that more than seven years on from the 2019 Brumadinho tailings dam disaster (which caused 272 fatalities) and over a decade from Samarco tailing dam disaster in 2015 (which killed 19 people and left untold social and environmental devastation), significant concerns remain regarding tailings safety and accountability within the company's operations.

Evidence and analysis from Earthworks and civil society point to

continuing vulnerabilities in Vale's facilities in Minas Gerais, especially under increasing climate stress and extreme weather events, including flooding at Mina de Fábrica and Mina de Viga in January 2026. This flooding demonstrates how physical climate risks are already impacting communities, ecosystems and operations.

The ongoing and lasting impacts of these events reinforce LAPFF's calls for effective board oversight, integration of climate adaptation into operational risk management, and ongoing engagement with affected communities in line with human rights due diligence expectations.

Earthworks subsequently published a [blog](#) featuring LAPFF commentary, reinforcing investor expectations in this area.

Vale

As part of the PRI Advance initiative investor group, in Q2 LAPFF wrote to Vale's Chief Sustainability Officer to request a follow up meeting to progress engagement on human rights

governance, community impacts and climate resilience. The letter focused on:

- How community and stakeholder feedback is escalated and integrated into operational decision making and board oversight,
- The effectiveness of grievance mechanisms and access to remedy for affected communities, and
- Progress on Indigenous engagement and regulatory compliance, including legacy issues and infrastructure such as the Carajás Railway.

Investors also requested greater clarity on how extreme weather and water risks are incorporated into project approval, asset management and long-term strategy, and how these risks are overseen at Board level.

The group is using recent events to ground this discussion, including the 2026 flooding at Vale's Fábrica and Viga sites in Minas Gerais, as well as controversy surrounding the Carajás Railway (part of Vale's core Northern System iron ore logistics network linking its Amazon mining operations in Pará to the Ponta da Madeira maritime terminal in São

ENGAGEMENT

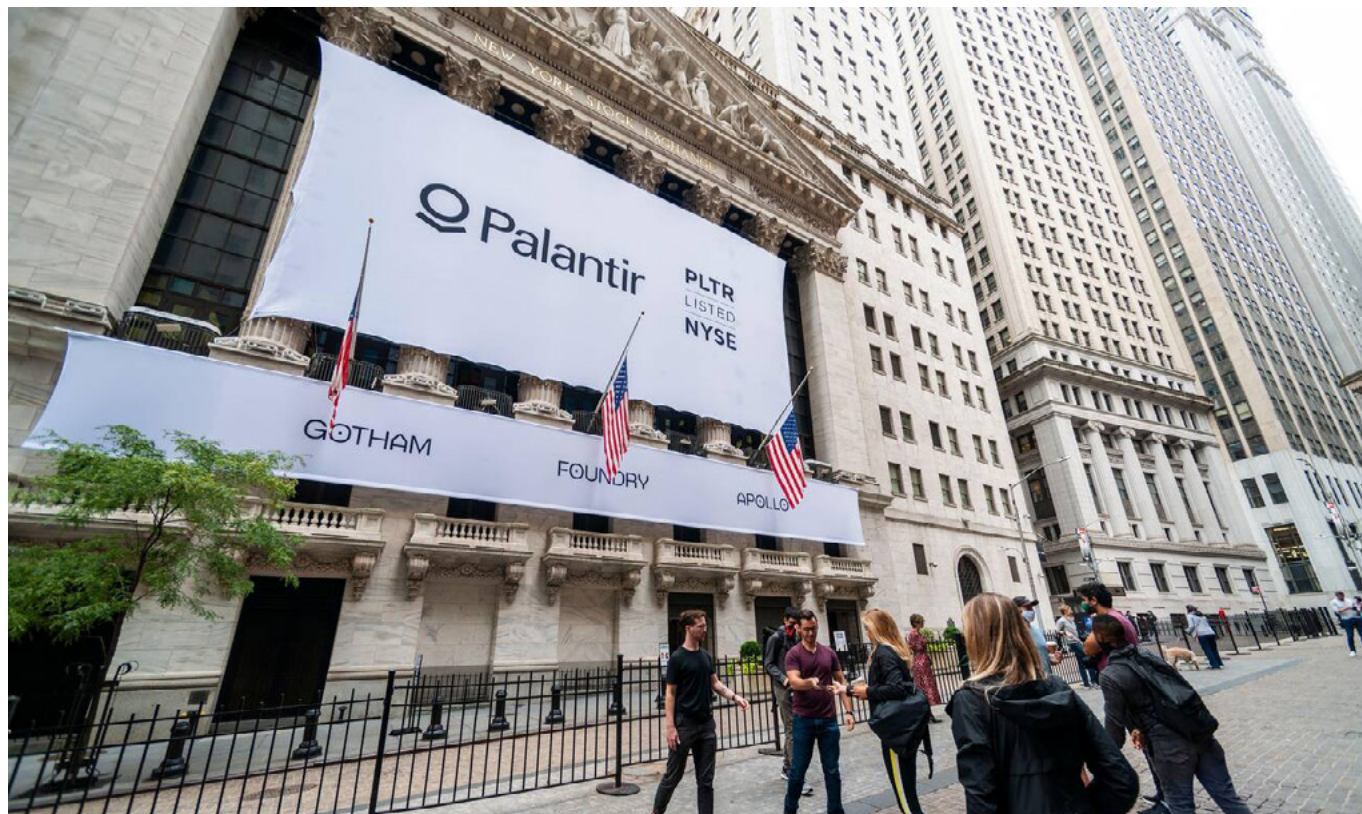


Image: Alamy

Luís, Maranhão). The controversy here has focused on whether licensing and permitting processes have adequately assessed the railway's environmental, social and climate-related impacts, including risks to Indigenous and traditional communities along the corridor. These examples will be used to press for demonstrable evidence of strengthened accountability, governance oversight, and implementation of climate adaptation measures in practice, rather than policy commitments alone.

In progress: Across the quarter, LAPFF strengthened its engagement on human rights, water and climate risk in the mining sector. Stakeholder engagement remained central to this work, supporting LAPFF's efforts to advance UNGP-aligned human rights due diligence, strengthen governance oversight, and promote the integration of physical climate risks into corporate strategy and operational decision making.

CONFLICT-AFFECTED AND HIGH RISK AREAS (CAHRAS)

Objective: LAPFF's engagement on conflict-affected and high-risk areas (CAHRAs) has continued to develop in response to the growing relevance of conflict-related human rights risks to LAPFF members. Companies with operations, supply chains, customers, investments, financing relationships, products, services or other business relationships linked to CAHRAs may face heightened legal, regulatory, operational, reputational and financial risks. These risks can arise where companies contribute to, are directly linked to, or exacerbate adverse impacts on people and conflict dynamics.

LAPFF's expectations are grounded in the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, and the UNDP Guide for Heightened Human Rights Due Diligence for Business in Conflict-Affected Contexts. These frameworks make clear that companies linked

to conflict-affected contexts should apply heightened human rights due diligence, including analysis of human rights impacts, conflict impacts, and the intersection between the two. LAPFF therefore expects companies to have policies, governance arrangements, due diligence processes, grievance mechanisms and decision-making criteria that are capable of identifying, preventing, mitigating and accounting for CAHRA-related risks.

Building on previous engagement and LAPFF's published [Engagement Expectations of Companies](#), LAPFF wrote to 31 companies in February 2026 identified as having operations, business relationships or other activities potentially linked to the Occupied Palestinian Territories. While the Israel-Gaza conflict and business activities linked to the Occupied Palestinian Territories remain important issues, LAPFF's CAHRA work is broader than one conflict or geography. The outreach formed part of a wider engagement programme focused on how companies manage heightened human rights and conflict-related risks across high-risk contexts.

The objective of the outreach was to establish a clearer and more comparable understanding of company practice. Companies were asked to respond to a

ENGAGEMENT

12-part questionnaire covering: policy commitments; international standards; identification of CAHRA exposure; impact and risk assessment; methodology and verification; prevention, mitigation and remediation; enter, remain, suspend or exit decision-making; monitoring and oversight; grievance mechanisms and remedy; transparency; continuous application of heightened due diligence; and financial decision-making. LAPFF sought responses that were specific, evidenced and, where possible, linked to relevant policies, procedures, governance mechanisms, internal controls, KPIs or public disclosures.

Achieved: The responses received demonstrate a wide range of approaches to managing CAHRA-related risk. Some companies provided detailed responses setting out governance structures, risk assessment methodologies, escalation routes and examples of heightened due diligence. Others provided only high-level references to existing human rights, sanctions, export control or sustainability disclosures, without directly responding to the questionnaire.

A number of companies recognised CAHRAs, conflict-affected contexts or high-risk markets as requiring enhanced scrutiny. However, relatively few disclosed a dedicated CAHRA policy or a clearly articulated heightened human rights due diligence framework. In several cases, CAHRA-related risk was embedded within broader human rights, compliance, enterprise risk management, trade compliance, sanctions, procurement or sustainability processes, rather than addressed through a standalone framework. While this may indicate that some controls exist, it also makes it harder for investors to assess whether companies are applying due diligence that is genuinely heightened, continuous and conflict-sensitive.

The strongest responses tended to provide detail on how CAHRA exposure is identified and assessed. This included use of country risk tools, external data sources, human rights risk assessments, third-party input, sanctions screening, supplier or business partner due diligence and escalation processes.

However, important gaps remain. Many companies did not clearly explain the scope of exposure assessed, particularly in relation to downstream customers, end-users, distributors, platform users, financing relationships, joint ventures or

other business partners. Consideration of international humanitarian law was also uneven. A small number of companies explicitly stated that international humanitarian law or the law of armed conflict is considered in CAHRA-related assessments, while others referred more generally to the UNGPs, OECD Guidelines, ILO standards or sanctions compliance without explaining whether conflict analysis forms part of their methodology.

Governance disclosure varied considerably. Some companies identified board-level committees, executive-level committees, human rights steering groups, compliance functions or risk committees with responsibility for oversight. Others provided only general references to board approval of human rights policies or did not explain how CAHRA-related risks are escalated to senior management or the board. Across responses, there was limited disclosure on what information boards receive, how often they receive it, and what decisions are reserved for board-level oversight.

Decision-making on whether to enter, remain in, suspend or exit CAHRA-linked activities was one of the weaker areas of disclosure. A small number of companies described country-entry controls, traffic-light systems, escalation processes, case-by-case review or formal approval routes. However, most responses did not disclose clear decision criteria, thresholds, examples of outcomes, or how stakeholder input and human rights impacts are weighed against legal, commercial or operational considerations.

Where companies failed to respond, declined to complete the questionnaire, or relied only on generic public disclosures, LAPFF began escalating through AGM attendance and voting alerts. LAPFF issued voting alerts at relevant companies, including Palantir, Meta, PayPal, Amazon and Motorola Solutions.

At Palantir's AGM, LAPFF asked how the company ensures human rights due diligence is effective beyond initial customer screening, and what specific triggers lead to escalation, including termination of customer relationships. Palantir did not respond to the question. At Meta's AGM, LAPFF asked how the board oversees risks associated with the company's services and technologies in CAHRAs, including escalation to the board and assessment of effectiveness. Meta did not answer. At PayPal's AGM, LAPFF

asked the board to explain the framework used to assess the human rights impacts of providing, restricting or withholding services in CAHRAs. PayPal did not respond.

At Amazon's AGM, LAPFF raised concerns about downstream human rights risks linked to cloud infrastructure, AI, logistics and other technologies, and asked for greater disclosure on board-level oversight. Amazon did not answer. LAPFF also attended Alphabet's AGM and asked what criteria the company uses to determine when heightened due diligence is required, when risks are escalated to the board or relevant committee, and when it will restrict, suspend or terminate customer relationships. Alphabet did not respond.

In Progress: LAPFF will continue to review the responses received and identify where further engagement is warranted. For companies that provided more detailed responses, LAPFF will consider follow-up engagement where risks appear higher or where disclosure gaps remain. This may include seeking greater clarity on how CAHRA exposure is mapped, how downstream risks are assessed, whether international humanitarian law is incorporated into due diligence, how affected stakeholders are consulted, and what criteria guide decisions to enter, remain in, suspend or exit high-risk activities.

For companies that declined to respond, failed to respond, or relied only on generic public disclosures, LAPFF will consider further escalation. This could include targeted voting alerts during the remainder of the 2026 AGM season and into 2027, further AGM attendance, and opposition to relevant directors where board oversight appears insufficient.

The AGM season has also highlighted a broader concern regarding virtual AGM accountability. In several cases, LAPFF submitted questions on CAHRA-related risks, but companies did not answer them during the meeting. The lack of responses limits shareholders' ability to assess board accountability, follow up in real time, or understand whether similar concerns were raised by other investors. LAPFF will therefore continue to consider how AGM attendance, voting alerts and direct engagement can be used together to press for stronger transparency, clearer board oversight and more robust application of heightened human rights due diligence in conflict-affected and high-risk areas.

COMPANY PROGRESS REPORT

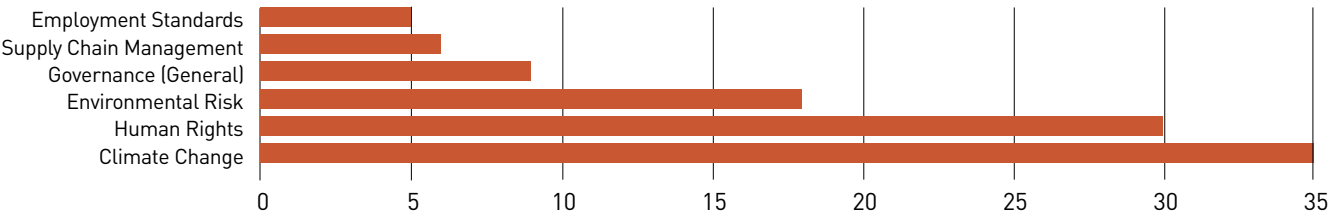
LAPFF engaged 73 companies engaged over the quarter

The table below represents data taken from 'Meetings', 'AGMs' and 'Received Correspondence' only.

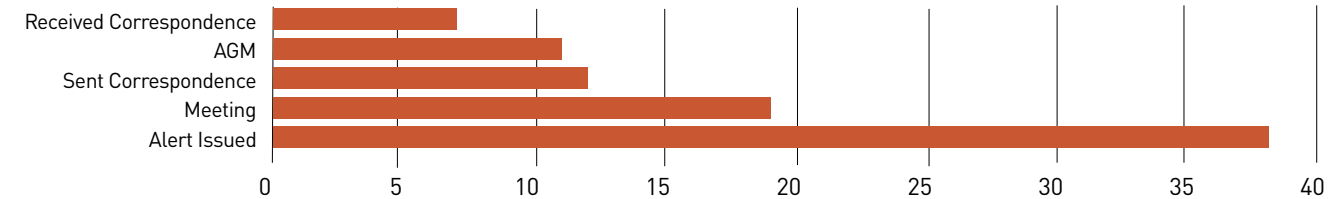
Company/Index	Activity	Topic	Outcome
ALPHABET INC	AGM	Human Rights	No Improvement
AMAZON.COM INC.	AGM	Human Rights	No Improvement
AMGEN INC.	Meeting	Human Rights	Dialogue
ANGLO AMERICAN PLC	Meeting	Human Rights	Dialogue
ASTRAZENECA PLC	AGM	Governance (General)	Dialogue
BP PLC	Meeting	Governance (General)	Change in Process
BUNGE GLOBAL SA	Meeting	Supply Chain Management	Dialogue
CATERPILLAR INC.	AGM	Human Rights	No Improvement
CISCO SYSTEMS INC.	Received Correspondence	Human Rights	Moderate Improvement
COMPAGNIE FINANCIERE RICHEMONT SA	Received Correspondence	Human Rights	No Improvement
DRAX GROUP PLC	Meeting	Climate Change	Dialogue
ELECTRIC POWER DEVELOPMENT CO	Meeting	Climate Change	Dialogue
GENERAL MOTORS COMPANY	AGM	Governance (General)	No Improvement
HEIDELBERG MATERIALS AG	Received Correspondence	Human Rights	Moderate Improvement
HONEYWELL INTERNATIONAL INC.	AGM	Human Rights	Awaiting Response
HSBC HOLDINGS PLC	Meeting	Environmental Risk	Dialogue
KERING SA	Meeting	Human Rights	Small Improvement
KINGFISHER PLC	Meeting	Employment Standards	Dialogue
LUNDIN MINING CORP	Meeting	Climate Change	Dialogue
META PLATFORMS INC	AGM	Human Rights	No Improvement
META PLATFORMS INC	Received Correspondence	Human Rights	Moderate Improvement
MICROSOFT CORPORATION	Meeting	Human Rights	Moderate Improvement
NATWEST GROUP PLC	Meeting	Climate Change	No Improvement
OCADO GROUP PLC	Received Correspondence	Environmental Risk	Satisfactory Response
PALANTIR TECHNOLOGIES INC	AGM	Human Rights	No Improvement
PAYPAL HOLDINGS INC	AGM	Human Rights	No Improvement
PHILIP MORRIS INTERNATIONAL INC.	Meeting	Human Rights	Dialogue
PRIMO WATER CORP	Received Correspondence	Human Rights	Dialogue
ROLLS-ROYCE HOLDINGS PLC	Received Correspondence	Human Rights	No Improvement
SALESFORCE INC	Meeting	Employment Standards	Dialogue
SEMBCORP INDUSTRIES LTD	Meeting	Climate Change	No Improvement
SHELL PLC	AGM	Environmental Risk	Dialogue
TESCO PLC	Meeting	Environmental Risk	Dialogue
THALES	AGM	Human Rights	Dialogue
THE PROCTER & GAMBLE COMPANY	Meeting	Environmental Risk	Small Improvement
TOTALENERGIES SE	Meeting	Climate Change	Dialogue
VALE SA	Meeting	Environmental Risk	Dialogue

ENGAGEMENT DATA

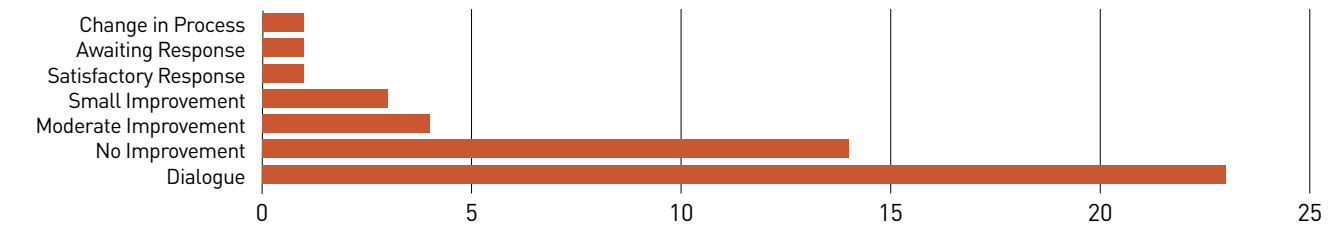
ENGAGEMENT TOPICS



ACTIVITY

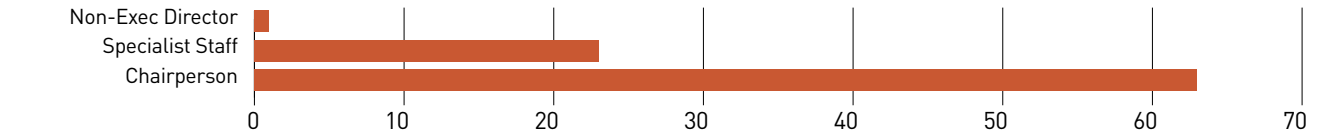


ENGAGEMENT OUTCOMES*

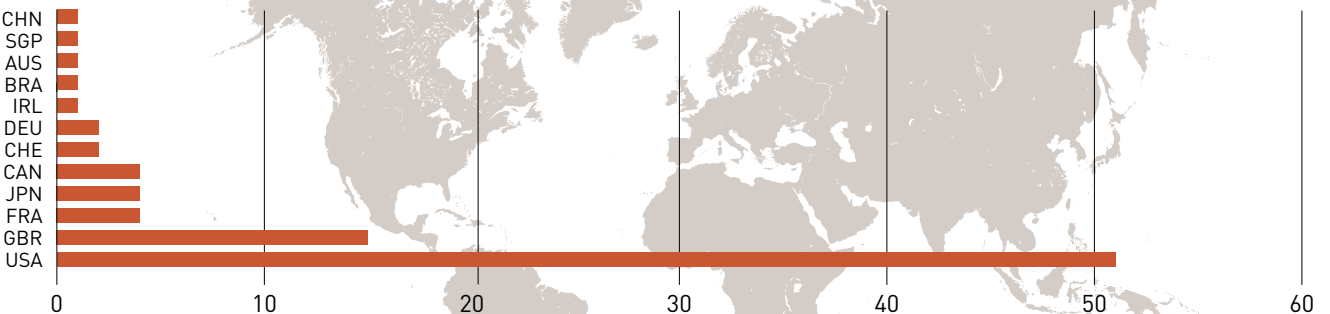


*Outcomes data is taken from 'Meetings', 'AGMs' and 'Received Correspondence' only

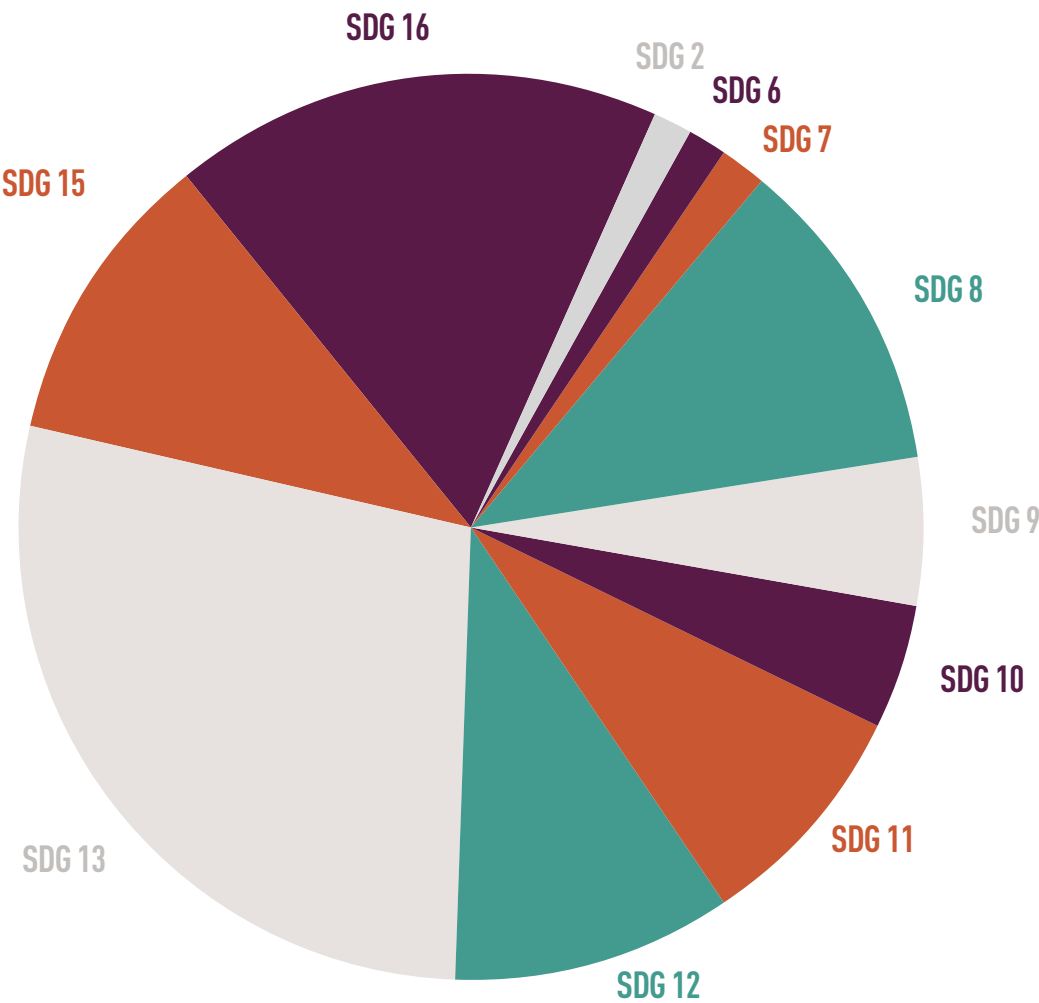
POSITION ENGAGED



COMPANY DOMICILES



ENGAGEMENT DATA



LAPFF SDG ENGAGEMENTS

SDG 1: No Poverty	0
SDG 2: Zero Hunger	2
SDG 3: Good Health and Well-Being	0
SDG 4: Quality Education	0
SDG 5: Gender Equality	0
SDG 6: Clean Water and Sanitation	2
SDG 7: Affordable and Clean Energy	2
SDG 8: Decent Work and Economic Growth	15
SDG 9: Industry, Innovation, and Infrastructure	7
SDG 10: Reduced Inequalities	6
SDG 11: Sustainable Cities and Communities	11
SDG 12: Responsible Production and Consumption	13
SDG 13: Climate Action	37
SDG 14: Life Below Water	0
SDG 15: Life on Land	14
SDG 16: Peace, Justice, and Strong Institutions	23
SDG 17: Strengthen the Means of Implementation and Revitalise the Global Partnership for Sustainable Development	0

LOCAL AUTHORITY PENSION FUND FORUM MEMBERS

Avon Pension Fund
Barking and Dagenham Pension Fund
Barnet Pension Fund
Bedfordshire Pension Fund
Berkshire Pension Fund
Bexley (London Borough of)
Brent (London Borough of)
Cambridgeshire Pension Fund
Camden Pension Fund
Cardiff & Glamorgan Pension Fund
Cheshire Pension Fund
City of London Corporation Pension Fund
Clwyd Pension Fund (Flintshire CC)
Cornwall Pension Fund
Croydon Pension Fund
Cumbria Pension Fund
Derbyshire Pension Fund
Devon Pension Fund
Dorset Pension Fund
Durham Pension Fund
Dyfed Pension Fund
Ealing Pension Fund
East Riding Pension Fund
East Sussex Pension Fund
Enfield Pension Fund
Environment Agency Pension Fund
Essex Pension Fund
Falkirk Pension Fund
Gloucestershire Pension Fund
Greater Gwent Pension Fund
Greater Manchester Pension Fund
Greenwich Pension Fund

Gwynedd Pension Fund
Hackney Pension Fund
Hammersmith and Fulham Pension Fund
Haringey Pension Fund
Harrow Pension Fund
Havering Pension Fund
Hertfordshire Pension Fund
Hillingdon Pension Fund
Hounslow Pension Fund
Isle of Wight Pension Fund
Islington Pension Fund
Kensington and Chelsea (Royal Borough of)
Kent Pension Fund
Kingston upon Thames Pension Fund
Lambeth Pension Fund
Lancashire County Pension Fund
Leicestershire Pension Fund
Lewisham Pension Fund
Lincolnshire Pension Fund
London Pension Fund Authority
Lothian Pension Fund
Merseyside Pension Fund
Merton Pension Fund
Newham Pension Fund
Norfolk Pension Fund
North East Scotland Pension Fund
North Yorkshire Pension Fund
Northamptonshire Pension Fund
Nottinghamshire Pension Fund
Oxfordshire Pension Fund
Powys Pension Fund
Redbridge Pension Fund

Rhondda Cynon Taf Pension Fund
Scottish Borders Pension Fund
Shropshire Pension Fund
Somerset Pension Fund
South Yorkshire Pension Authority
Southwark Pension Fund
Staffordshire Pension Fund
Strathclyde Pension Fund
Suffolk Pension Fund
Surrey Pension Fund
Sutton Pension Fund
Swansea Pension Fund
Teesside Pension Fund
Tower Hamlets Pension Fund
Tyne and Wear Pension Fund
Waltham Forest Pension Fund
Wandsworth Borough Council Pension Fund
Warwickshire Pension Fund
West Midlands Pension Fund
West Yorkshire Pension Fund
Westminster Pension Fund
Wiltshire Pension Fund
Worcestershire Pension Fund

Pool Company Members

Border to Coast Pensions Partnership
LGPS Central
Local Pensions Partnership
London CIV
Northern LGPS
Wales Pension Partnership

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Committee

Pension Committee

Date and Time

18 September 2026
10am

Public

Administration and Regulatory update

LGPS

Lead Director:	Justin Bridges – LGPS Senior Officer – Head of Pensions
Service Area:	Pension Fund – Finance
Report Author	Vicky Jenks Pensions Administration Manager
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1. Purpose of Report

1.1 This report provides the Pension Committee with an update on administration performance, team capacity, key project delivery, and recent regulatory changes. Most KPI measures met the 95% target during quarter 1, with targeted action underway where performance is below target. The report also summarises progress on Pension Dashboard, Annual Benefit Statements, McCloud remedy work, Access and Fairness changes, employer performance, and communications activity.

2. Recommendations

The Committee is asked to:

2.1 Note and comment on the KPI chart and the information provided on KPIs that are not currently meeting the 95% target for completion within statutory timescales, including the actions being taken to address this. (Appendix A)

2.2 Note the progress and completion of key activities from the Fund business plan for Q1 2026-27. (Appendix B)

2.3 Note the progress of the Pension Dashboard implementation which is provided in the separate update report. (Appendix C)

3. Summary of Main Proposals

3.1 The main proposals in the report relate to actions required to ensure the pensions administration team can continue to deliver the statutory requirements of the fund effectively. These include reviewing the resources and technology available to ensure the service can meet the needs of all stakeholders.

4. Key Risks and Opportunities

4.1 Performance is considered and monitored to ensure regulatory timescales and key performance indicators are met. Strategic administration risks are identified, managed, and reported to committee on an annual basis. Key risks relating to project work are also reported through project plan updates.

6. Financial Implications

6.1 The administration budget is set each year and monitored to ensure that the work of the team is achieved within this. Any additional costs are subject to approval by the Head of Pensions.

6.2 Costs are met by the pension fund and have no direct impact on the revenue budget for the Council.

7. Legal and HR Implications

7.1 The Pension Fund is legally obliged to follow the LGPS Pension Regulations and any other regulations relating to the administration of a pension scheme. Failure to do so could lead to regulatory fines and loss of confidence in the service.

7.2 The Fund will need to report McCloud-related cases to The Pensions Regulator where they have not been completed by the expected deadline.

7.3 The report identifies HR implications relating to resource management, workload planning, staff consultation, and changes to work allocation. The introduction of revised work allocation arrangements, based on skills and capacity, will need to be monitored to ensure work is distributed fairly and consistently, while supporting staff development, knowledge retention, and service resilience. Additional regulatory and project requirements may also create further staffing pressures, and the management team will continue to review whether additional posts, training, or changes to working practices are required. Staff will continue to be consulted on proposed changes and encouraged to contribute to process reviews.

8. Equality and Diversity Implications

8.1 Access and Fairness changes for pension scheme members are expected to have positive equality implications. The changes include fairer survivor benefit rules for eligible spouses and civil partners, protections relating to unpaid child-related leave, and improved opportunities to buy back pension lost during unpaid absence. The fund will need to ensure communications are clear, accessible, and targeted so affected members understand the changes and any action they may need to take.

9. Climate Change, Biodiversity and Environmental Implications

9.1 Climate Change, Biodiversity and Environmental implications are not detailed in this report.

10. Performance and Team Update

10.1 The team's output and performance for the period 1 April 2026 to 30 June 2026 is available at Appendix A. The chart shows that 11 of the 14 KPIs achieved the target of at least 95% of cases completed within the legal timeframes.

10.2 From February 2026, we introduced a new process for allocating work within the Membership and Benefits team. Cases are now distributed according to individual skill sets and capacity, rather than alphabetical split, where all Officers manage multiple types of casework such as retirements, deaths, and transfers. This new approach also considers staff absences and project commitments.

10.3 We are monitoring the success of this change and have seen an improvement in the number of transfer tasks processed within the KPI timeframe. Officers have also confirmed that they prefer the new way of working. However, we need to establish a rotation routine, so Officers retain knowledge and skills in areas of work they have moved away from. Discussions with those affected are ongoing to determine how this can best be managed.

10.4 For early leaver cases, we are also seeing an improvement in the number of cases being processed within the KPI timeframe. This is due to the recruitment of two new Pensions Assistants who are becoming fully trained in this area of work.

10.5 A project plan has been set up to manage the retrospective cases relating to the equalisation of partner benefits and removal of the age 75 death grant cap. Guidance has been issued to instruct funds on the actions that need to be completed and the timescales for completion.

10.6 We are considering the resources needed for additional work created due to the changes required for Access and Fairness, Access and Protections, and Fit for the Future new governance requirements.

10.7 A number of the team are studying for Level 2 and Level 3 qualifications, which supports their continued professional development.

11. Communications

11.1 The following chart shows statistics on work undertaken by the helpdesk team that is not covered by the workflow system or reported within the wider team statistics in Appendix A.

	April 26	May 26	June 26
Telephone calls received to helpdesk	613	682	647
% of calls answered	96%	95%	98%
Contact us forms and Emails received to pensions inbox	848	1108	972
% responded to within 10 working days	100%	100%	100%
My Pension Online activation keys issued	97	128	70
Incoming post received (items per day)	112	68	101
1-2-1 video meetings	7	10	12
Users visiting the website*	741	1036	659

* Where cookie has been accepted to track access

11.2 Penny the Pensions Bot, available through our website, continues to support members by answering their questions. The chart below shows the accuracy of responses provided. Use of the Bot and its accuracy levels have not improved. Each month, the team reviews the questions asked and the responses given. In most cases where accuracy is below 100%, the question asked is not specific enough. For example, the Bot can answer the question “Can I stop paying into the pension scheme?” with 100% accuracy, but may be unable to respond correctly if the member simply asks, “Can I stop paying in?”

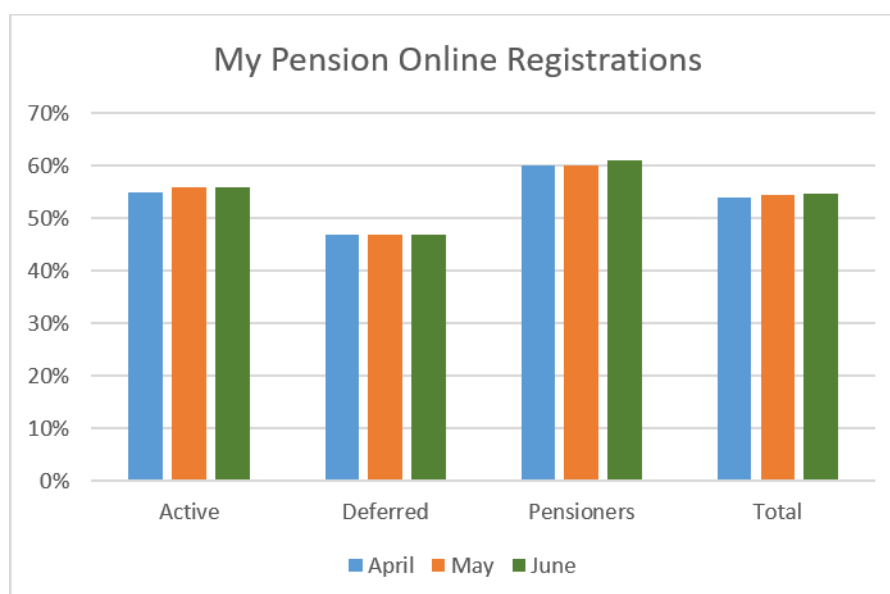
11.3 A more sophisticated bot would be able to interpret the member’s intent rather than relying mainly on exact wording. This would allow it to respond more effectively to vague or incomplete questions, ask follow-up questions where clarification is needed, and guide members to the most appropriate information or next step. By contrast, a more basic bot is more dependent on users asking questions in a specific format, which can limit accuracy where the wording is unclear. The team will be implementing a new bot as part of the work we are completing to update the fund’s website; this is scheduled to go live at the beginning of 2027.

026/2027	Apr	May	Jun
Questions submitted	118	201	78
Asked an expert	7	22	8
Accuracy %	77	76	66

11.4 The table below shows the percentage of members who have registered for 'My Pension Online' by the different member types in the Fund.

11.5 In preparation for Pension Dashboard, and to encourage more deferred members to actively engage with their pension held by Shropshire, we are planning a communication exercise targeting individuals who are not registered.

11.6 Members for whom we hold an email address have recently been contacted to let them know that their Annual Benefit Statement is available online. Each year, this communication usually leads to an increase in members registering for and using the platform to view their statements.



12. Employer Performance

12.1 In line with the Shropshire County Pension Fund administration strategy, employers must pay their contributions and lump sum deficit payment by the 19th of the month. Accompanying data must also be submitted via i-Connect by this date. The table below shows the percentage of employers who have made payments by the deadline for the year 1 April 2026 to 30 June 2026.

12.2 This table also includes information about employers who make monthly deficit lump sum payments, which form part of employer contributions. Information about employers who did not meet these deadlines is covered in the governance report via the reported breaches chart.

	i-Connect Submissions on time	Contributions paid on time	Lump sum deficit payments paid on time
Average for the Quarter	87%	98%	89%

April 2026	87%	97%	89%
May 2026	86%	100%	100%
June 2026	88%	97%	77%

12.3 During the last quarter, an average of 98% of monthly payroll contributions were received by the due date. Delays were minimal and occurred where payment was received one or two days late, often because the due date fell at a weekend and payment was not made on the preceding Friday.

12.4 Lump sum deficit payments were lower on average, at 89%. This was mainly due to separate payments being required for schools within a Multi Academy Trust, where all related payments were made late. The June figure was lower for this reason, as the due date fell at a weekend and payment was not made by the deadline.

12.5 Although monthly payments were generally received on time, i-Connect data submissions were lower, averaging 87% for the quarter. This was due to three Multi Academy Trusts changing payroll providers. Two moved to the same provider, leading to ongoing data submission and reconciliation issues. Further details are set out below:

- One Trust has 12 schools; each treated separately for pension purposes with individual employer contribution rates. The Trust changed payroll provider in September 2025. Since then, there have been monthly issues with late data submissions and reconciling data to payments. Although payments have been made on time, the team has been unable to allocate them to accounts until the data discrepancies are resolved, creating additional work. Despite ongoing engagement with the Trust and payroll provider, the issues remain unresolved and the Trust has been reported to The Pensions Regulator.
- One Trust has 4 schools, each treated separately for pension purposes, and changed payroll provider in April 2026. Submissions were late during the first quarter but have since been received on time.
- One Trust has 2 schools and changed payroll provider in April 2026. Similar issues have arisen to those experienced by the Trust with 12 schools, as both use the same payroll provider. These issues are being monitored.

13. Projects

13.1 The Fund's business plan for 2026/27, with comments on activities undertaken during Q1, is available at Appendix B. The plan is being reviewed to incorporate the additional work the team will need to complete in relation to regulatory changes.

13.2 Pension Dashboard – See Appendix C for the latest project report. The team is now reviewing how queries from the dashboard should be answered and the timescales within which responses must be provided. New functionality will be purchased within the pension software system to assist with member queries where personal data does not match, such as surname or address. We are also reviewing additional staffing requirements for the ongoing work that will be created across the Systems and Communications teams.

Year End – The team has completed the year-end reconciliation of data and contributions received for all employers in the Fund.

13.3 Annual Benefit Statements – Annual Benefit Statements were sent out ahead of the 31 August deadline.

- **Deferred Members (no longer contributing):**

A total of 18,273 statements were produced:

356 were sent out as paper statements

17,919 were issued to members' individual accounts on My Pension Online.

- **Active members (contributing):**

A total of 16,069 statements were produced

238 were sent out as paper statements

15,832 were issued to members' individual accounts on My Pension Online.

New functionality available on 'My Pension Online' provides a personalised video that explains the figures on a member's statement. A newsletter providing a recap of the regulation changes that came into force from 1 April 2026 has also been issued.

We have also introduced Electronic Identification Verification for members when they create their 'my pension online' accounts. This is an additional security feature which provides the highest level of protection to our members.

We also have Multi Factor Authentication (MFA) for members when they log in so that a message is sent to either their email or mobile number to confirm it is them logging into their accounts.

13.4 McCloud - The team have worked well to complete as much of the additional work created by the Age Discrimination remedy by the 31 August deadline. However, we do have some outstanding cases that we are still working through. These are:

- Trivial commutations where a member retired and took a one-off lump sum and may now be due an extra payment as they have a McCloud guaranteed addition
- *Revisiting pension sharing on divorce cases with a transfer date before 1 October 2023.
- *Transfers in over age 65 where the member is transferring in remediable service.
- *Calculating non-club transfers to a club scheme.

*For the remaining cases listed above guidance is still outstanding and so we are unable to provide a timescale for completion

The legislation states that these cases must be done without 'undue delay.' The expectation, set out in the statutory guidance, is that this work will be completed by the end of the implementation period – 31 August 2025. But flexibility to extend the implementation period to 31 August 2026 for certain members or groups of members is set out in the statutory guidance. The committee approved the extension to this time limit for fund officers to complete the work.

However, due to workloads and capacity on the team, there are some cases we will not be able to complete by the deadline, we are working through a list of 171 trivial commutations, (where a member has retired and received a one-off lump sum rather than an ongoing pension) to identify if any of these cases will need to be recalculated, we hope to get this work completed by 31 October 2026.

We will need to report the cases that have not been completed to the Pensions Regulator, as they have directed Admin Authorities to do so in this statement [Reminder: McCloud remediable service information](#). We understand that the majority of funds will be reporting

to turn for not meeting the deadline, due to outstanding guidance, software not being updated and capacity issues.

14. Staffing

14.1 Recent staffing changes are becoming embedded; however, new, and anticipated requirements over the next year mean the management team is considering whether additional posts are needed to ensure the service can deliver all required work. Additional posts have already been created within the Membership and Benefits team, and we will now review the need for further posts within the Communications and Governance, and Systems and Employer Relations teams.

15. Regulatory Updates

15.1 The Access and Fairness scheme changes for the LGPS Pension Scheme that were detailed in the May report have now come into force:

Key Changes

- **Fairer Survivor Benefits:** Survivor pension rules are being updated so eligible spouses and civil partners are treated equally. The team have identified and will need to review cases retrospectively and pay any arrears due and ensure all future cases are calculated correctly. The administration software will need to be updated to reflect the changes to the requirements.
- **Death Grants:** The age limit for death grant eligibility has been removed for deaths after 1 April 2014, including for those who died over age 75. The team have identified cases that will need to be reviewed and recalculated. Work to trace personal representatives will need to be completed
- **Faster Payments:** The previous two-year limit before a tax charge on Death Grants is removed.

Gender Pension Gap Remedies:

- Unpaid breaks under 15 days count towards your pension.
- You can buy back pension lost during unpaid breaks over 14 days, with employers able to contribute for absences over three years.
- The deadline to decide on buying back lost pension is extended from 30 days to one year if you are still employed.
- Child-related leave now includes unpaid maternity, adoption, and shared parental leave.

15.2 The Fund has communicated the changes with employers in the Fund to ensure they have updated their processes to take account of this.

15.3 All affected pension scheme members have also received a communication from the Fund to notify them of the changes.

15.4 Details regarding the additional governance requirements from the Fit for the Future legislation are detailed in the Governance report.

16. LGPS England & Wales Scheme Advisory Committee (SAB) Review

16.1 Fit for the Future – Guidance – the Committee published a statement following the release of statutory guidance supporting the ‘Fit for the Future’ reforms. The statement is from the Committee Chair, Cllr Roger Phillips OBE, and the LGA Head of Pensions and Committee Secretary, Clair Alcock.

[Committee statement following release of statutory guidance supporting ‘Fit for the Future’ | LGPS Committee](#)

16.2 The guidance explains how the new Independent Person and Senior LGPS Officer roles should operate, both independently and together. The Board recognises these roles as a significant governance development and acknowledges funds’ work to implement them.

16.3 Funds must also review and update policies and processes to meet the new requirements. The governance guidance sets out the Independent Governance Review requirements.

16.4 2025 Actuarial Valuations - The Board has published a report summarising the recently completed 2025 local fund valuation exercise, comparing the results with 2022 and covering the assumptions used, investment strategies and the gender pensions gap.

16.5 The Board also published a news article highlighting the strong interest in the 2025 results, partly due to improved funding positions and wider discussions about public sector finances. Average funding levels increased from 107% in 2022 to 122% in 2025, based on local funding bases, while average employer contribution rates fell from 21.1% of payroll to 16.5%.

16.6 The Board welcomed funds sharing the benefits of stronger funding positions with participating employers, while stressing the need to balance current affordability with the Scheme’s long-term sustainability.

Background Papers

1. Administration and Regulatory update June 2026

Appendices

Appendix A - KPI chart April to June 2026
Appendix B - Fund business plan 2026-27
Appendix C – Dashboard Project plan update

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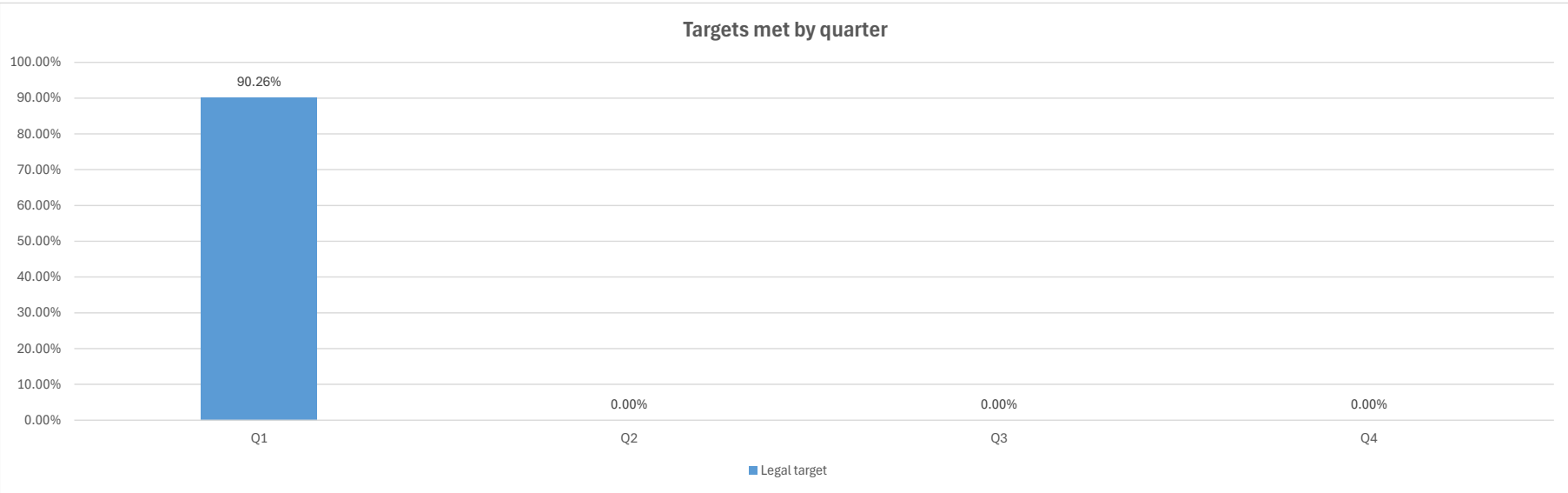
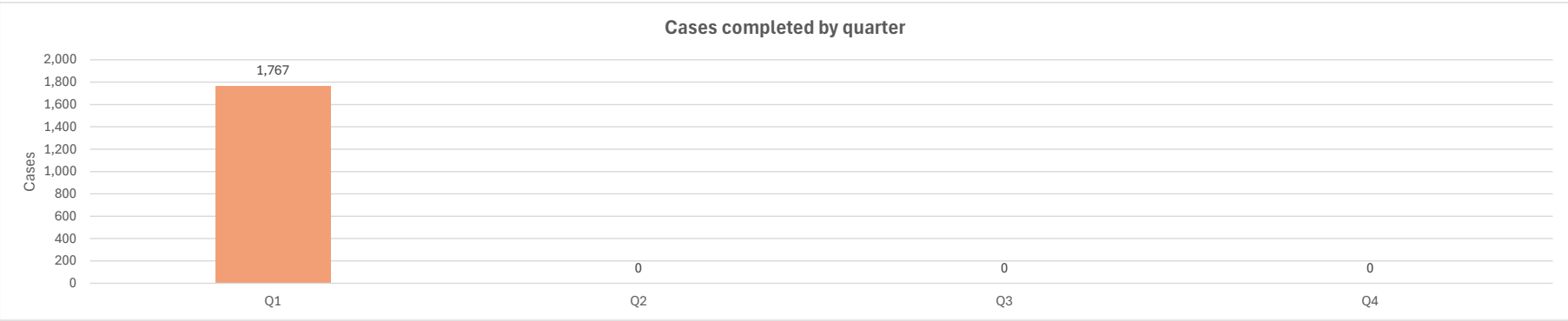
KPI Performance Dashboard

Pension Administration KPI's | April 2026 to March 2027



TOTAL CASES	LEGAL TARGET Q1	LEGAL TARGET Q2	LEGAL TARGET Q3	LEGAL TARGET Q4	OVERALL AVERAGE
1,767	90.26%	0.00%	0.00%	0.00%	90.26%

QUARTERLY WORKLOAD					
	Q1	Q2	Q3	Q4	TOTAL
Cases	1,767	0	0	0	1,767
Legal target	90.26%	0.00%	0.00%	0.00%	90.26%



SERVICE PERFORMANCE DETAIL		
Service	Annual cases	Legal target
Death acknowledgement	117	100.0%
Dependants pension	96	96.9%
Deferred quotation	34	97.1%
Active quotation	53	98.1%
Deferred retirement actual	152	94.1%
Active retirement actual	105	99.0%
Lump-sum payment	322	98.1%
Deferred benefit options	261	55.9%
Transfer in	108	51.9%
Transfer out	69	87.0%
Refund payment	78	98.7%
Divorce quotation	36	100.0%
Member estimates	99	94.9%
Aggregation cases	237	92.0%

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Pensions Administration & Investment Quarterly Updates				
Project Name	Context	Actions	July 2026 Update Q1	
Administration			Progress	Status
Implementation of regulations changes from 1 April 2026	Access and Fairness, Access and Protection changes	Review changes, communicate these to members by 30 June (Disclosure) team training, update processes and information	Work ongoing to establish changes required to process and new things that need to be introduced	Ongoing
Year-end 2025/2026	All records to be checked from postings. All employer forms to be reconciled to total of monthly postings	Data cleansing to be undertaken following last i-Connect submission for March 2025. Reconciliation forms and communication to employers to be issued February 2026. Forms reconciled to accounts. Information from employers received by 30th June 2026.	Data cleansing is complete except one employer and some queries sent back to employers for reconciliation.	G - On Track
Annual Benefit Statements (Active and Deferred)	All Annual Benefit Statements issued by 31 August	Project plan to be put in place by 31st March 2025. Statement preparation to commence following completion of year end processes.	Deferred statements produced, uploaded to Engage and paper statements posted out via Blueprint. Work has started on the Active statements.	G - On Track
Preparation of Pension Fund Annual Report	To produce annual report by statutory deadline of 1st December 2025	Project plan to be put in place by March 2025. Review new guidance when available. This will be compulsory from 2025. Draft version available to be signed off by September 2025 pension committee.	All information collated and sent to Pop Creative 23/06/26 to produce the first draft. First draft received, proofed and sent back to Pop Creative to make amends 27/07/26. Second draft received 30/07/26 to be reviewed by senior officers.	G - On Track
SAB Good Governance Fit for the Future Requirements	To demonstrate compliance with any recommendations/regulation changes put in place	Review guidance when available. Some of the recommendations were part of the Fit for the Future consultation and will be taken forward following the Government's response to this.	Guidance has been reviewed and looking at what needs to be done to update the constitution. Training provided to Board and Committee on the requirements. Procurement of the independent person to be carried out.	Ongoing
Review of Bonds (Employer guarantor)	For certain types of admitted bodies a Bond is required to provide an assurance that contributions can be collected in the event of an employer having financial difficulties	As part of the valuation process Bond values are reviewed. The administration team need to liaise with employers to ensure bonds are put in place and reviewed before they expire	Review has been undertaken and employers have been contacted for revised bonds.	Complete
External Audit of Pension Fund	Annual requirement	Providing information required within the agreed timescales.	Preparation work for external audit was completed March and audit are now working through samples and contacting the team with any queries.	G - On Track
Production of Pension Savings Statements	Comply with HMRC regulations	Identify the members who have breached the annual allowance. Provide a pension saving statement by the 5th October 2026 deadline.	M&B team working through Annual Allowance queries to fix any records that require it to allow statements to be sent by 05/10/26.	G - On Track
Pensions Increase 2026	To ensure pensioners and deferred are uprated with annual increase amount	Bulk process to update the system with the confirmed CPI increase on 8th April 2026.	Completed and on time.	Complete
Pensions Dashboard Implementation	Implement in line with national guidelines by October 2026.	Implementation of the ISP in order to connect to Dashboards. Implementation of address tracing, mortality and bank account verification included as part of this project.	Processes being reviewed to look at reporting and queries that come via the Dashboard.	G - On Track
Bulk Revaluation	Annual CARE uprating to be applied to active records	Bulk process to be run after year end postings are complete in May/June 2026.	Completed and mop-up completed too.	Complete
P60 to Pensioners	To produce a P60 for pensioner members by 31st May	Following year end 2025/26 payroll processes run P60 production in end March/April 2026.	Completed April 2026.	Complete

Pensions Administration & Investment Quarterly Updates				
Project Name	Context	Actions	July 2026 Update Q1	
Investment				
UK Stewardship Code	Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. The UK Stewardship Code 2020 comprises a set of 12 ‘apply and explain’ Principles for asset owners. As part of the Fund’s desire to demonstrate its good governance and stewardship of its assets, the Fund submitted its first report in October 2022. The Fund was successful in its submission and is now a signatory to the UK Stewardship Code. The Fund has received feedback from the FRC on its submission and the Fund will develop its submission following this feedback. The Fund will submit a report annually to the Financial Reporting Council (“FRC”) to maintain its status as signatory to the Code. As part of the work on the Stewardship Code the Fund will review its approach to stewardship and engagement to ensure that it continues to meet the requirements of the Committee.	ESG monitoring is in place as part of business as usual. Resources have been allocated to review positions with Investment Managers annually to address any points. Lead Officer: Pensions Investment and Responsible Investment Manager	Revised application to be presented to Committee in September 2026.	G - On Track
Covenant Review	Work with Actuary to review Employer covenants on an annual basis to monitor risk to fund.	Meetings have been held with Actuary to discuss employers subject to review and the terms and reference of the reviews. Lead Officer: Pensions Investment and Responsible Investment Manager	Change of process to allow constant monitoring.	Ongoing
Climate Change Risk	The Fund issues an annual climate risk report and TCFD report as part of its commitment to net zero. In addition, the Fund supports these reports by undertaking Climate scenario analysis on a bi-annual basis to ensure that developments in this field are fed into ongoing analysis.	Climate Risk reports and TCFD reports have been commissioned with LGPS Central. Alternative Investment managers ESG policies and progress on Climate Risk monitoring are reviewed periodically with a view to establishing full portfolio monitoring. Lead Officer: Pensions Investment and Responsible Investment Manager	Next reports will be presented December 2026.	G - On Track
Biodiversity Risk	The Government is currently consulting on TNFD (Taskforce for Nature related Financial Disclosures). The Fund is monitoring the position and discussing potential data sources with investment managers and other Funds with a view to be able to report in a similar context to TCFD on climate.	Discuss the format of TNFD reports with LGPS Central to establish what can be accurately reported. Consider integration of Biodiversity risk into climate change strategy as whilst different risks there is an underlying fundamental link. Liaise with Investment Managers with a view to establishing full portfolio monitoring. Lead Officer: Pensions Investment and Responsible Investment Manager	TNFD still under consideration and no legal requirement at present for the Fund to produce a TNFD report.	Ongoing

Pensions Administration & Investment Quarterly Updates

Project Name	Context	Actions	July 2026 Update Q1	
Investment Strategy Statement	The Fund sets a triannual investment strategy which was last reviewed in June 2023 and the Fund is currently working on transition plans to meet the new strategic asset allocation. The investment strategy review took place concurrently with the review of the Funding Strategy Statement in 2022/23. The outstanding actions now are implementing the agreed changes to the investment strategy. The implementation of the revised investment strategy will occur over a period to manage transition risks.	Reports on the Investment transition to meet the new ISS were presented to Pensions Committee in September 2023. The transition will take approx. 18 to 24 months to fully implement given some of the illiquid asset classes involved. A full timetable is in place and Pensions Committee will be updated on a quarterly basis of major changes. Lead Officer: Head of Pensions – LGPS Senior Officer	Draft ISS went to Committee in March and final version in September following consultation.	G - On Track
Pooling	The Fund works directly with LGPS Central to ensure that appropriate products are available to meet future investment requirements and allow transition from legacy managers as investments mature. Following the General Election, the new Pensions Minister has instigated a pensions review with phase 1 including the Local Government Pension Scheme, in particular the pooling of investments. The recommendations to this will be know towards the end of 2024	The Fund Continues to work with LGPS Central to ensure that appropriate investment vehicles are available to allow the transfer of the Funds uncommitted assets. The transition of illiquid assets will continue to be reviewed based on maturity profiles and investment opportunities available. The Fund has responded to the consolation on moving pooling forward. Lead Officer: Head of Pensions – LGPS Senior Officer	All assets were transferred to LGPS Central control 01/04/26. Fund continue to work with LGPS Central over transition of legacy assets.	Ongoing

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Project Highlight Report

Pensions Committee



Project Name:	Pensions Dashboard	Report Number:	007
Period	April 2026 to July 2026	Date Completed:	24/08/2026
Completed By:	Jake Glover Senior Pensions Project Officer		

TREND SINCE LAST REPORT	Green
CURRENT STATUS	Green
EXPECTED STATUS AT NEXT REVIEW	Green

Previous progress	Progress made this period
• Connection to dashboard established • Data successfully being sent to Dashboard • AVC single source data has been setup in TEST environment • Member testing has commenced • Team are testing reports functionality which produces information to be reported to MaPS • Data Quality work: • First mortality tracing completed. • Bank Account Verification is in Live • Address tracing completed – notification to go out to members.	• The new Communications and Governance Team Leader has started (august 2026) and will be working on the Dashboard policy. This is being worked on in conjunction with South Yorkshire Pension Fund. • Project plan has been reviewed and updated to include the TPR post-connection checklist. • Address tracing has been run and letters have been created for High and Medium matches. These will be sent out to members and this feeds into the overall Dashboard project to ensure data is accurate when Dashboards goes live during the next financial year.

Slippage and Remedial Action

- ~~Mortality screening delayed due to staff shortages at Heywood; this has delayed implementation of address tracing as we have now hit the valuation project which the team need to focus on.~~
- ~~After escalating this with CRM eventually went live 4 June 2025.~~
- ~~Implementing the Address Tracing module and the AVC interface have been delayed due to Heywood staffing pressures and not as a result of any delays/issues within the Fund.~~
- There is an issue with error messages coming from the dashboard from the AVC update. Heywood have now raised this as a problem.
- ~~Address tracing isn't live and working as there is an issue with the results and this is back with Heywood to resolve.~~

Key Risks and Issues			
R/I	Detail	Rating	Open / Closed
R	Suitable ISP is not obtained and so can not connect to dashboard	Very Low	Closed
R	Data quality is low, leading to poor matching criteria and members having to contact the fund to find their pension (rather than finding it directly through the dashboards)	Low	Open
R	Procurement of new tracing and mortality screening provider (gap in service as current provider current ends in September)	Very Low	Closed
I	Decide on implementation dates	N/A	Closed
I	How do we resource queries from Dashboard to reduce the team being overwhelmed and to meet required timescales	Medium	Open
I	What to use for Find Data and how AVC information will be accessed	Medium	Closed
R	ISP connection deadline not met	Low	Closed
R	Having adequate resource to deal with any additional work created	Medium	Open
I	Delays with the AVC interface	Medium	Closed
I	Delays with Address Tracing implementation (10/04/26 Reopened this issue as per point above)	Medium	Closed
I	Error messages being received from the Dashboard for AVC updates	Medium	Closed

High Level Milestones

Action	Date Completed / Target Date	Status	Comments
Procure ISP	August 2024	Complete	ISP procured and approved.
Data Tools Procurement	February 2025	Complete	Procurement complete and contract awarded
ISP UAT	March 2025	Complete	UAT acceptance issued and signed off
Mortality Screening	June 2025	Complete	Module went live following a delay on the Heywood side
Data Tools Implementation	April/May 2025	Complete	Address Tracing to commence November – delayed due to staff pressures at Heywood working on the ISP
ISP Phase 2	July/August 2025	Complete	
Single Source File connection with Prudential	September/October 2025	Complete	Connection made to the Prudential SFTP and test file gained
Single Source Solution Testing with Heywood	September/October 2025	Complete	Implementation dates slipped due to issues with the Heywood Altair interface. AVC solution now in place in Altair Test however, issues being investigated by Heywood so not yet deployed to Live.
Bank Account Verification	September 2025	Complete	
Address Tracing	October 2026	On Track	Letters now prepared to send to members that are High and Medium matches.
Dashboard Policy	December 2026	On Track	This is progressing in conjunction with South Yorkshire Pension Fund.

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Committee

Pensions Committee

Date and Time

18 September 2026
10am

Public

Governance update LGPS

Lead Director:	Justin Bridges – Head of Pensions
Service Area:	Finance
Report Author	Vicky Jenks Pensions Administration Manager
Officer contact details	01743 252192 vicky.jenks@shropshire.gov.uk

1. Purpose of Report

- 1.1.** This report provides information regarding regulatory breaches arising from 1 April 2026 to 30 June 2026 (Q1) that have been recorded in the breaches log.
- 1.2.** This report will also inform the Committee of any stage 1 or stage 2 appeals which have been received under the internal dispute resolution procedure (IDRP).
- 1.3.** Fund officers have a review cycle for fund policies, policies that have been reviewed in the last quarter are listed for the Committee's approval.

2. Recommendations

The Committee is asked to:

- 2.1** note the content of Appendix A; breaches recorded from 1 April 2026 to 30 June 2026. (Appendix A)
- 2.2** The Committee is asked to approve the following fund policies:
 - Workforce Strategy (NEW)
- 2.3** Note the extensive work for additional governance requirements that have been created from the fit for the Future legislative changes.

3. Key risks and Opportunities

- 3.1.** Poor monitoring of breaches may result in inaccurate data from scheme employers, affecting the correct payment of member benefits.
- 3.2.** Delays in receiving contributions owed to the fund may affect investment activity and benefit payments, potentially reducing confidence in the service.
- 3.3.** Regular monitoring of the breaches log helps identify emerging trends and employer training needs.

4. Financial Implications

- 4.1.** Robust internal controls are in place to monitor compliance with regulatory requirements by both the fund and employers, minimising the risk of breaches and any associated fines from The Pensions Regulator.

5. Legal and HR implications

- 5.1** The Pension Fund must comply with LGPS Regulations and all other requirements governing pension scheme administration. Non-compliance could result in regulatory fines and damage confidence in the service.
- 5.2** People and Workforce Resilience -The strategy recognises that people are the fund's most critical asset. Sustained investment in workforce planning, development and succession planning is essential to maintaining service quality and managing risk.

6. Equality and Diversity Implications

- 6.1.** The Workforce Strategy includes several areas that support equality, diversity and inclusion.
- 6.2.** The strategy promotes fair access to learning and development, including professional qualifications, structured learning pathways, technical training and peer support.
- 6.3.** The focus on defined career pathways and progression routes supports transparency and consistency in workforce development, helping to promote equal access to opportunities.
- 6.4.** The inclusion of mentoring, acting-up opportunities, development plans and succession planning supports the development of internal talent and helps ensure progression opportunities are available across the workforce.
- 6.5.** The strategy recognises the value of flexible working, career progression and development opportunities as part of the wider employment offer, which can support inclusion and workforce accessibility.

- 6.6.** The document includes an accessibility statement, confirming that information can be provided in a more suitable format where required.

7. Climate Change, Biodiversity and Environmental Implications

- 7.1.** Climate Change, Biodiversity and Environmental implications are not included in this report.

8. Recording Breaches

- 8.1.** Section 70 of the Pensions Act 2004 imposes a requirement on the following persons to report a breach of law:

- a trustee or manager of an occupational or personal pension scheme
- a member of the pension Committee of a public service pension scheme
- a person who is otherwise involved in the administration of such an occupational or personal pension scheme
- the employer in relation to an occupational pension scheme
- a professional adviser in relation to such a scheme; and
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

- 8.2.** A breach must be reported to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that a legal duty relating to the administration of the scheme has not been/or is not being complied with, and where the failure to comply is likely to be of material significance to the Pensions Regulator.

- 8.3.** Any breaches of the Local Government Pension Scheme (LGPS) or other relevant legislation by either the fund or a scheme employer is recorded in a breaches log.

- 8.4.** Breaches recorded for scheme employers from 1 April 2026 to 30 June 2026 (Q1) are detailed in Appendix A. Most of these breaches concern late data submissions, or payment on contributions. Each breach is monitored per employer on a monthly basis and persistent breaches are escalated accordingly.

- 8.5.** We have seen significant impacts on the data quality and time taken to receive data when an employer changes payroll provider. 18 employers changed their payroll provider with effect from 1 April 2026 and this has led to the team having to spend time training and correcting issues with submissions. Reminders are sent to employers on the importance of advance notice for payroll provider changes and to ensure it is clear in their contract with the provider the requirements for the fund.

- 8.6.** No breaches have been recorded for the fund for 1 April 2026 to 30 June 2026.

- 8.7.** No breaches have been recorded on behalf of the Pension Committee and Pension Committee in the period 1 April 2026 to June 2026.

9. Internal Dispute Resolution Procedure

- 9.1.** Regulations 72 to 79 of the Local Government Pension Scheme Regulations 2013 set out the formal dispute procedure. The complaints procedures official name is the Internal Dispute Resolution Procedure (IDRP).
- 9.2.** The fund has received notification from an employer of 0 stage one appeals under IDRP for the period 1 April 2026 to 30 June 2026.

10. Workforce Strategy 2026-29

- 10.1.** Fund officers have created a Workforce Strategy. This explains how Shropshire County Pension Fund will ensure it has the capacity, capability and resilience needed to deliver its statutory and strategic objectives during the period 2026–2029.
- 10.2.** The strategy supports delivery of the fund's Medium Term Business Plan and responds to the growing complexity of the LGPS environment, including:
- increasing demands on pension administration;
 - strengthened governance and regulatory requirements;
 - ongoing regulatory change; and
 - technological transformation across pension services.
- 10.3.** The strategy recognises that people are the fund's most critical asset. Sustained investment in workforce planning, development and succession planning will be essential to maintaining service quality, strengthening resilience and managing risk.
- 10.4.** The Committee are asked to approve the Strategy.

11. Fit for the Future – Good Governance Requirements

- 11.1.** Based on the Government's Good Governance reforms, LGPS administering authorities must implement a range of new governance requirements from 2026. The reforms stem from the Scheme Advisory Committee's Good Governance Review and have now been incorporated into the Local Government Pension Scheme governance framework.
- 11.2.** The Chart below breaks down the requirements for the fund to implement and suggested actions that need to be taken.

LGPS Good Governance Requirements

Key Actions Required by Administering Authorities

Requirement	What Funds Need to Do	Suggested Actions
Appoint an LGPS Senior Officer	Designate a senior officer with overall responsibility for the administration, governance and investment functions of the fund.	• Update governance documents, delegations and reporting arrangements. • Ensure the role is reflected in the fund's constitution and governance framework.
Update Constitution and Governance Arrangements	Governance structures must clearly define the responsibilities of the Pension Committee, Local Pension Committee, Section 151 Officer and LGPS Senior Officer.	• Amend the constitution and terms of reference. • Review Schemes of Delegation. • Update governance policies and committee reporting lines.
Appoint an Independent Person	Funds that delegate pension functions to a committee or officer must appoint an Independent Person to provide professional challenge and oversight.	• Develop role specification. • Undertake recruitment process. • Amend Committee Terms of Reference to include the appointment. • Establish remuneration and tenure arrangements.
Undertake Independent Governance Reviews (IGR)	Each fund must participate in an independent governance review at least once during each valuation cycle (effectively every three years).	• Procure an independent reviewer. • Complete first governance review. • Publish findings and improvement plan where required. • Establish periodic review timetable.
Governance Strategy	Replace the existing Governance Compliance Statement with a Governance Strategy.	• Review existing governance documents. • Develop and publish Governance Strategy. • Include governance structure, responsibilities

Requirement	What Funds Need to Do	Suggested Actions
		and decision-making arrangements.
Training Strategy and Knowledge Requirements	Pension Committee members, Local Pension Committee members, LGPS Senior Officer and relevant officers must demonstrate appropriate knowledge and understanding.	• Create or update Training Strategy. • Establish training plans and training logs. • Assess competency gaps.
Conflicts of Interest Policy	Funds must maintain a formal conflicts policy covering all governance participants.	• Review current arrangements. • Develop conflict declaration procedures. • Include monitoring and escalation processes.
Administration Strategy	Every administering authority must maintain a Pension Administration Strategy.	• Review existing strategy. • Ensure compliance with new guidance. • Update employer responsibilities and performance standards.

The Three Most Significant Governance Changes

1. LGPS Senior Officer

11.3. The LGPS Senior Officer becomes the accountable senior officer responsible for ensuring the fund is properly managed, governed and resourced. The role must be clearly recognised within the administering authority's governance arrangements and constitutional framework. For many funds, this will require amendments to committee terms of reference, schemes of delegation and governance policies

2. Independent Person

11.4. The Independent Person is intended to provide professional and objective challenge to Pension Committees, similar to a Non-Executive Director or Professional Trustee. The individual supports the Chair, Pension Committee and LGPS Senior Officer but does not replace existing decision-makers. Their role extends across investment, governance and administration matters.

Typical implementation work will include:

- Developing a role description
- Creating appointment criteria
- Running a recruitment exercise
- Establishing remuneration arrangements
- Incorporating the role into governance documents
- Updating committee procedures and reporting arrangements

3. Independent Governance Review

11.5. Funds are required to commission an Independent Governance Review (IGR) at least once every valuation period, typically every three years. The review must assess governance effectiveness and compliance with legislative requirements and identify improvement actions where necessary.

A review should consider:

- Governance structures
- Committee effectiveness
- Decision-making processes
- Knowledge and skills compliance
- Risk management arrangements
- Conflicts management
- Effectiveness of fund policies

Implementation Plan for LGPS Funds

11.6. Below is a brief summary of when actions will be taken to deliver the new requirements.

Phase 1: Governance Review (Immediate)

- Gap analysis against statutory guidance.
- Confirm LGPS Senior Officer arrangements.
- Identify constitutional changes required.
- Review governance policies.

Phase 2: Constitutional Changes (by end of December)

- Update constitution.
- Recruit or appoint Independent Person.
- Formalise LGPS Senior Officer responsibilities.
- Establish reporting arrangements

Phase 3: Policy Updates (by March 2027)

- Adopt Governance Strategy.
- Adopt Training Strategy.
- Adopt Conflict of Interest Policy.
- Update Committee and Committee terms of reference.

Phase 4: Governance Assurance (before 31 March 2028)

- Commission Independent Governance Review.
- Produce improvement plan.
- Monitor progress through Committee and Local Pension Committee.

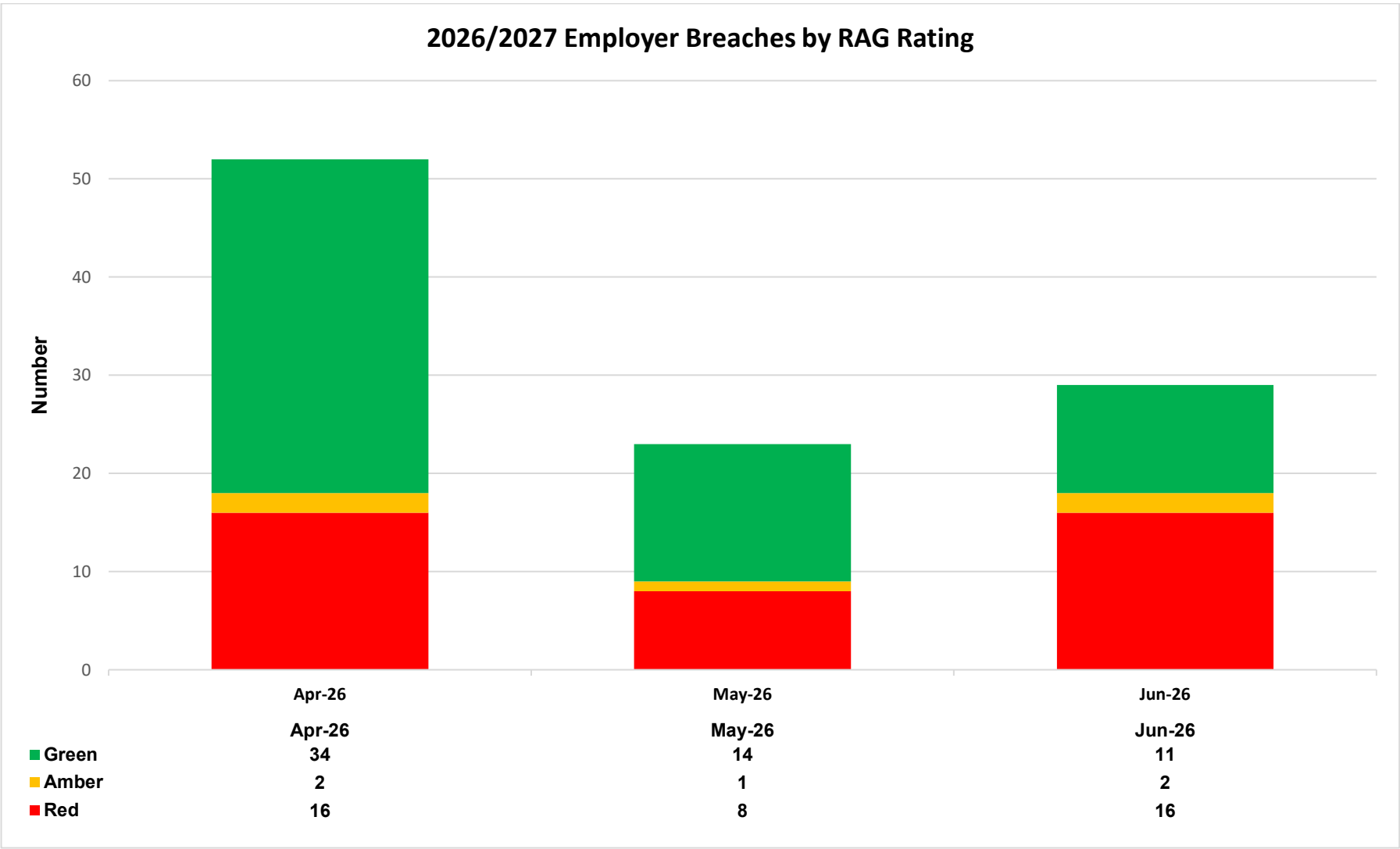
12. Background Papers

1. Governance Report June 2026

13. Appendices

Appendix A – Breaches Q1 April to Jun 2026

Appendix B – Workforce Strategy 2026-29



RAG ratings for deciding whether or not to report to TPR	
	Where the cause, effect, reaction and wider implications of a breach, when considered together, are likely to be of material significance, the breach is 'red'. These must be reported to the Pensions Regulator
	Where the cause, effect, reaction and wider implications of a breach, when considered together, may be of material significance, the breach is 'amber'.
	Where the cause, effect, reaction and wider implications of a breach, when considered together, are not likely to be of material significance, the breach is 'green'. These should be recorded but do not need to be reported.

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Workforce Strategy 2026–2029

Approved by the Pensions Committee XXXXX





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1. Purpose and Strategic Context

This Workforce Strategy sets out how the Shropshire County Pension Fund (SCPF) will ensure it has the **capacity**, **capability** and **resilience** to deliver its statutory and strategic objectives over the period **2026–2029**.

It supports the delivery of the fund's Medium Term Business Plan and responds directly to the increasing complexity of pension administration, governance requirements, regulatory change and technological transformation affecting the LGPS environment.

The strategy recognises that people are the fund's most critical asset and that sustained investment in workforce planning, development and succession is essential to maintaining service quality and managing risk.



2. Current Workforce Structure

The Shropshire County Pension Fund is administered by Shropshire Council and delivers pension administration and governance through a dedicated in-house team.

As set out in the Business Plan, the fund employs **39 staff (37 FTE)** covering pension administration, technical services, governance, finance and management functions.

The current structure ([Appendix A](#)) has evolved to meet operational demand but faces pressure from:

- Increasing scheme complexity and regulatory change.
- Reliance on experienced technical staff.
- Recruitment challenges within a competitive LGPS labour market.
- Growing expectations around digital delivery and automation.

This strategy therefore focuses on strengthening resilience within the existing structure while enabling flexibility and future growth.

3. Workforce Challenges and Risks

Internal planning documents identify a number of key workforce risks that this strategy seeks to mitigate:

- Difficulty recruiting and retaining skilled LGPS practitioners.
- Loss of corporate knowledge through staff turnover or retirement.
- Skills gaps created by legislative change and system developments.
- Pressure on service delivery during periods of change or absence.

Failure to address these risks could impact performance, regulatory compliance and stakeholder confidence.



4. Salary Benchmarking and Market Competitiveness

SCPF operates within local authority pay frameworks, which can limit flexibility when competing for experienced LGPS professionals. The fund will therefore:

- Continue to benchmark roles against comparable LGPS funds and local government pension teams.
- Use market intelligence to inform role design, grading and business cases.
- Consider non-pay benefits such as flexible working, career progression and development opportunities as part of the overall employment offer.
- Introduction of a career grade for Pensions Assistants.

When challenges related to recruitment or retention arise, the fund will collaborate with Shropshire Council's HR department to identify suitable solutions in line with council policies.

However, policy or practices that impede the ability to secure qualified candidates should not restrict the fund's efforts to address these risks.

5. Value for money context (CIPFA benchmarking – administration costs)

The fund takes part in CIPFA benchmarking to compare the cost of running LGPS administration.

The January 2026 administration monitoring report records:

- **Admin cost per member:** Shropshire **£30** vs average **£36**.
- **Net admin cost per FTE:** Shropshire **£53,500** vs average **£225,091**.
- **Members per FTE:** Shropshire **1,583** vs average **3,877**.

These measures provide useful context for audit assurance and prove the need to balance competitiveness with supporting value for money.



6. Learning, Development and Access to Qualifications

The fund recognises the importance of professional development in attracting and retaining staff and keeping high technical standards.

Over 2026–2029, the fund will:

- Maintain and enhance access to professional LGPS-related qualifications, including Level 2 and Level 3 pension qualifications.
- Support structured learning pathways aligned to defined career stages.
- Embed ongoing technical training to respond to legislative and regulatory change.
- Encourage knowledge sharing and peer support within teams.

This approach directly supports the Business Plan commitment to defined career pathways and structured training programmes.

7. Succession Planning and Knowledge Retention

Succession planning is a critical priority given the specialist nature of pension administration and the risk associated with loss of experienced staff.

The fund will:

- Identify key roles where specialist knowledge or leadership continuity is critical.
- Develop internal talent pipelines through mentoring, acting-up opportunities and development plans.
- Document key processes and technical knowledge to reduce reliance on individuals.
- Use team structures and cross-skilling to build operational resilience.

Succession planning will be reviewed annually as part of business planning and risk management processes.



8. Workforce Flexibility and Use of Technology

In line with the Medium-Term Business Plan, the fund will continue to explore the use of automation and system enhancements to:

- Reduce reliance on manual, high-volume processing.
- Enable staff to focus on higher-value and more complex work.
- Improve service resilience during periods of peak demand or change.

Workforce planning will therefore be closely linked to system development and digital transformation initiatives.

9. Implementation and Governance

Delivery of this Workforce Strategy will be overseen by the fund's senior management team and aligned with:

- Annual business planning and budgeting.
- Risk management and internal controls.

Performance monitoring and reporting arrangements set out in the Business Plan

Progress will be reviewed annually, with updates made where required to respond to emerging risks or changes in the pensions arena.

10. Conclusion

This Workforce Strategy provides a structured and proportionate approach to ensuring the Shropshire County Pension Fund has a skilled, resilient and sustainable workforce over 2026–2029.

By focusing on workforce planning, market competitiveness, professional development and succession, the fund will be well positioned to meet its statutory obligations and deliver high-quality services to members, employers and stakeholders.



Workforce priorities and actions (2026–2029)

The Business Plan includes a specific project to **Implement a Workforce Strategy**, with the context being a review of roles and salary benchmarking following work by external advisors, designed to ensure resilience, recruitment/retention and succession planning, the key actions needed for this work are:

Priority A — Implement a Workforce Plan (roles, structure, resilience)

- Confirm “critical roles” and single points of failure and put mitigations in place (see [Succession Planning section](#)).
- Ensure workforce planning is aligned to regulatory change workload (e.g., consultation outcomes and implementation requirements) and technology change.

Priority B — Pay, grading, and recruitment offer (benchmark-led)

- Use LGPS benchmarking to inform evidence-based discussions on grading, role design and targeted market interventions where justified.
- Request a pay review for Pensions Assistants that allows the opportunity to apply increments when role development criteria are met.
- Consider market supplement processes where recruitment evidence supports the need.
- Ensure recruitment and retention decisions are consistent with the fund’s self-financing position for staffing costs.
- Implement focused strategies for roles that are difficult to fill (e.g. Senior Officers).



Priority C — Qualifications, capability building and career pathways

The workforce plan will emphasise defined career pathways and opportunities for professional qualifications. Access to the following qualifications will be available:

- **Level 2 Award in Pensions Essentials** (PMI accredited).
- **Level 3 Certificate in Local Government Pension Scheme Administration** (PMI accredited).
- **Level 4 Certificate - Investment Operations Specialist.**
- **AAT Level 2/3/4 Certificates.**
- **CIPFA** or other recognised accountancy qualification.

Consider an automatic salary reward/uplift for external course completion.

Monitoring and reporting (how we will track delivery)

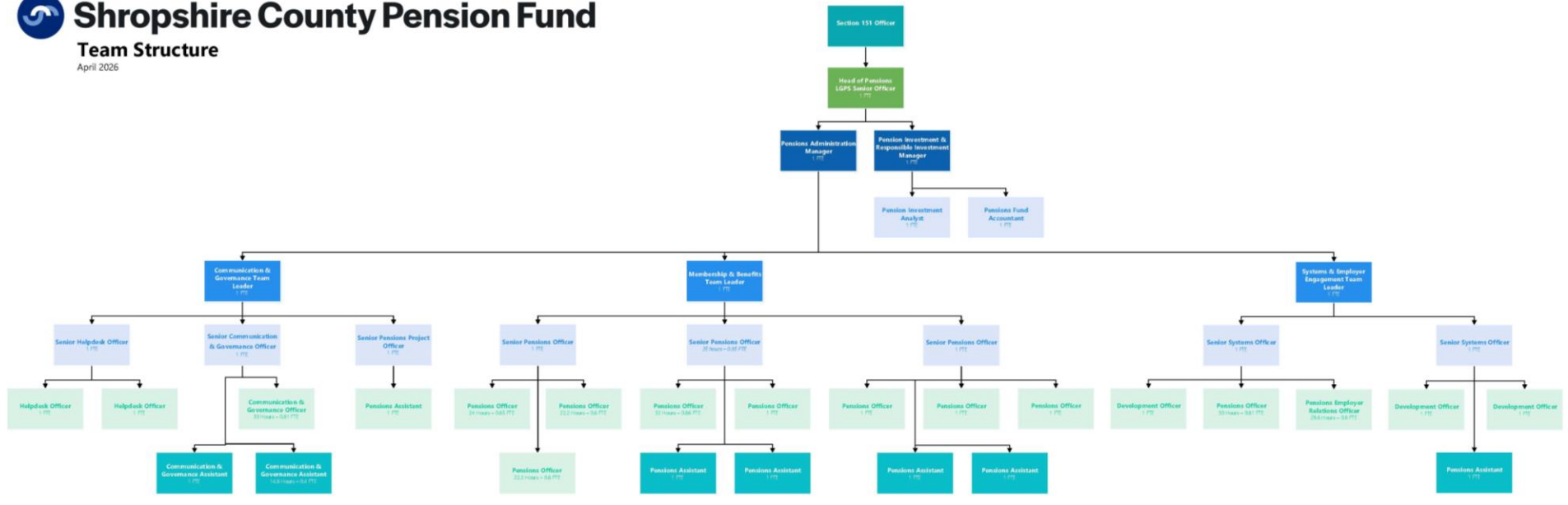
workforce actions will be tracked through:

- Annual skills matrix review and succession coverage reporting.
- Training uptake and qualification progression.
- Annual review of workforce risks and control effectiveness, aligned to the risk register.



Appendix A — Pensions Team Structure (April 2026)

Shropshire County Pension Fund Team Structure April 2026





Use of AI tools

We have tried to make the information within this document as simple and accessible as possible. You may be tempted to use AI tools to help explain it, but we strongly discourage this.

AI tools may provide misleading, incorrect or confusing information, and their responses will not be tailored to your circumstances, the fund's rules and regulations, or the fund's administrative practices.

Publicly available AI tools can also create a risk that private or confidential information is shared unlawfully by mistake. If you choose to use these tools, we recommend checking the sources used to produce any response and not entering any personal data into OpenAI tools.

If you rely on misleading information from an AI tool and suffer a loss as a result, it is unlikely you would be able to recover compensation from the AI provider.

We cannot accept liability for any loss caused by a member's misuse of AI. For this reason, we also recommend that you do not rely solely on AI when making decisions about your pension with the fund.



Contact details

Shropshire County Pension Fund is a data controller under the General Data Protection Regulations (GDPR). This means we store, hold and manage your personal information in line with statutory requirements to enable us to provide you with pension administration services.

To enable us to perform our statutory duty, we must share your information with certain bodies but will only do so in limited circumstances.

For more information about how we hold your information, who we share it with and what rights you have to request this information from the fund, please visit www.shropshirecountypensionfund.co.uk.

If you can read this but know someone who can't, please contact us on 01743 252130 so we can provide this information in a more suitable format.

Office hours

Monday to Thursday	8:45am to 5pm
Friday	8:45am to 4pm

Helpdesk phonelines: (excluding Bank Holidays)

Monday, Tuesday and Thursday	10am to 4pm
Wednesday and Friday	10am to 1pm

Contact details

Email: www.shropshirecountypensionfund.co.uk/contact-us/
Website: www.shropshirecountypensionfund.co.uk
Tel: 01743 252130
Write: Pensions, PO Box 4826, Shrewsbury, SY1 9LJ

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