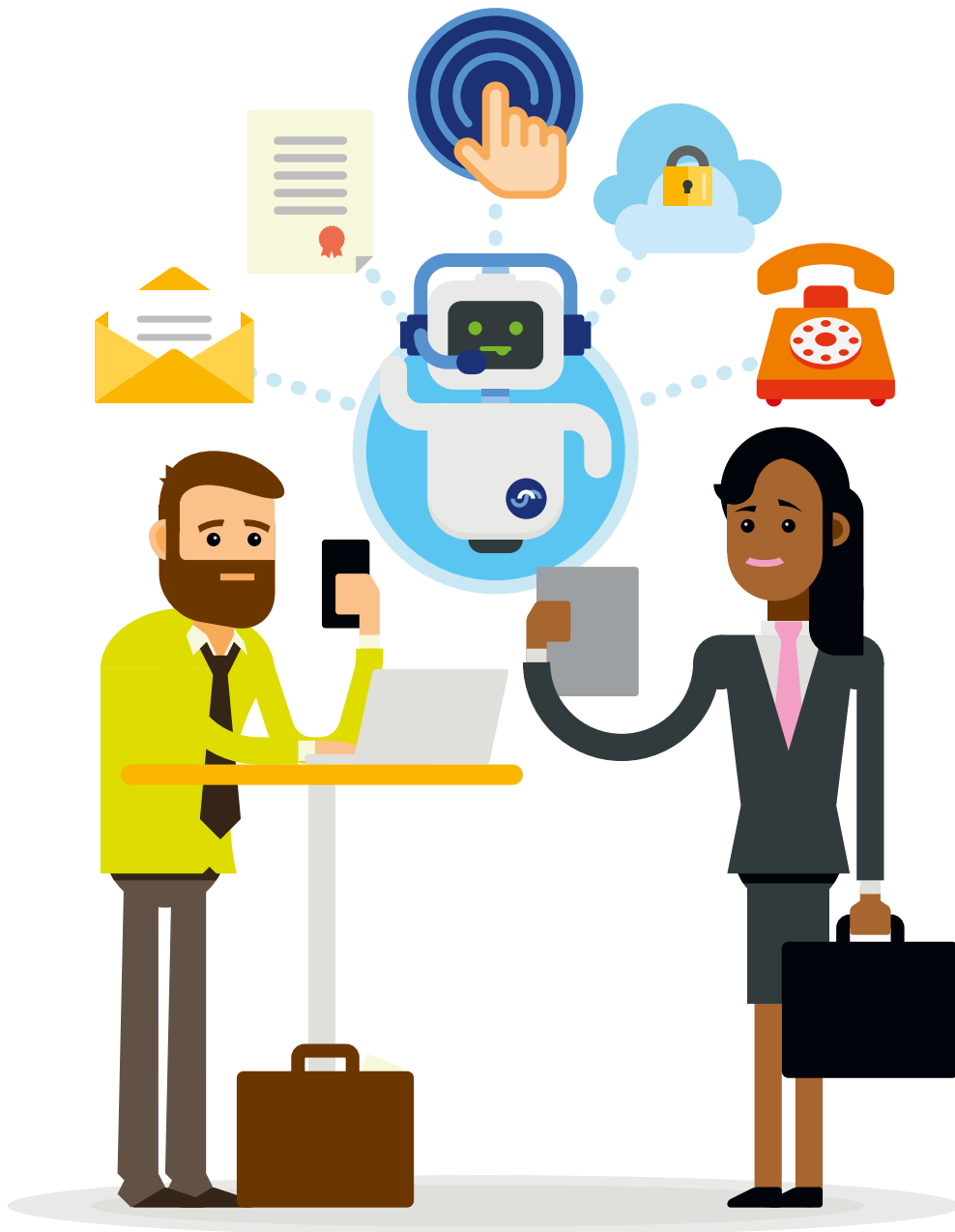


Annual report 2023/24



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Introduction

Welcome to the 2023/24 annual report and accounts of the Shropshire County Pension Fund

This year's fund information

£259

million



**Fund value
increase**

£2.503

billion



**Total
fund value**

12.4%



**Fund value
increase**

0.4%



**Below
benchmark**

The Shropshire fund increased in value by £259 million in 2023/24 to be valued at £2.503 billion at the end of the year. The fund increased in value by 12.4% over the year but slightly underperformed against its benchmark by 0.4%. The significant increase in the fund value over the year was mainly due to the bounce back in global equity markets following the difficult market conditions experienced in 2022/23. The first quarter of 2024 was the strongest performance for global stock markets in the last 5 years.

The Shropshire fund had positive investment returns in a number of asset classes. The strongest absolute returns were generated in active global equities managed by LGPS Central Limited which generated excellent returns of 22.2%. Global equities managed passively by Legal & General increased by 18.8% and global sustainable equities generated returns of 17.3%. Insurance Linked Securities and Hedge Funds also delivered positive returns of 14.6% and 8.2% respectively. Private debt increased by 8.7% and property debt by 6.9%, these are the main reasons for the big increase in the fund value during the year.

The Pensions Committee determine 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 makes because it has the biggest impact on the long-term returns of the fund.

The committee agreed a revised strategic asset allocation in June 2023. This included a new allocation of 10% to investment grade corporate bonds and an increased allocation to sustainable equities. Additional commitments were also made to private equity and infrastructure. These funds are still in the early capital raising stages and will take a few years for capital to be fully deployed as is the case with all private market investments. These changes were implemented during the financial year. Additional commitments of between £80/£90m will also be required to private debt once the fund is launched by LGPS Central Limited later in 2024. These new/additional allocations were funded by a reduction to absolute return strategies.

The fund undergoes an independent actuarial valuation every 3 years. The last actuarial valuation was conducted at the end of March 2022, 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 100% using the fund's standard assumptions which was an increase from 94% at the previous valuation in March 2019. This was the first time for over 23 years the funding level has been 100% at the valuation date which is really positive news. Due to some of the individual employer decisions made as part of the valuation process the official funding level signed off by the Actuary as at 31 March 2022 was 99%. The next valuation will be undertaken on 31 March 2025 and planning for this is already underway.

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

The fund applied to become a signatory to the revised Stewardship Code in May 2023 and the Financial Reporting Council (FRC) confirmed the application was successful in August 2023 which is a great achievement and really positive news. This 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 Climate Risk Reports included both climate scenario analysis and carbon risk metrics. The fund also published its fourth Task Force on Climate-related Financial Disclosures (TCFD) aligned report in December 2023 showing a 46% reduction in the carbon footprint of the equity portfolio and the weighted average Carbon intensity has reduced by 59% compared to 31 March 2020. Further details relating to this and the significant progress which has been made during the year with regards 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.

The fund continued to work with eight other funds in the Midlands region during the year. LGPS Central Limited has been established to manage investment

assets on behalf of its Local Government Pension Scheme (LGPS) funds. It is a multi-asset manager, investing up to potentially £61 billion of assets (£29.7 billion invested as at March 2024), on behalf of 900,000 LGPS members and 2,500 employers.

LGPS Central Limited is jointly 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 are 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.

The key objectives of LGPS Central Limited will be 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, and to ensure good governance. LGPS Central Limited manage 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), itself 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 10 July 2023, the Chancellor set out his Mansion House speech which included the proposed consultation on investment pooling across the LGPS and the consultation was published the following day. In his speech and Autumn Statement, the Chancellor noted the desire to "accelerate the consolidation of pension assets by March 2025", with proposals to increase transparency, cost savings and the scale of LGPS investment pools. Partner funds, in collaboration with LGPS Central Limited, reviewed the information contained in the consultation and submitted a collective response in their role as shareholders of the company. The fund also submitted its own response which was approved at Pensions Committee.

The Government published its response to the consultation in November 2023 and the key points to note are:

1. Funds will be required to consider an allocation of 5% to Levelling Up assets and 10% to private equity but are not mandated to invest in these areas if it does not fit within their investment strategy.
2. The Government will revise pooling guidance to set out its preferred model (including delegation of manager selection and strategy implementation), which could be different to the current model of some pools.
3. The Government announced all listed assets should be transferred to pools by the 31 March 2025 under a comply and explain framework.

The fund will await the detailed guidance in respect of point 2 but as LGPS Central Limited was originally set up in accordance with government guidelines, it is expected to meet the revised pooling guidance. In May 2024, the Minister for Local Government wrote to all administering authorities requesting further information in relation to how the fund will complete the process of pension asset pooling to deliver the benefits of scale. The letter also requested further information in relation to efficiencies in the management, governance and administration of the fund. A response was sent back on behalf of the fund in July 2024.

Regular investment pooling meetings continue to be held with representatives from each of the eight LGPS funds. Working with our partners to develop and implement our revised investment strategy will continue to be a major strategic focus for the fund over the next year. In October 2023, £230 million was invested into LGPS Central Limited's investment grade corporate bond fund and in February 2024 a further £30 million into their active global sustainable equity sub-fund. Additional commitments were also made in their private equity fund (£30m) and infrastructure fund (£20m). Further assets are expected to transfer during 2024/25 with an additional £80-£90m allocation to private debt to maintain our 7.5% target allocation to this asset class. This continues to show the fund's commitment to pooling assets.

In November, Debbie Sharp, Pension Administration Manager with over 40 years' service, left the fund to take up a new role at South Yorkshire Pension

Authority. She is sadly missed and we wish her all the best for the future and thank her for her valuable contribution over many years. On the 19 December 2023, Vicky Jenks replaced Debbie Sharp as the Pension Administration Manager. Vicky comes with a wealth of LGPS experience having worked with the fund for over 20 years before taking the Pension Administration Manager role at Warwickshire Pension Fund for 3 years.

The Pensions Administration Team have ensured over the past 12 months that the scheme member benefits are paid accurately, on time and in line with scheme regulations.

The monthly data provided by employers is essential to effectively administer the LGPS for members, fund officers continued to monitor the timeliness and accuracy of submission of this data and reinforce its importance in regular updates to employers. The importance of this data was highlighted at the annual employers' meeting, held 1 November 2023, especially with the fund's requirements for successful implementation of Pensions Dashboards in 2026.

An away day for all team members was held in October 2023 focusing on the McCloud ruling (age discrimination remedy), Pensions Dashboards, as well as ill health retirements. To increase individual knowledge and expertise, online-learning training and online knowledge hubs have been utilised and staff are encouraged to attend webinars on subjects such as Pensions Dashboards, McCloud, and the abolition of the lifetime allowance.

All regulatory deadlines were met by the fund in 2023-24, including issuing Annual Benefit Statements, P60 documents, Pensions Savings Statements and publishing the Annual report before the statutory deadline. Reporting on performance to Pensions Committee and Pensions Board continued.

During the year, the team continued to work on the McCloud ruling and information was shared with members that provided details on how this could affect pension scheme benefits for members in scope of this.

Several policies were reviewed and updated in line with statutory guidance during the year and approved by the Pensions Committee.



The new Pension Regulator's General Code came into effect on 28 March 2024 and work has started to ensure the fund meets the new requirements. The new Code replaces the Code of Practice 14. The Scheme Advisory Board (SAB) Good Governance guidance is also anticipated to be available in the summer of 2024. The recommendations, together with the new Code of Practice will need to be considered to ensure the fund is fully compliant with these.

The fund has approved a Business Plan for 2024-26 which can be found at:
<https://www.shropshirecountypensionfund.co.uk/media/2073/scpf-business-plan.pdf>
 Progress will be reported to and regularly reviewed by both Board and Committee members.

In April 2024, we received new guidance on preparing the fund's Annual Report, which was developed by the Department for Levelling Up, Housing and Communities (DLUHC), the Chartered Institute of Public Finance and Accountancy (CIPFA) and SAB. The guidance details new Key Performance Indicators and financial disclosures to be included.

In March and April 2023, the team hosted four webinars; 'Get to know your pension'. Active scheme members were invited to join one of the hour-long

webinars to find out more about the LGPS and the benefits of being a member. These were received well by the members and registration numbers for 'My pension Online' increased following the webinars.

The information here and other developments are covered in more detail on the following pages. We hope you find the report interesting and informative. As always, we welcome your feedback on the report and indeed, on any aspect of the fund's activities.

If you wish to make a comment or if you have any questions, our contact details are on the back page of the report.



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 LGPS Senior Officer
 Shropshire Council



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Chair of Pensions Committee
 Shropshire Council

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LGPS Senior Officer

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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 and risk registers for Pension Fund Investment, Investment Pooling and Pension Administration are included within this overall Strategy. Please see below a summary of the Pension Fund's key risks which were identified for 2023/24.

Risks	Controls in place
Climate Change and 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 and Responsible Investment	RI integrated into the investment process. Monitoring of developments, responding to consultations when issued. Appointment of new Pension Investment and Responsible Investment Manager post.
Cyber or IT attack resulting in significant outage due to insufficient resilience/Business Continuity Plan (BCP) arrangements being in place.	Robust IT arrangements in place. Fund Cyber Security Policy created. BCP 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 L1 training undertaken by all staff annually and Level 2 by 2 members of staff. Memorandum of understanding now in place with employers. Consent for members now on website. Privacy notices added to all relevant correspondence. Fund now has its own Cyber Security Policy and training has been provided to officers, committee and board members.
The insolvency of an employer places additional liabilities on the fund and ultimately the remaining employers.	Admission agreements in place at time of transfer of service. 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. Annual Employer covenant check for high risk employers. Employer Events Policy in place which provides information on process for changes to employer rates and employers exiting the fund.
Failure by pension fund investment managers to meet expected returns resulting in increased costs to the administering authority 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 published. Compliance with LGPS regulations. Clear and relevant investment mandates. Audit of investment managers. Aon/officers reviewed the structure of the pension fund to improve efficiency and investment returns in April 2023. Investment Strategy Review following the results of the Actuarial Valuation in November 2022 presented to committee in June 2023. Equity protection strategy remains in place for approx. 30% of equity portfolio following investment strategy review.
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. Bond investments restructured as part of June 2023 Strategic Asset Allocation.
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.	Procedure notes provided and reviewed annually. Team structure review (May 2024). Admissions work transferred to Systems and Employer relations team to provide better consistency (work not split across two teams). Training Policy put in place and training log created. 1:1 and appraisals capture training requirements.
Failure to deliver cost savings originally estimated within the cost savings model.	Work undertaken with 3rd party to create meaningful analysis. Continued focus on value for money in making spending decisions. On-going 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 and monitored by the Pensions Committee and action taken to report any concerns via the Joint Committee and Shareholders Forum.

Risks	Controls in place
Insufficient range of asset classes or investment styles being available through the investment pool.	Investment performance will be regularly reported and monitored by the Pensions Committee and action taken to report concerns via the Joint Committee and Shareholders Forum. Greater expertise will exist within LGPS Central Limited to manage and monitor underperforming managers and take action more frequently than existing governance structure allows at SCPF.
Inappropriate Investment Strategy	Funding Strategy Statement published following consultation with scheme employers outlining how the fund plans to meet its liabilities. External expert advice. Trained and experienced staff. Three yearly Actuarial Valuation. Investment Strategy Statement. Regular review of investment strategy with Aon.
Economic recession impacting on investment returns.	Diversified Investment strategy to spread risk across a number of different markets through the asset allocation. Regular reviews of Investment Strategy with independent advisors. Full Investment Strategy review undertaken in June 2023, with full transition plan in place.
Pay and price inflation significantly higher than anticipated 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. Fund actuary monitors. Inflation rates continually monitored due to cost-of-living crisis and war in Ukraine. Inflation expected to stay higher for longer which will impact on future investment returns.
Incorrect information/benefits provided to members of the scheme.	Benefit calculations are checked. All supporting calculations are provided to the member. Team training. Employer training. Review of letters/statements. Identify employer training required following receipt of year end returns. Employers providing data on a monthly basis. 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 possibly be fined.	Employer training / guidance on website. Employer newsletter. Contributions check and balance. Adhere to internal Governance Compliance Statement. Adherence to TPR Code of Practice. Breaches log monitoring to watch for serial breaches. Engage with employers to work for improvements in performance.
Failure of employers to provide accurate data leading to incorrect benefit statement/payments or fund valuations.	Employer training. Administration Strategy Statement. Team training. Internal controls including contribution collection audits and positive action by Pension team. i-Connect implemented for all employer's data collected monthly. Employers trained on TPR Code. Employer training to cover errors picked up on year end returns. Breaches recording, monitoring and reporting to Committee and Board.
Policies or strategies of the administering authority adversely impacting on the work of the Pension team for the Shropshire County Pension Fund.	Segregation of duties, delegated decision making to Pensions Committee and Head of Pensions. Quarterly report to Pensions Committee on Administration. Embedding of Pensions Board and TPR Code and Scheme Advisory Board. Agreement for recruitment decision to be made by Head of Pensions as scheme administrator.
Failure to identify and report breaches of law, in accordance with the requirements of The Pensions Regulator leading to reputational damage and potential fines.	Breaches Policy in place together with a breaches log which is reported to the Committee, Board and Fund Administrator. Training undertaken by key staff. Breaches Policy is regularly reviewed to ensure it is in line with TPR Code of Practice and was last updated April 2024.
Non-compliance with the law around LGPS Benefit Administration leading to fines by The Pensions Regulator.	The use of a good LGPS administration software solution together with a record of staff training mitigates the risks to the fund. The fund is part of a consortium for the current system CLASS which keeps the cost of development down by funding coming from a pooled resource. Also, full use was made of TPRs and LGAs educational resources. Access to training for staff and Board and committee members to ensure continued professional development.
Failure of support systems: ERP, CIVICA Icon which will result in incorrect data collection, payment of benefits and incorrect accounting.	Key systems reviews, contractual arrangements, systems administration and IT support.
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 and pool project. 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 LGPS Central Limited and with partner funds. 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 2027. It also shows the 2023/24 actuals against the 2023/24 budget.

Forecast v. actual report on fund cash flows

Pension fund account	2023-24 budget £m	2023-24 actual £m	2024-25 budget £m	2025-26 budget £m	2026-27 budget £m
Contributions (employees and employers)	77.305	83.609	87.600	89.200	91.900
Transfers in	8.000	7.573	8.000	8.100	8.200
Pensions paid	(79.465)	(79.602)	(88.100)	(93.400)	(99.000)
Lump sums paid	(13.000)	(16.026)	(16.500)	(17.000)	(17.000)
Lump sum death benefits	(2.500)	(1.966)	(2.200)	(2.400)	(2.600)
Refund of contributions	(0.300)	(0.243)	(0.300)	(0.350)	(0.400)
Transfers to other funds	(8.000)	(6.927)	(8.000)	(8.100)	(8.200)
Net additions/(withdrawals) from dealings with scheme members	(17.960)	(13.582)	(19.500)	(23.950)	(27.100)
Management expenses	(19.680)	(21.145)	(20.821)	(21.432)	(21.738)
Investment income	10.000	11.187	11.000	11.500	12.000
Gain/(loss) on cash and currency hedging	20.000	11.504	12.000	12.500	13.000
Taxes on income	(0.150)	(0.105)	(0.150)	(0.160)	(0.170)
Change in market value	143.950	271.230	173.795	185.942	198.808
Net increase/(decrease) in net assets during the year	136.160	259.089	156.324	164.400	174.800
Opening net assets of the scheme	2,244.087	2,244.087	2,503.176	2,659.500	2,823.900
Closing net assets of the scheme	2,380.247	2,503.176	2,659.500	2,823.900	2,998.700

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	2023-24 budget £m	2023-24 actual £m	2024-25 budget £m	2025-26 budget £m	2026-27 budget £m
Global equities - Unconstrained	523.946	654.403	707.400	764.700	826.600
Global equities - Passive	710.756	789.842	844.300	902.600	964.900
Unconstrained bonds	432.343	100.358	106.600	113.200	120.200
Investment grade bonds	0.000	254.025	266.000	278.500	291.600
Hedge funds	153.591	103.226	107.100	111.200	115.400
Private equity	215.140	200.502	219.100	239.500	261.800
Infrastructure	158.430	161.956	173.600	186.100	199.500
Property	77.803	84.545	90.100	96.000	102.300
Property debt	29.565	22.222	24.000	25.900	28.000
Private debt	36.399	67.330	72.400	77.800	83.600
Insurance-linked securities	36.687	39.770	42.800	46.100	49.600
Other (including cash and net current assets)	5.587	24.997	6.100	(17.700)	(44.800)
Total investment assets	2,380.247	2,503.176	2,659.500	2,823.900	2,998.700

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 long-term forecasts are as follows:

The forecast for total investment assets are based on actual allocations at 31 March 2024 multiplied by the forecast long-term returns for each asset class as provided by the fund's advisors.

Investment grade bonds is a new mandate which took effect from October 2023.

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

Asset class	Return
Global equities - Unconstrained	8.10%
Global equities - Passive	6.90%
Unconstrained bonds	6.20%
Investment grade bonds	4.70%
Hedge funds	3.80%
Private equity	9.30%
Infrastructure	7.20%
Property	6.60%
Property debt	8.10%
Private debt	7.50%
Insurance-linked securities	7.70%
Cash	2.30%



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 2024/25 to 2026/27 have been revised and are based on the 2023/24 actual costs which are analysed to agree with the CIPFA guidance on management costs.

Operational expenses	2023-24 budget £m	2023-24 actual £m	2024-25 budget £m	2025-26 budget £m	2026-27 budget £m
Administrative costs					
Employee costs	1.128	1.095	1.140	1.170	1.210
IT costs	0.600	0.630	0.450	0.460	0.470
Office accommodation	0.020	0.032	0.030	0.030	0.030
Consultants	0.060	0.024	0.060	0.065	0.070
Printing, postage and design	0.030	0.053	0.050	0.052	0.054
Subscriptions	0.018	0.007	0.018	0.020	0.022
Other costs	0.030	0.029	0.030	0.030	0.030
TOTAL	1.886	1.870	1.778	1.827	1.886
Investment management expenses					
Management fees	8.700	8.999	9.100	9.200	9.300
Performance fees	0.750	0.458	0.350	0.370	0.390
Other fees	2.960	4.524	4.000	4.120	4.240
Transaction costs	3.800	3.632	3.800	3.900	4.000
Custody fees	0.030	0.021	0.030	0.032	0.034
TOTAL	16.240	17.634	17.280	17.622	17.964
Oversight and governance costs					
Investment advice	0.300	0.338	0.350	0.360	0.370
Employee costs (pensions investment)	0.368	0.302	0.375	0.395	0.410
Actuarial advice	0.100	0.103	0.110	0.270	0.120
Responsible engagement overlay	0.042	0.051	0.054	0.056	0.058
LGPS Central Limited pooling costs	0.585	0.663	0.680	0.700	0.720
External audit	0.040	0.070	0.072	0.074	0.076
Performance analysis	0.036	0.030	0.034	0.035	0.036
Internal audit	0.020	0.018	0.020	0.022	0.024
Legal and Committee	0.023	0.022	0.023	0.024	0.025
Other costs	0.040	0.044	0.045	0.047	0.049
TOTAL	1.554	1.641	1.763	1.983	1.888
Total management expenses	19.680	21.145	20.821	21.432	21.738

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 where it is received no later than the 19th day of the month following the month it was deducted.

The percentage of contributions received on time for 2023/24 was 98% just up slightly on last year.

The total amount of interest charged to employers was £564.60. This mainly related to one employer who had not deducted correct contributions for some members historically.

There were 29 instances of late payment, but interest was not charged due to the amounts being insignificant.

Pension overpayments

Pension overpayments of £42,834.10 were made during 2023/24, of which £22,985.63 was recovered and £13,207.59 was written off. In addition, invoices raised to recover overpayments that have not yet been paid totalled £6,640.88. The fund did not participate in The National Fraud Initiative exercise, as this is only done every 2 years.

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		
Alveley Primary School	8,358.35	25,437.38
Barrow 1618 Free School	8,406.04	25,640.59
Belvidere School	37,178.94	206,780.62
Bishops Castle Primary School	10,479.38	49,509.06
Bitterley C.E Primary School	9,513.32	38,886.22
Bridgnorth Endowed School	13,747.74	55,245.28
Burford Primary School	11,734.15	44,973.67
Castlefields Primary School	14,233.89	69,293.82
Church Stretton School	21,775.52	123,930.54
Clee Hill Community Academy	12,690.30	49,757.90
Cleobury Mortimer Primary School	21,893.57	86,817.83
Communities Academies Trust	289,477.25	1,083,713.77
Condover CE Primary School	9,089.00	55,036.77
Corbet School (Academy)	63,064.64	250,006.25
Dawley C.E Primary Academy	17,090.80	78,223.06
Diocese of Hereford Multi-Academy Trust	25,670.81	58,738.97
Ellesmere Primary School	30,910.66	142,794.46
Empower Trust	219,404.23	956,742.85
Fields Multi-Academy Trust	44,576.40	200,225.30
Haberdashers Abraham Darby Academy	78,534.68	179,322.96
Haberdashers Adams School	76,848.51	293,111.26
Holy Trinity Academy (BRJ)	42,490.89	124,183.99
Holy Trinity Primary Academy	17,737.02	86,816.89
Idsall School	20,522.09	86,057.95
Keystone Academy	20,673.35	56,288.29
Kickstart Academy	2,195.98	8,223.68
Lacon Childe School	62,278.57	241,346.12
Lakelands Academy	53,489.97	183,267.54
Lawley Village Academy	14,331.47	35,911.89
Learning Community Trust	571,511.26	1,877,124.95
Ludlow CE School	35,057.05	171,338.69
Ludlow Primary School	30,108.26	136,672.15
Madeley Academy Trust	57,895.34	177,840.13

Employer name	Employees contributions £	Employers contributions £
Marches Academy Trust	394,591.80	1,537,740.03
Mary Webb School and Science College	37,044.04	166,200.77
Meole Brace School	79,096.12	368,480.25
Mereside CE Primary School	27,080.80	98,305.76
Mighty Oaks Academy Trust	40,542.57	121,172.50
Moorfield Primary School	21,636.06	64,999.66
Morville C.E Primary School	3,351.52	12,686.07
Newport Girls High School Academy Trust	32,366.87	118,959.08
Oldbury Wells School	54,322.40	205,506.36
Redhill Primary School	28,117.56	123,338.56
Severn Bridges MAT	88,013.28	398,434.49
Shrewsbury Cathedral Catholic Primary School	2,390.03	7,330.18
Shrewsbury Colleges Group	422,364.52	1,285,349.58
Shropshire and Wrekin Fire Authority	220,048.50	579,260.37
Shropshire Council	7,549,578.50	20,018,416.50
St Edward's C.E. School	3,035.37	16,959.52
St George's CE Primary School, Clun	7,100.73	36,168.07
St Leonards CE School	19,399.86	98,564.04
St Patrick's Primary School	3,422.84	11,173.97
St Peters Bratton CE Primary School	28,326.63	97,710.75
Stokesay Primary School	11,496.77	43,964.10
Stottesdon C.E Primary School	13,736.35	50,085.73
Telford and Wrekin Council	6,229,901.60	16,820,248.29
Telford College	334,766.71	850,234.28
Telford Park School	4,375.92	17,927.86
West Mercia Energy	45,748.87	0.00
West Mercia Supplies	0.00	403,800.00
Whitchurch Infant and Nursery School	21,858.79	118,301.43
Whitchurch Junior School	20,161.45	97,393.73
Woodside Primary School	52,641.37	211,981.99
3-18 Education Trust	340,449.96	1,249,030.95
Admission Bodies		
Green Square Accord*	2,517.29	-161,000.00
Accuro Facilities Management (Idsall School)	1,821.92	5,830.40
Age UK Shropshire, Telford and Wrekin	3,634.21	0.00
Aramark - Idsall School	1,812.47	7,085.10
Aspens Services Ltd	479.12	2,012.29
Aspens Services Ltd (Corbet School)	2,669.57	10,042.79
Aspens Services Ltd (St Martins)	1,367.95	4,558.12
Aspens Services Ltd (Thomas Adams School)	1,906.70	8,769.86
Association of Local Councils	4,859.17	19,188.16

Employer name	Employees contributions £	Employers contributions £
Balfour Beatty	5,205.24	14,407.33
Bethphage - Assisted Living	1,072.80	5,677.60
Bethphage - Ellesmere Day Service and Library	4,788.32	14,787.19
Bethphage - Oak Farm and Innage Grange Day	4,488.84	15,271.84
Care Quality Commission	2,973.28	12,215.21
Caterlink (Castlefields)	445.22	1,772.82
Caterlink (Learning Community Trust)	3,668.10	16,273.10
Caterlink (Oldbury Wells)	771.01	3,093.79
Caterlink (TrustEd CSAT Alliance)	12,484.22	48,804.31
Cleantec (3-18 Education Trust)	10,870.63	41,383.96
Compass (Brown Clees School)	192.50	4,668.07
Compass (St Bart's MAT)	1,815.22	5,196.99
Compass - Cleaning (St Bart's MAT)	2,400.85	9,048.56
Connexus Housing One Ltd	5,121.40	0.00
Connexus Housing Three Ltd	23,112.38	76,057.53
Coverage Care Crowmoor House	9,153.91	0.00
Coverage Care Ltd	1,305.88	0.00
Edwards and Ward Ltd	284.20	1,281.57
Fidelis	902.81	3,183.06
Halo Leisure Services Ltd	5,101.27	2,709.81
Harper Adams University	471,049.90	1,267,348.62
Housing Plus	115,606.52	418,384.38
IDVerde Ltd	21,247.11	24,344.42
IDVerde (Shropshire Council)	67,579.69	257,235.40
Ironbridge Gorge Museum Trust	1,847.95	6,737.83
Kier Highways Ltd	34,894.72	37,856.00
Mellors Catering Services	0.00	2,600.00
Miquill Catering Ltd*	0.00	-7,170.40
Miquill (Holy Trinity School)	1,909.39	7,324.99
Miquill (Our Lady and St Oswalds)	862.41	3,122.65
NIC Group	1,434.39	25,928.46
NIC Services (Church Stretton School)	387.65	1,940.94
NIC Services (Stokesay School)	320.87	1,026.75
NIC Services (TrustEd CSAT Alliance)	1,502.49	5,987.06
OCS Food Co Ltd (Coleham School)	1,096.74	4,347.33
OCS Food Co Ltd (Empower Trust)	3,036.90	11,098.38
OCS Food Co Ltd (Woodlands School)*	44.60	1,890.81
OCS Food Co Ltd (Woodside Primary School)	1,004.07	4,016.03
OCS Food Co Ltd (3-18 Education Trust)	3,193.95	10,958.33
Perthryn	5,120.26	0.00
Premier Services (St Leonards)*	98.49	-771.98

Employer name	Employees contributions £	Employers contributions £
Prime Facilities (Brown Clee School)	277.40	1,195.08
Prime Facilities (CAT)	2,604.43	9,125.97
Prime Facilities (Mighty Oaks)	1,880.47	6,851.26
Prime Facilities (St Mary's)	904.28	2,910.21
Sanctuary Group	9,897.14	19,040.62
Severn Gorge Countryside Trust	9,617.36	21,794.78
Shropshire County Leisure Trust	21,466.97	36,589.72
South Shropshire Leisure Ltd	11,785.92	10,064.93
Strettons Mayfair Trust	1,530.89	4,779.45
The Forward Trust	2,900.41	6,868.07
Veolia Environmental Services (UK) Plc	67,309.14	0.00
Veolia TWC	13,708.54	36,275.04
We Are With You (Addaction)	5,851.57	2,570.87
Wrekin Housing Trust	811,333.96	2,373,682.88
WSP UK Ltd	15,986.94	11,173.02
Designated Bodies		
Albington Parish Council	4,805.79	13,954.43
Bayston Hill Parish Council	5,059.17	19,815.09
Bishops Castle Town Council	2,299.20	10,089.14
Bridgnorth Town Council	22,532.35	76,680.53
Broseley Town Council	4,756.40	0.00
Church Stretton Town Council	10,117.78	36,014.59
Cressage, Harley and Sheinton Parish Council*	0.00	2,202.00
Dawley Hamlets Parish Council	1,134.63	3,755.97
Ditton Priors Parish Council	490.71	2,141.53
Donnington and Muxton Parish Council	5,345.77	18,457.56
Ellesmere Town Council	7,078.69	19,983.80
Ford Parish Council	643.67	1,568.16
Great Dawley Parish Council	15,314.26	34,083.53
Great Hanwood Parish Council	882.96	2,151.12
Great Ness and Little Ness Parish Council	888.24	2,164.05
Hadley and Leegomery Parish Council	7,374.02	24,303.13
Hollinswood and Randlay Parish Council	7,833.19	23,548.99
Ketley Parish Council	5,938.57	16,504.87
Lilleshall Parish Council	167.64	286.51
Little Wenlock Parish Council	490.71	2,186.15
Ludlow Town Council	26,463.77	94,526.97
Madeley Town Council	12,803.59	45,901.90
Market Drayton Town Council	8,663.86	28,461.45
Much Wenlock Town Council	4,443.54	16,366.90
Newport Town Council	9,605.73	25,810.36

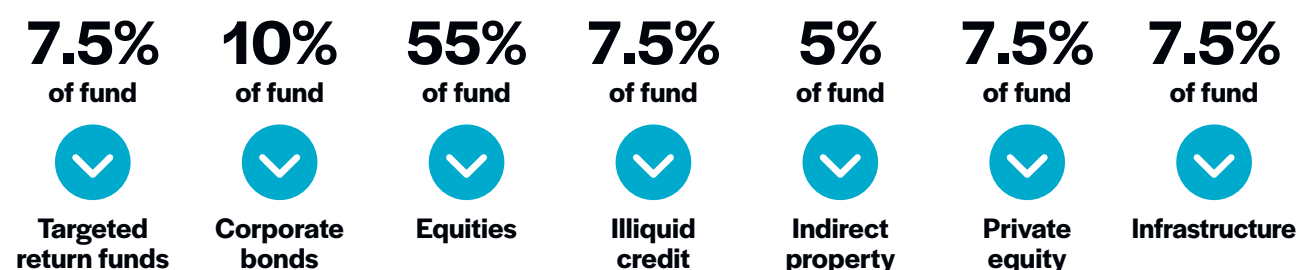
Employer name	Employees contributions £	Employers contributions £
Oakengates Town Council	13,926.92	47,635.63
Oswestry Town Council	43,686.27	137,339.00
Pontesbury Parish Council	5,529.39	19,407.96
Rodington Parish Council	289.24	327.03
Shifnal Town Council	9,538.96	27,576.64
Shrewsbury Town Council	115,312.98	325,737.73
Shropshire Towns and Rural Housing	273,678.40	757,950.62
St Georges and Priorslee Parish Council	2,654.20	9,846.32
Stirchley and Brookside Parish Council*	0.00	144,500.00
Wellington Town Council	12,764.91	50,005.71
Wem Town Council	6,743.61	19,301.50
Whitchurch Town Council	15,407.87	39,657.76
Worfield and Rudge Parish Council	528.12	818.56
Wrockwardine Parish Council	961.31	5,730.13
Wrockwardine Wood and Trench Parish Council	1,446.67	4,716.80
	20,584,060.31	59,399,943.18

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

➤ Investment of funds

The fund pursues a policy of managing risk by diversifying both investments and investment managers. Assets are held by the fund in order 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 2022, the results of which were communicated to employers in November 2022 and new contribution rates were set for the next three financial years commencing 1 April 2023.

The fund's strategic asset allocation for 2023/24



Asset	% of fund
Targeted return funds (e.g., absolute return bonds and hedge funds)	7.5%
Investment grade corporate bonds	10%
Equities	55%
Illiquid credit (e.g private debt and property debt)	7.5%
Indirect 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 resulted in a new 10% allocation to investment grade corporate bonds and increased allocations to sustainable equities, private equity and infrastructure. These new and increased allocations were funded by a reduction to targeted return funds from 25% to 7.5%.

Further training sessions on climate-related issues were held during the year. Presentations were received by LGPS Central Limited and Columbia Threadneedle Investments on various topics which were split into the following areas:

- The 2023 Climate Risk Reports/Carbon footprint analysis (new features and what they mean)
- Taskforce for the Climate related Financial Disclosures (TCFD) Report
- Climate Stewardship Plan
- Stewardship Code
- What does "Net Zero" mean
- LGPS Central Limited's Net Zero strategy
- How climate risk is assessed
- Review of carbon metrics that are being used to assess progress
- Responsible Investment and Engagement

The Pensions Committee have previously agreed a net zero carbon emissions target by 2050 or before and for short/medium term carbon reduction targets to be considered as part of the climate strategy review which is due to take place by December 2024. The global passive equities portfolio has previously

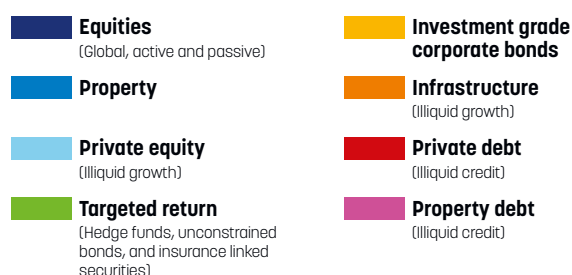
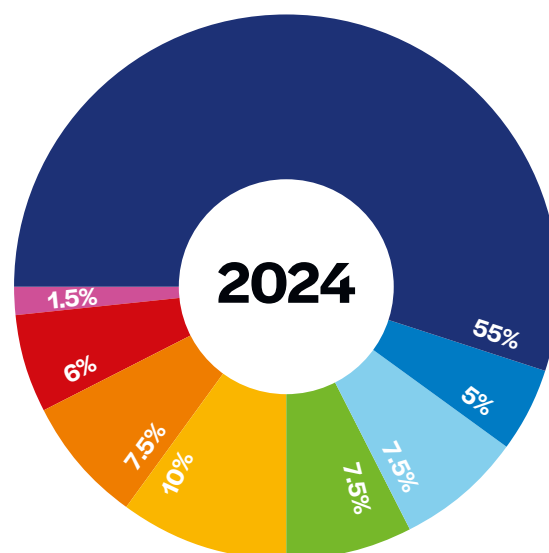
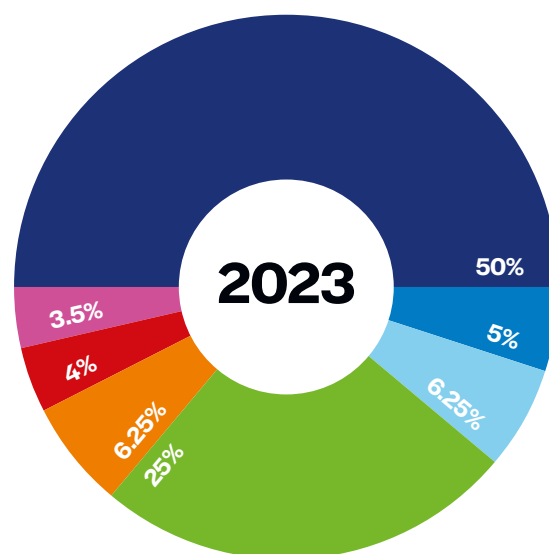
been transferred into a low carbon net zero aligned benchmark and the increased allocation to equities has been committed to sustainable equities as part of the investment strategy review.

Further assets transferred to LGPS Central Limited in October 2023 when £230 million was transitioned into their investment grade corporate bond fund and a further £30 million into their active global sustainable equity sub-fund in February 2024. Further commitments were also made to infrastructure (£20m) and private equity (£30m) during the year but these will take a number of years for the capital to be invested. Further assets are expected to transfer during 2024/25 when the fund will be continuing to implement its revised investment strategy. Private debt will be of interest when the fund is launched later this year by LGPS Central Limited as further commitments of between £80/90m are required in order to maintain our strategic asset allocation target of 7.5%.

The fund continued to work with eight other funds in the Midlands during the year. LGPS Central Limited is jointly 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 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 £61 billion of assets on behalf of its member funds. The aims of LGPS Central Limited will be to deliver cost savings, to build on the existing investment expertise of its member funds through increased scale, resilience, and sharing of knowledge. It will also aim to make use of a blend of internal and external investment management and a key objective will be to improve risk adjusted investment returns after cost.

LGPS Central Limited are responsible for some advisory and discretionary mandates on behalf of its partner funds. Together, these new funds and mandates see LGPS Central Limited currently being responsible for £29.7 billion of assets from the date of launch in 2018. Working with our partners to develop and implement our investment strategy will continue to be a major strategic focus for the fund over the next year.

Strategic asset allocation at the start and end of the year



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. The equity protection strategy is also implemented as part of this portfolio.

Spread of assets between fund managers as at 31 March 2024

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 2023		Fund manager		Portfolios held	Share of fund as at 31 March 2024	
£m	%				£m	%
		Investments managed by LGPS Central Limited				
364.156	16.23		LGPS Central Limited	Global equities	445.072	17.78
120.520	5.37			Global sustainable equities	209.315	8.36
33.891	1.51			Private debt	67.330	2.69
0.820	0.04			Private equity	4.744	0.19
38.976	1.74			Infrastructure	49.506	1.98
0.000	0.00			Investment grade corporate bonds	254.025	10.15
1.315	0.06			UK equities (unquoted)	1.315	0.05
0.685	0.03			Loan	0.685	0.03
560.363	24.98					
		Investments managed outside LGPS Central Limited				
664.879	29.63		Legal & General	Global equities (passive)	789.842	31.55
132.149	5.89		PIMCO Europe Ltd	Absolute return bonds	0.000	0.00
134.677	6.00		BlackRock	Unconstrained bonds	0.000	0.00
147.259	6.56			Hedge fund	103.226	4.12
73.538	3.28		Aberdeen Property Investors	Property unit trusts	84.545	3.38
196.557	8.76		HarbourVest Partners Ltd	Private equity	195.758	7.82
109.228	4.87		Global Infrastructure Partners	Infrastructure	112.450	4.49
27.477	1.22		DRC Capital	Property debt	22.222	0.89
34.709	1.55		Securis Investment Partners	Insurance linked securities	39.770	1.59
142.203	6.34		T.Rowe Price	Global dynamic bonds	100.358	4.01
0.010	0.00		Other	Other	0.016	0.00
1,662.686	74.10				1,448.187	57.85
2,223.049	99.08	Total assets held by fund managers			2,480.179	99.08
21.038	0.92	Cash deposits and other balances			22.997	0.92
2,244.087	100.00	Total fund			2,503.176	100.00

Major shareholdings as at 31 March 2024

UK equities		Sector	Value £m	% of fund
	Relx	Analytics	5.779	0.231
	AstraZeneca	Health care	4.349	0.174
	Lloyds	Financials	4.345	0.174
	Unilever	Consumer staples	4.219	0.169
	CRH	Construction	3.202	0.128
	Shell	Energy	2.839	0.113
	WPP	Communications	2.493	0.100
	GSK	Health care	2.414	0.096
	HSBC	Financials	2.231	0.089
	Glencore	Mining	2.186	0.087
Overseas equities		Country	Value £m	% of fund
	Microsoft Corp	United States	65.591	2.620
	Nvidia Corp	United States	46.343	1.851
	Apple Inc	United States	42.789	1.709
	Amazon	United States	32.796	1.310
	Alphabet	United States	32.279	1.290
	Eli Lilly and Co	United States	22.671	0.906
	Meta Platforms	United States	22.229	0.888
	VISA	United States	15.954	0.637
	Novo Nordisk	Denmark	15.886	0.635
	ASML Holding	Netherlands	14.780	0.590
Total Fund Value			2,503.176	

➤ Investment performance

£259

million



Fund value increase

22.2%

return



Active global equities

18.8%

return



Passive global equities

17.3%

return



Active global sustainable equities

During the year, the Shropshire fund increased in value by £259 million to be valued at £2.503 billion at the end of the year. The fund increased in value by 12.4% over the year but slightly underperformed its benchmark by 0.4%. Global equity markets recovered strongly during the year hence the large increase in the fund value.

The fund invests in a range of asset classes so as to diversify risk and provide more stable returns. The fund had positive investment returns in a number of asset classes during the year. The strongest absolute returns were generated in active global equities managed by LGPS Central Limited where the fund's investments increased significantly in value by 22.2%. Strong absolute returns were also generated in passive global equities rising by 18.8% and active global sustainable equities increasing by 17.3% but these were both below benchmark. Insurance Linked securities also produced double digit returns of 14.6%, the strongest relative returns for the fund compared to the benchmark outperforming by 9.8%. Private debt increased by 8.7%, hedge funds by 8.2% and property debt increased by 6.9% and these were all above benchmark. The reason for the slight underperformance compared to the benchmark over the year is due to a combination of factors including the negative returns generated in global bonds managed by T. Rowe Price which were 9.9% below benchmark. The LGPS Central Limited private equity and infrastructure funds also produced negative returns which were below the benchmark during the

year but this is expected in the early years of these asset classes during the capital raising stages where fees are incurred while they are building portfolios. Although strong double digit absolute returns were generated in sustainable equities managed by LGPS Central Limited, these were 3.7% below the benchmark over the year.

Due to the strong funding level of the scheme and to protect the fund from unexpected falls in global equity markets, as occurred during the global pandemic and in 2022, an equity protection strategy continued to be in place during the year. As equity markets rose which meant strong positive absolute returns of 18.8% were generated by the Legal & General passive portfolio these were below the benchmark by 8.2% because of the equity protection in place. This also contributed to the slight negative performance compared to the benchmark over the year. The equity protection strategy is subject to quarterly reviews by the Pensions Committee, officers and advisors.

Graph 01: Whole fund performance

Graph 01 shows the total fund investment returns compared with the benchmark. The stock markets that make up the benchmark showed positive returns in 2023/24 of 12.8%. The fund increased in value by 12.4% over the year slightly underperforming its benchmark by 0.4%. Overall, the fund has increased in value by an average of 5.2% per annum over the last three years which is above the benchmark by

0.9%, 6.1% per annum over the last five years which is 1.1% above the benchmark and by 7.1% per annum over the last 10 years which is above the benchmark by 0.8% which is also positive.

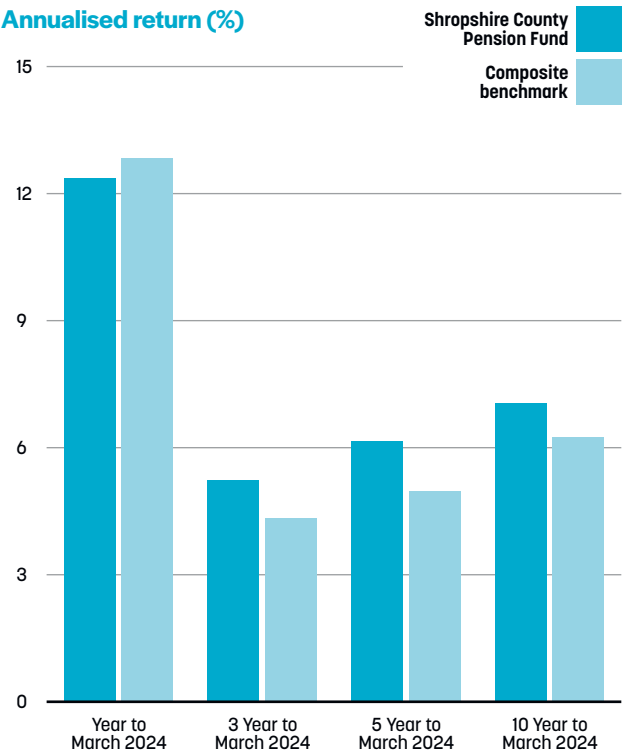
Performance data used in this report is provided by Northern Trust who supply independent confirmation of the investment performance of individual managers on the fund's behalf.

Graph 02: Individual fund manager performance

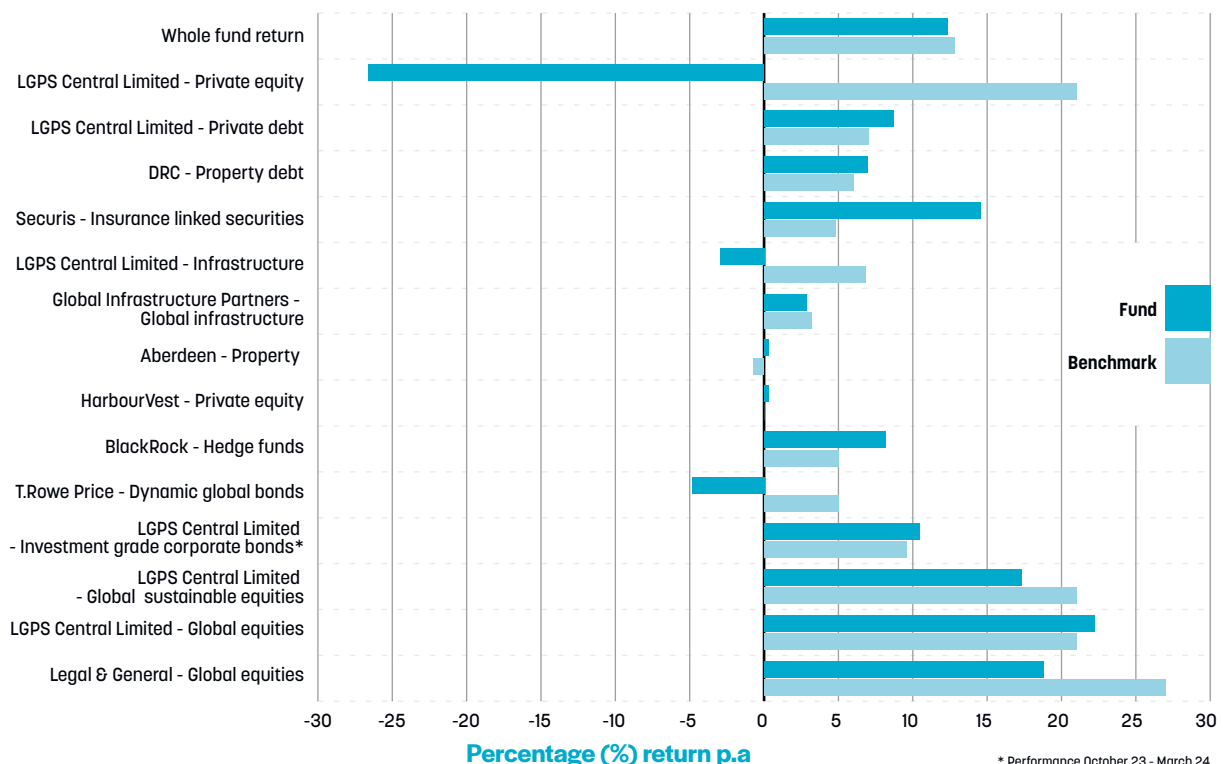
Individual portfolio managers are given performance benchmarks related to the indices of the assets in which they invest or an absolute return benchmark where this is more appropriate. Manager performance compared to their benchmark for the year is shown in Graph 02.

Graph 01: Whole fund performance

Annualised return (%)



Graph 02: Individual fund manager performance



> Corporate governance and socially responsible engagement

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 change company behaviour.



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 2023 the fund received its fourth 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 2023, 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 published its fourth Task Force on Climate-related Financial Disclosures (TCFD) aligned report in December 2023.

Climate strategy

One of the main recommendations from the 2020 Climate Risk Report was for the fund to develop a climate strategy. 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 developed a climate strategy in June 2021, which was approved by the Pensions Committee in September 2021 setting out its commitment to net

zero by 2050 in line with the Paris Treaty on climate change. The strategy is due for renewal in December 2024 and the fund is working with LGPS Central Limited to further develop the strategy with specific interim targets to provide a more transparent pathway of the journey to net zero and to ensure it reflects the dynamic characteristics of climate change. No changes were made to the climate strategy in 2023/24. The climate stewardship plan was updated at the March 2024 Pensions Committee to reflect the recommendations in the December 2023 Climate Risk Report.

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 our investment advisor, 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 a primarily 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 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 on a bi-annual basis to allow for scientific developments. The last climate scenario analysis was undertaken in 2022 and the fund is liaising with LGPS Central Limited over an appropriate partner for further analysis in 2024. The 2022 analysis covered all asset classes across three climate scenarios: Rapid (1.5°C), Orderly (1.6°C) and Failed (4.3°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 expected to be the key driver of climate impacts. The report reached four key conclusions:

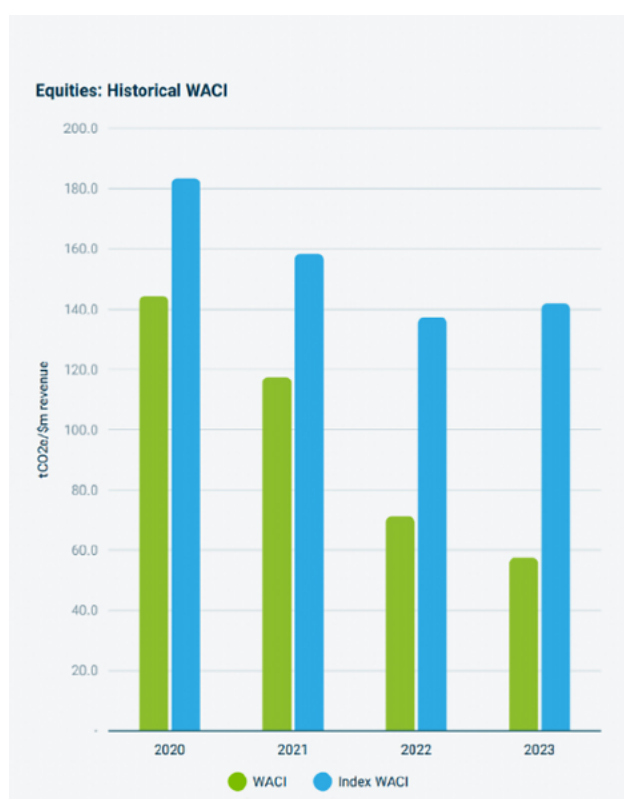
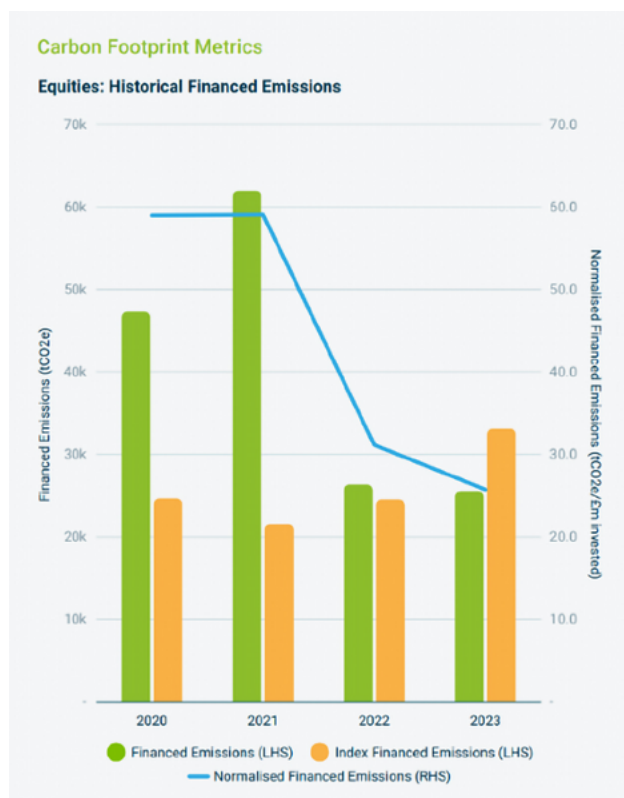
1. A successful transition is imperative.
2. Sustainable allocations protect against transition risk, growth assets are highly vulnerable to physical risk.
3. Sector and regional exposures should be monitored to understand impact on return levels.
4. Be aware of future pricing shocks and the impact upon the portfolio.

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 climate stewardship plan includes ten companies across five sectors: energy, industrials, materials, utilities and technology. Technology replaced mining in the March 2024 climate stewardship plan as the funds move to sustainable equities and low carbon transition funds has reduced the impact from the mining sector on the fund's carbon emissions.

Metrics and targets

The fund's carbon risk metrics cover its listed equities portfolios, which represent 55% of the fund's total assets. The scope of the analysis comprises the total equities portfolios as at 30 June 2023 and covers all four of the fund's equity strategies and 1,282 individual companies. The carbon footprints are provided below:



Between 31 March 2020 and 30 June 2023, the carbon footprint of the total equities' portfolio measured by financed emissions has reduced by 46% and the weighted average carbon intensity has reduced by 59%. This reduction has been driven initially by shift 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 June 2022 and June 2023, but it is pleasing to note that despite the increase in value, the fund's carbon footprint has remained stable over that period. The fund increased its equity allocation to 55% in the current financial year through commitments to the LGPS Central Limited Global Sustainable Equity Fund. These changes occurred between October 2023 and January 2024 and are not reflected in the above figures.

Climate risk training

Throughout the year, the Pensions Committee and officers have received training from LGPS Central Limited on climate change and investment stewardship; Mercer on Climate Risk Reporting and Responsible Engagement presented by Columbia Threadneedle Investments.

During the year, the Pensions Committee and officers also responded to various public questions and freedom of information requests on fossil fuel divestment and climate change.

During 2023/24 the fund has received 27 freedom of information requests on fossil fuel divestment and climate change. 100% of which have been answered in-line with legal timescales.

Shareholder voting

Shropshire County Pension Fund has 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.

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 alignment 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. The fund had to demonstrate and evidence 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 received 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.

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 170 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 813 engagement meetings in 2023 with 477 companies. This resulted in the achievement of 135 key milestones at companies with which they were engaged. Examples of some of the themes reviewed in 2023 are shown below:

Environmental: Climate change remained a key component of CTI's environmental engagement during 2023. Specific areas of focus included energy transition, companies' net zero strategies, and emissions management. A sizeable portion of environmental stewardship engagement focused on natural resources. Product sustainability and pollution impact 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 2023, engagement on social issues was largely focused on labour standards and human rights. Topics of engagement included forced and child labour, gender diversity in the workplace, and human rights due diligence. CTI also engaged companies on public health, on issues such as access to healthcare and nutrition.

- Social audit assurance: Through engaging retailers and food service companies alongside social audit and assurance providers, we gained a better understanding of the drivers of social audit practices, for consumer companies with extensive supply chains.
- 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. CTI engaged companies that did not have a commitment to ethical AI principles as assessed in the 2021 findings of the World Benchmarking Alliance's Digital Inclusion Benchmark.

Governance: Board diversity was an important aspect of our corporate governance engagement during 2023, with a particular focus on gender diversity, board effectiveness and ESG oversight.

- Board gender diversity in Asia: CTI engaged some of the most influential Asian companies with all-male boards and witnessed 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 the actions taken by Legal & General in respect of the fund's passive equity portfolio.

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 and seven pooled companies (as at 31 March 2024) and is the UK's leading collaborative

shareholder engagement group with combined assets of over £350 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:

Environmental and climate risk: 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. LAPFF have been petitioning companies to submit climate transition plans for shareholder approval to allow pension funds to make informed investment decisions and understand the climate value at risk of investing in individual companies, based on disclosed data on emissions and carbon targets.

A major focus of LAPFF's work is improving company approaches to climate change to reduce the related financial risks. To strengthen the approach, LAPFF issued over 50 voting alerts in 2023 as part of the Climate Voting Alert initiative. Proposals are assessed on whether companies are meeting the expectations LAPFF has, including those within LAPFF's responsible investment policy guide. The alerts focused on climate lobbying, risk and transition reporting, and target setting.

Spotlight on Industry Collaboration and Transition

Pathways: LAPFF have worked over a number of years in collaboration with Climate Action 100+ in consultation with the National Grid on decarbonising energy supplies and transition pathways.

LAPFF is pushing for the National Grid to align the business with Science Based Targets Initiative (SBTI) standards on a 1.5 degrees basis, together with making clear investment plans in respect of

distribution systems both in the UK and US to ensure a just transition. LAPFF is pushing for the National Grid to become an active leader in the transition recognising its role as the ultimate enabler.

LAPFF met with representatives from the National Grid during the year to discuss their approaches to a number of these issues, including business model changes, grid connection delays and lobbying disclosure. The National Grid have recognised that the current regulations requiring connection requests that have to be dealt within order of application under the current regulations irrespective of viability is causing an issue. The company have issued a policy statement in the UK asking for reforms to allow it to address connection delays and made promises to publish a comprehensive report on its membership of large organisations and a review of lobbying activities.

LAPFF will continue to engage with company representatives to improve the National Grid's performance on climate change with a desire for a clear strategy on development of the grid and capacity building to enable the scale of energy transition required. As part of LAPFF's policy for a just and fair transition they are also pursuing how the grid will cover all areas from rural to urban to ensure no part of the population is left behind.

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. The forum's view is that this approach leaves it well placed to deal with risk in a comprehensive way, as the just transition agenda gains traction.

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. Examples of collaboration in 2023 include work with the Principles for Responsible Investment (PRI) on advancing Human Rights in the mining and renewables sectors. Work with the FAIRR Initiative on ESG risk and opportunities in the global food sector and work with the World Benchmarking Alliance on a fair and just transition.

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 three areas:

All-Party Parliamentary Group: The All-Party Parliamentary Group (APPG) on Local Authority Pension Funds – set up by LAPFF – includes leading parliamentarians in discussions about local authority pension issues and the forum's work.

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.

Scheme administration report

Shropshire County Pension Fund administers the Local Government Pension Scheme (LGPS), which provides occupational pensions for employees (other than 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 defined benefit, occupational pension scheme established under the Superannuation Act 1972. The LGPS was contracted out of the State Second Pension scheme (S2P) until 5 April 2016 and 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 based within the Resources service area of 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.

Arrangements in place for gathering assurance over the effective and efficient operation of administration operations are:

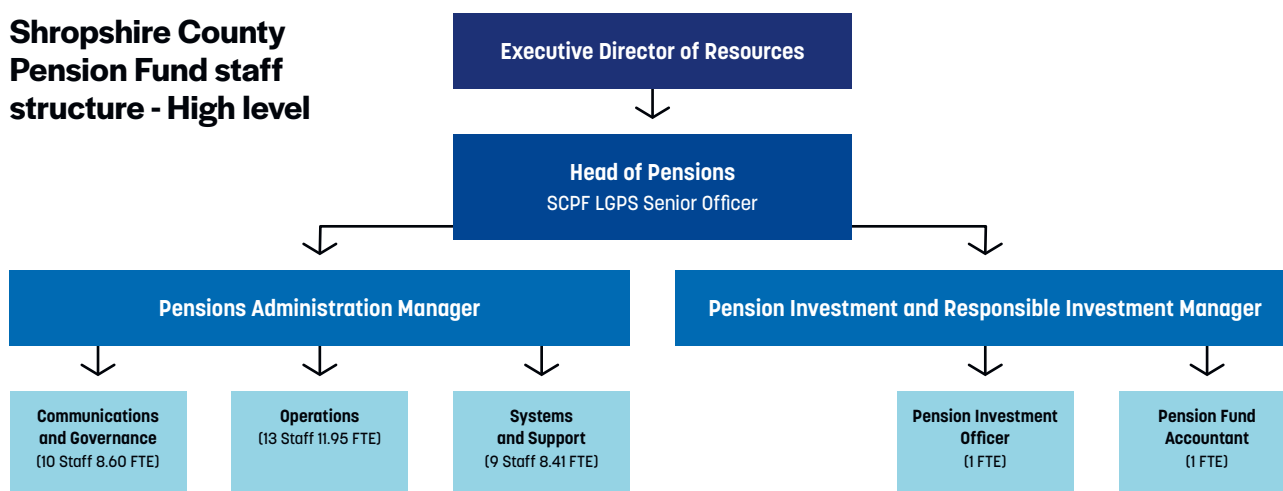
- External audit
- Internal audit
- Pensions Committee
- Pensions Board
- Reporting breaches policy
- Quarterly performance reporting
- The Pensions Regulator annual scheme return
- The Pensions Regulator General Code of Practice

As at 31 March 2024, the Shropshire County Pension Fund had 17,027 active members, 18,377 deferred members, 15,119 pensioners and survivors, and 241 employers all looked after by 37 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 continues to invest in new technology and staff training to ensure a high-quality service is provided to scheme members and employers. In the last year, several experienced team members have left the team to pursue other work opportunities and one team member retired. Recruitment and retention of staff is a key issue for pension fund administrators nationally. Externally there is a small pool of individuals who have the relevant qualification and experience to be able to step into roles where it is essential to have previous experience in the administration of the LGPS. We have been successful in recruiting to vacancies and are training new members of staff for them to be able to fulfil their roles.

Shropshire County Pension Fund staff structure - High level



Events continued during the year, with webinars held for both members and employers.

In March and April 2023, the Communications and Governance Team hosted four webinars; 'Get to know your pension'. Active scheme members were invited to join one of the hour-long webinars to find out more about the Local Government Pension Scheme and the benefits of being a member.

The webinars had two aims; to increase the take up of 'My Pension Online' and to educate scheme members on the pension scheme benefits, particularly during the current cost-of-living crisis. The webinar covered the most frequently asked questions officers receive through the pension's helpdesk:

- How much does my employer pay?
- When can I retire?
- How does my pension build up?
- What will I get when I retire?

An increase in registration for 'My Pension Online' in March and April was experienced following the webinars. In total, 373 members attended the webinars and 110 provided feedback by completing the form circulated after the webinar. 99% of respondents felt they knew more about their pension after attending. When asked if members would attend further webinars about pensions, 93% responded 'Yes'; with 31% preferring a mixture of both in-person and virtual presentations going forward but the majority preferring virtual delivery. 53% of respondents were aged between 36-55. A question was asked in the feedback form about future webinars, the key responses were requests for more in depth explanations of Additional Voluntary

Contributions (AVCs), transferring pensions, flexible retirement, scenario-based examples and 1:1s.

Pensions Saving Statements (PSS) were issued by 6 October 2023 and, as in 2022, a webinar was held by Mercer for anyone who received a PSS as well as identified earners who may be impacted in the future. This was held on 10 October 2023 and attended by 23 members. Following the webinar, for certain individuals needing further support about their own personal circumstances, there was an opportunity to attend a one-to-one 45-minute guidance session with a specialist from Mercer and six members took advantage of this.

Attendance this year was much lower than in recent years and this event will be reviewed when the number of members receiving Pensions Savings Statements for 2023-24 is known.

The 2023 employers meeting took place on 14 November 2023 and was attended by 61 employers.

The meeting covered the age discrimination remedy otherwise known as the McCloud remedy and the importance of accurate data to ensure correct benefits are paid to members. There were also updates on the national Pensions Dashboard programme and other topics including:

- the abolition of Lifetime Allowance tax charges
- The Pension Regulator's new General Code of Practice, including cyber security
- LGPS Good Governance
- investments
- employer training

Individual 1:1 meetings were arranged following the meeting for employers to discuss their own valuation results with the fund actuary. Several employers attended 1:1 meetings, and the feedback received from the actuary was positive. A frequently asked questions (jargon buster) document was also sent to employers in advance of the meeting.

Feedback was received from attendees, and suggestions were as follows:

- Splitting the meeting up into different sections for different employer types/groups
- Review the length/breaks in the meeting
- Simpler explanations of terms and more accessible for different roles at employers (i.e., non-financial)
- More explanation of the information included in the valuation report

The team have reviewed the feedback and will be implementing changes to the sessions and information provided.

Officers also attended in-person events run by the Local Government Association (LGA) and other external providers such as Mercer, Hymans and Aon. These included:

- the LGA Governance Conference
- CLASS AGM (Heywood Pension Technologies)
- LGC Investment Summit
- LGC Pension Symposium
- PLSA LG conference
- LAPFF conference

Officers also attended the:

- Shrewsbury Pension Officers Group
- Joint Communication meetings
- LGPS Live webinars
- The LGPS Central Limited Strategic Admin Group
- Webinars on topics such as the General Code, Pensions Dashboard Programme, McCloud, AVCs and abolition of the LTA

Training sessions held with Committee and Board members included:

- Sessions by Aon on investment strategy, climate risk and equity markets
- Mercer on investment strategies, cyber security and good governance
- Different employer investment strategies
- LGPS Central Limited also delivered climate risk training to officers, Board and Committee members

The fund is committed to ensure value for money for all stakeholders and is part of several networking groups, Shrewsbury Pensions Officers Group (SPOG), LGA Technical working group, and the communications working group. The purpose of these groups include the identification of best practice and provide the opportunity for LGPS funds to share knowledge and experience, collaborate on communications to save individual funds resources and money and to address updates regarding issues affecting pension funds.

This year we have not taken part in the CIPFA benchmarking survey used by LGPS funds but this will be reviewed again in the future. The number of funds participating in the survey had dropped significantly in previous years with around a quarter of the 86 LGPS funds providing information for comparison.

In previous years we have remained under the average net cost per member. If we look at this in more detail, for the specific area of benefit processing the fund is under the average cost per member and for member engagement, the fund is above average. This shows the commitment the fund has made in this area. We believe that educating our members so they understand the pension information we provide them is essential. The use of 'My Pension Online' where members can self-serve and the implementation of Pensions Dashboards will increase members' awareness of pension benefits and encourage them to find out more about their pension.

Summary of activity in 2023/24

Over the last 12 months, the Pensions Administration Team continued to ensure benefits for scheme members are paid accurately, on time and according to scheme regulations. The team also work closely with employers to collect data and to ensure pension contribution payments are received by the statutory timescales.

In addition to achieving this, the fund makes sure it has robust internal controls, innovative technology, and excellent communications for all stakeholders.

As well as delivering on the day-to-day business as usual work, the team have delivered on the following projects: (this is not an exhaustive list)

- Application of Pensions Increase to all pensions in payment

- Annual Benefit Statements
- Pension Saving Statements
- Enhancement to Pensioner payroll (EA2P)
- Implementation of McCloud age discrimination remedy
- Year End closure and reconciliation
- IAS19 reporting
- Delivery of four new system releases
- SF3 return
- Policy reviews
- Publication of regular newsletters to employers and scheme members
- Review of tier 3 ill health pensions

These projects require participation of team members from all four teams working closely together to deliver the required outcomes.

Data quality

The fund's data improvement plan was set to cover a two-year period. This plan will be reviewed, and a new plan will be implemented for 2024 onwards which will focus on data improvements required for Pensions Dashboards. The plan will be used to identify training for employers, where data being received is not as expected.

New reporting functionality can look at data quality for each employer and identify those where support or training may be required.

Data scores are required by The Pensions Regulator on an annual basis as part of the scheme return each autumn. The scores which have been submitted for the past two years are shown in the table below:

Data category	2022 score %	2023 score %	Aim %
Common data	98.50	98.40	100%
Scheme specific data	98.72	98.85	100%

Common data relates to data such as name, address, national insurance number etc. The fund has lost contact with a number of members who have changed address and not notified the fund, this accounts for why the data score is not 100%. A tracing exercise will be undertaken on a regular basis to locate members that are listed as 'gone away' in order to maintain a high level of data quality.

McCloud – Age discrimination remedy

The LGPS rules changed from 1 October 2023, to take account of the Age discrimination remedy. When

public service pension schemes changed from final salary schemes to career average schemes (CARE) in 2014 and 2015, older members were protected from the changes. In 2018, the courts found that younger members had been discriminated against because the protections did not apply to them.

The 2023 changes are called the McCloud remedy. They remove the age discrimination found in the McCloud court case. Not all LGPS members are affected by the changes.

Most of the data required for the McCloud remedy has been collected and posted to member records. However, on-going checks may identify where further information is required. For example, confirmation of membership held in another public sector scheme, which would mean a member qualifies for the underpin in the LGPS.

The team have identified all members in scope of the McCloud remedy and have been updating member records so that when a calculation of benefits has been completed, the underpin check is performed. This will indicate if final salary benefits are higher than CARE benefits for the remedy period (1 April 2014 to 31 March 2022). The member does not have to choose to take final salary benefits or CARE benefits for the remedy period, which is in place for other public sector schemes, instead in the LGPS the highest set of benefits will automatically be paid.

Software developments required to help the team process cases where the underpin applies have progressed and most of the required updates to the system have been implemented. However, there are certain types of calculations which cannot be processed as we still require guidance from DLUHC and then further software developments.

The second stage of work that the administration team will have to tackle is the review of cases for members that left the scheme during the remedy period. We do not anticipate a high number of cases where a member's benefits would need to be recalculated following an assessment of whether the underpin applies. However, this work will need to be managed together with the day-to-day work of the team.

The McCloud remedy has had an impact on the length of time required to process benefits for members, due to the additional checks that now have to be completed.

The aim is for all work relating to the implementation of McCloud to be completed by 31st August 2025. Details of the underpin will be included on 2025 annual benefit statements. However, this will be dependent on timely receipt of outstanding guidance and software development.

Pensions Dashboards

From 1 April 2024, work on the implementation of dashboards will begin and the team will be looking at data held on member records that needs to be improved. One area of data which requires improvement is address information for members who hold a benefit but are no longer actively paying into the scheme. A tracing exercise will be required to update member addresses, this will then need to be run on a regular basis to keep this information up-to-date.

The quality of the data held on member records will impact on the amount of additional work the team may have to pick up once the pensions dashboard goes live. If the quality of data is poor, members using the dashboard may not find a match with all their pension providers. This would lead to queries from the public and investigations by the pensions team. If data is accurate the member would find a match straight away and would not need confirmation from the team.

A project plan has been created and work on the implementation of the Integrated Service Provider (ISP) (how we connect to dashboards) improving data quality and how we resource this work has begun.

Working with employers

To effectively administer the LGPS for members, the monthly data submitted by employers is essential. As well as monthly and year-end data quality verification, additional checks are in place during the year using the data collection software, mortality screening and address verification. This improves the data held and ensures member benefits are accurate.

Employers must pay their contributions by the 19th of the month and accompanying data must also be

submitted via i-Connect by this date. All employers submit monthly data returns.

A summary of the amount of member data received during 2023/24 is below:

- **Address updates:** 4,295
- **Contribution postings:** 197,019
- **Pay data postings:** CARE – 197,444
- **Notification of starters:** 6,202
- **Notification of leavers:** 5,714

Any employers who do not adhere to the regulations and provide the contributions or data late are recorded as a breach of the scheme regulations and, if deemed materially significant, could be reported to The Pensions Regulator.

There were 128 breaches recorded for 2023/24 whereas 272 breaches were recorded in 2022/23. Most of the breaches were for late submission of i-Connect data (40) and late payment of monthly contributions (27). The number of breaches has fallen considerably following joint work undertaken by the systems and communications and governance teams. The team produced targeted emails to employers throughout the year and especially at year end when many of the breaches occur due to employers having new rates to pay.

This work is on-going, and the new approach will be continued and built upon. The importance of correct data was also stressed to employers at the employers meeting and will again be a continued theme as the fund gets ready to connect to Pensions Dashboards.

Service delivery and staffing update

The pensions team is made up of 37 posts across four teams: Operations, Communications and Governance, Systems, and Investment Teams. In 2023/24 the team continued to work predominantly from home since Shropshire Council announced that office-based working for whole teams will not recommence. Desks are available for staff to book but the team will not return to the office space previously occupied.

All key tasks are performed while remote working and the team have continued to deliver an excellent service throughout the year. Monthly team meetings have continued virtually, with meetings in March, June, September, and December held in person. In person team training days are held twice a

year. Continued home working brings challenges particularly introducing and training new team members. We continue to adapt our approach to meet the needs of each individual team member and utilise online modules supplied by external providers.

Policy updates 2023/24

Throughout 2023/24 the team reviewed the fund's policies.

The Governance Compliance Statement and Administration Strategy Statement were reviewed in December 2023 and no changes were required.

The Communications Policy Statement was also reviewed in December 2023 with only minor updates required regarding membership of the National Communications working group.

The Investment Strategy Statement was updated and approved at the June 2023 Committee meeting and includes the revised strategic asset allocation agreed as part of the Investment Monitoring report. The statement has also been updated to reflect the decisions around equity protection options and the levels of protection now in place as agreed previously at Committee.

The Climate Stewardship Plan was updated and approved at the March 2024 Committee meeting.

Actuarial valuation 2025

The next valuation is due to take place in 2025 and planning for this is already underway. The Funding Strategy Statement and the Employer Events Policy will be reviewed and updated accordingly.

Communications

The retired members biannual newsletter InTouch was sent via email in May 2023 and to the home addresses of retired members in October 2023. Postal copies are used to check member address details are correct and returns resulted in any pensions paid being stopped until this was resolved. Key fund investment issues and pension administration updates are available to members on the fund's website.

In March and April 2023, the Communications and Governance Team hosted four webinars; 'Get to know your pension'. Active scheme members were invited to join one of the hour-long webinars to find out

more about the Local Government Pension Scheme and the benefits of being a member. An increase in registration for 'My Pension Online' in March and April was experienced following the webinars.

Notes accompany the 2023 annual benefit statements together with a newsletter were produced collaboratively with other LGPS funds in a project led by Shropshire. The Plain English Crystal Mark was applied to both documents.

An email notification was sent to all deferred members in July 2023 with links to their annual benefit statement held on the 'my pension online' portal. Notes explaining the statements and a newsletter were also made available, which covered:

- Cost of living crisis and where to get help
- Changes to the pension age
- McCloud update
- Deferred benefits
- Tax allowance changes
- Revaluation date
- Reminder to sign up for 'My Pension Online'

380 printed statements were sent to deferred members together with copies of the annual benefit statement notes and newsletter.

An email notification was sent to all active members in August 2023 with links to their annual benefit statements, notes and newsletter, topics included:

- Pensions increase
- Pension scams warning
- Changes to tax allowances
- McCloud update
- Help with cost-of-living crisis
- Changes to the pension age
- How much you need for retirement
- Pensions dashboards
- Updates to the CARE revaluation date
- Reminder to sign up for 'My Pension Online'

249 printed statements were sent to active members together with copies of the annual benefit statement notes and newsletter.

15,484 actives and 18,528 deferred statements were released to 'My Pension Online'.

A total of 34,641 statements were produced and sent out by 31 August 2023.

Pensions savings statements (PSS) were issued by the deadline of 6 October 2023 to 33 members, 11 of whom had incurred an annual allowance tax charge. This compared to 70 scheme members in the previous year.

A pensions tax webinar for members who received a Pensions Savings Statement was held on 10 October 2023. Invitations were also extended to any members earning over £50,000 after the actuary, Mercer, advised these people could be impacted by the changes to pensions tax annual and lifetime allowances announced in the spring 2023 budget. 23 members attended the webinar and six took advantage of the 1:1s offered to discuss their individual circumstances. These figures are much lower than in previous years and this event will be reviewed when the number of members receiving Pensions Savings Statements for 2023/24 are known.

Cyber security

In December 2023, the Pensions Regulator (TPR) revised its cyber security guidance. The guidance helps trustees and pension scheme managers meet their duties to assess the risk, ensure controls are in place, and respond to incidents. For the first time, the guidance asks pension schemes to report any significant cyber-related incidents to TPR on a voluntary basis as soon as is reasonably practicable. This will help TPR build a better picture of the cyber risk facing the industry and its members. The fund worked with Shropshire Council's IT and information security teams, software providers and Mercer to develop its own Cyber Security Policy during 2023/24.

Annual training is undertaken by officers each year and there are frequent reminders to all officers to remain vigilant during a time when LGPS funds are increasingly becoming targets for malicious cyber activity.

Pensions scams pledge

In September 2021, the team signed up to join The Pensions Regulators Scams Pledge, to show that the fund is committed to tackling pension scams. The fund already had robust procedures in place to protect scheme members, by undertaking stringent checks on requests for transferring benefits out of the scheme and regularly warning members about the risk of scams. The fund is committed to stopping scammers in their tracks.

Key monthly data collection facts for 2023/24

4,295



address updates

197,019



contribution postings

197,444



pay data postings (CARE)

6,202



notifications of starters

5,714



notifications of leavers

Key performance indicators

Pension funds must report on the outcome of administration KPIs (key performance indicators) set out in **Table A**. The list of KPIs is designed to provide measures of performance on providing an effective administrative service for both members and employers.

From the table most cases opened in the year are being completed, however there has been a decrease in number for some of these in comparison to the previous year. In 2023/2024 the pensions team lost several experienced members of staff and had some issues recruiting to vacant posts. This along with the training of new staff and the implementation of the McCloud remedy has meant that the team have struggled to keep up with the volume of work coming in. Priority is given to member retirements, and this is reflected in the number of cases that have been completed. Certain transfer cases have had to be put on hold due to outstanding guidance regarding the McCloud remedy.

The team regularly monitor workloads and can re-allocate resources to tackle any backlog of work. A review of the team structure is being undertaken as it may be necessary to recruit more staff to meet the demand of certain areas of work, for example processing deferred benefit calculations when a member leaves the scheme before retirement.

We also regularly review our processes and developments in software functionality to ensure they are efficient and support the work of the team.

Table A						
Casework KPI	Cases open as at 31 March	Cases created in year	Cases completed in year	% of cases completed in year	Cases completed in previous year	% of cases completed in previous year
Deaths recorded of active, deferred, pensioner and dependent members	28	421	425	94.65%	533	94.50%
New dependent member benefits	26	360	359	93.01%	387	92.40%
Deferred member retirements	109	957	846	79.36%	785	86.40%
Active member retirements	13	504	489	94.58%	423	96.10%
Deferred benefits	368	1,160	1,131	74.02%	1,314	74.90%
Transfers in (including interfunds in, club transfers)	8	157	123	74.55%	273	88.90%
Transfers out (including interfunds out, club transfers)	53	242	211	71.53%	263	81.40%
Refunds	15	385	377	94.25%	551	95.30%
Divorce quotations issued	7	70	65	84.42%	68	87.20%
Actual divorce cases	0	0	0	N/A	0	N/A
Member estimates requested either by scheme member or employer	26	1,077	1,094	99.18%	998	97.40%
New joiner notifications	0	6,202	6,202	100.00%	3,922	100.00%
Aggregation cases	228	1,276	1,385	92.10%	1,425	84.20%
Optants out received after 3 months membership	37	93	94	72.31%	95	60.12%

For **Table B** the information also confirms that the performance of the team has been impacted by the turnover of staff and the implementation of the McCloud remedy. With new staff members gaining knowledge and experience we should hope to see an improvement in the KPIs where they are not achieving 95%.

Table B			
Casework KPI	Fund target (days)	% completed within fund target in year	% completed in previous year
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5	57.18%	60.20%
Communication issued confirming the amount of dependents pension	10	78.30%	82.90%
Communication issued to deferred member with pension and lump sum options (quotation)	15	88.40%	94.60%
Communication issued to active member with pension and lump sum options (quotation)	15	92.40%	96.60%
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15	49.20%	78.50%
Communication issued to active member with confirmation of pension and lump sum options (actual)	15	95.10%	93.60%
Payment of lump sum (both actives and deferreds)	15	74.15%	75.45%
Communication issued with deferred benefit options	30	37.30%	60.90%
Communication issued to scheme member with completion of transfer in	15	44.90%	63.70%
Communication issued to scheme member with completion of transfer out	15	53.60%	60.80%
Payment of refund	10	93.00%	90.90%
Divorce quotation	45	76.90%	97.10%
Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order	15	N/A	N/A
Communication issued to new starters	40	100.00%	100.00%
Member estimates requested by scheme member and employer	15	90.40%	97.40%

Key financial data

The pension fund categorises its expenditure for the management of the pension 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 and governance:** the costs of accounting for and monitoring the pension fund, including any professional advice and support the fund requires.

Operational expenses	2022/23 Actual £m	2023/24 Actual £m	2024/25 Budget £m	2025/26 Budget £m
Investment management				
Management and performance fees	8.618	9.457	9.450	9.570
Transaction costs	4.305	3.632	3.800	3.900
Other fees	2.899	4.545	4.030	4.152
Total	15.822	17.634	17.280	17.622
Administration				
Staff costs	1.074	1.095	1.140	1.170
IT	0.278	0.630	0.450	0.460
Premises	0.019	0.032	0.030	0.030
Supplies and services	0.086	0.113	0.158	0.167
Total	1.457	1.870	1.778	1.827
Oversight and governance	1.530	1.641	1.763	1.983
Total management expenses	18.809	21.145	20.821	21.432

The budget is reviewed annually and has been prepared to reflect the cost of delivering the pension fund's statutory responsibilities for the administration of the scheme and management of investments. The resources within the budget are sufficient to meet the fund's regulatory requirements at the time of publishing. The new developments and initiatives in the fund's business plan are included in the forward budget.

New pensioners in year 2023/24 by type of retirement

Retirement type	Number of cases
Early	643
Ill health	123
Late	30
Normal	170
Total	966

Staffing

33



Staff in the Pension
Administration
Team

53,146



Scheme members
which equates
to 1,765 Scheme
members to
members of staff

1,728



Average cases per
member of staff
directly involved
in casework (this
is based on 8
FTEs who process
member benefits
and updates to
member records)

Vacancy factor

Over the period 1 April 2023 to 31 March 2024, several key members of staff left the fund, including the Communications and Governance Team Leader, Senior Helpdesk Officer, and Senior Pensions Officer. We have been able to fill the roles with internal promotions which has led to back filling of other posts in the team. The Pensions Administration Manager also left to take a post at another pension fund, and we were able to externally recruit a replacement in December 2023.

Employer summary as at 31 March 2024

89



Scheme
employers

104



Admission
bodies

48



Designated
bodies

241



Total

This is a summary of the number of employers in the fund categorised 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 2024.

Employers	Active	Ceased	Total
Scheme employers	61	28	89
Admission bodies	59	45	104
Designated bodies	41	7	48
Total			241

Feedback from members and employers

The fund welcomes feedback from stakeholders.

In 2023/24 we received:

- 25 compliments
- 2 complaints (only one was upheld)

Examples of compliments received in 2023/24:

'I'd just like to say how helpful, prompt and professional the Shropshire pensions team are. I've had nothing but good service, so thank you very much.'

'I have been trying to deal with pensions all morning following the death of my wife and I would like to say that you are by far the nicest and kindest person I have dealt with today.'

'Thank you so much for your help, marvellous service and incredibly efficient.'

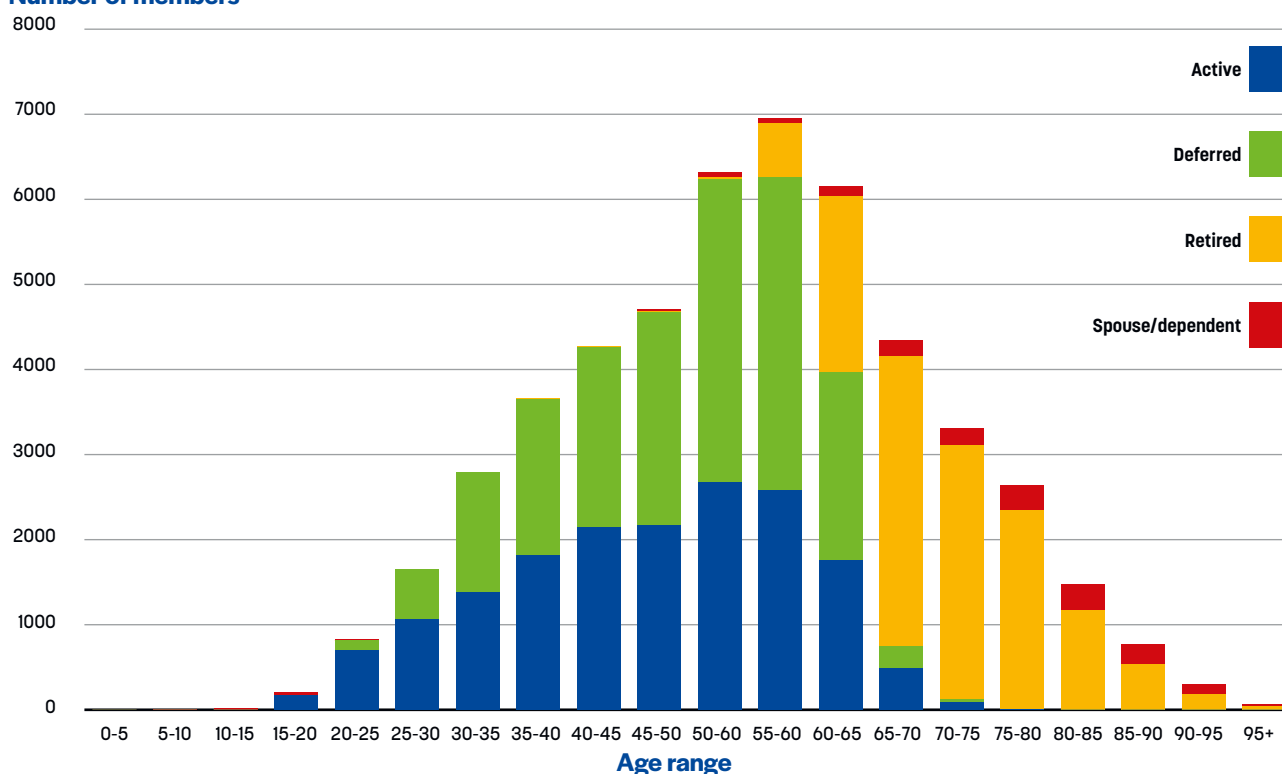
'Thank you so much, you've explained that so well. I'm dyslexic so I struggle with things like this, I'm gobsmacked, thank you.'

'Thank you for posting my summary of pension benefits which I received this morning. Please convey my thanks to yourself and your team who support this fund. It is well perceived that the fund is a well organised and well-run pension system.'

'Thank you for all your help and information over the years. I have always found all your staff very helpful and informative and explained in terms for me to understand.'

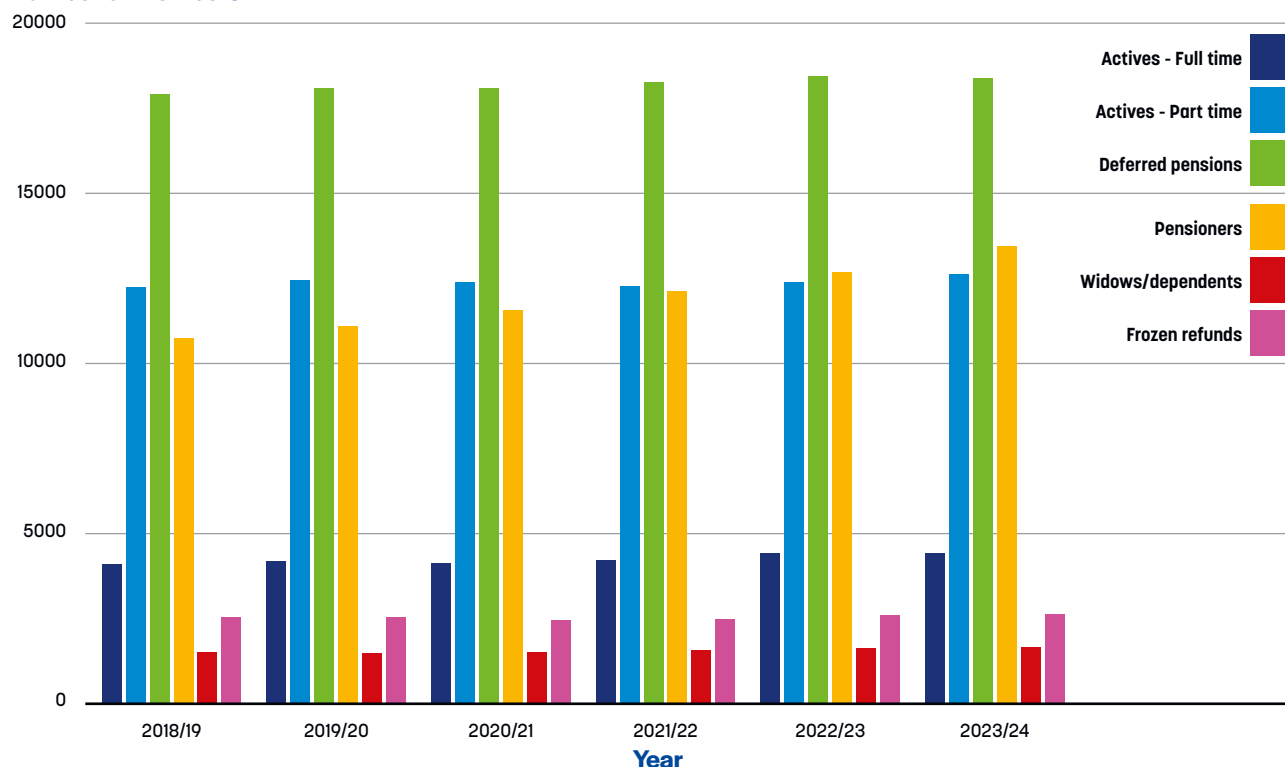
Age profile of membership as at 31 March 2024

Number of members



Membership numbers and trends as at 31 March 2024

Number of members



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 approval to the Pensions Committee and is published on the fund's website. The fund's website is the main source of information for both current and prospective members, as well as fund employers.

The website address is:

www.shropshirecountypensionfund.co.uk

The website holds scheme guides, forms and information for members and employers to view.

Employer responsibilities are set out in the employer's section of the website. All participating employers in the fund are encouraged to use this area to ensure they meet their responsibilities. The website also hosts videos for both members and employers.

Pension administration system

The fund uses Altair, a pension's administration software provided by Heywood Pension Technologies Ltd.

Electronic data transfer

The fund has continued to use a service called i-Connect which allows employers to transfer their data to the fund. Member data is transferred from an employer's payroll system monthly into the pension administration system. The fund engages with all employers to ensure an accurate date is provided by statutory deadlines.

Training is also provided to all new employers joining the fund on how to use the i-Connect service.

‘My Pension Online’

‘My Pension Online’ allows members to view their pension information, update personal details, run estimates, and upload their own documents to their member record.

Allowing members to ‘self-serve’ via this platform means they can access information at any time and they are not restricted to office hours. The platform is designed to be user friendly and provides links to our website where members can find out more about how their pension is worked out. We understand that not all members can use this facility so we operate a helpdesk where members can still talk to a member of the team.

As at 31 March 2024 the percentage of members accessing the platform are:

- 51% active members
- 44% deferred members
- 51% pensioners and dependents
- 49% of all scheme

Towards the end of 2024 we will be updating the platform and will be running a promotion campaign to target those that are not currently signed up.

For employers we have launched a facility to submit leavers forms securely via i-Connect. This has allowed us to automate some stages of the administrative duties of the helpdesk, so that the team can focus on resourcing the priority area of responding to complex queries.

The team have also introduced a BOT (virtual assistant) on the fund’s website to signpost key information in response to general queries.

Email updates

The fund sends monthly updates to employers via email regarding developments in pension legislation and information about the requirements of the scheme and any changes to those requirements.

Information is also sent out to scheme members via email. This includes information that we must provide under disclosure requirements, such as changes to legislation that will affect members’ benefits.

Internal dispute resolution procedure (IDRP)

Despite our best efforts we do, sometimes, receive appeals from our members when they have not been satisfied with scheme decisions.

Members have the right to ask for scheme decisions to be looked at again under the formal appeals procedure and they also have the right to use the procedure if a decision should but has not been made by their employer or the fund.

The procedure is outlined in regulation 72 of the LGPS Regulations 2013 which can be found on the LGPS website.

An active scheme member, pensioner, deferred member or potential beneficiary can make an appeal under the IDRP procedure.

There are two stages to IDRP, with the first stage of the dispute going to the person that made the original decision, requesting a review of that decision. If a member is dissatisfied with the outcome of the stage 1 decision, they may apply to the administering authority for a review at stage 2 of the IDRP within six months of the stage 1 decision.

If, after the stage 2 decision, the member or beneficiary is still dissatisfied, they can contact the Pensions Ombudsman. The member or beneficiary has three years to apply to the Pensions Ombudsman who can investigate any type of complaint about a pension. The member or beneficiary must have been through stages 1 and 2 of the IDRP before they contact the Ombudsman.

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

IDRP cases raised directly to the fund in 2023/24

Stage	Cases submitted	Dismissed	Upheld	On-going
1st	3	2	1	0
2nd	1	0	0	1

The Pensions Ombudsman

www.pensions-ombudsman.org.uk

0800 917 4487

Conflicts of interest

The Assistant Director - Legal & Governance (Monitoring Officer) maintains a Council Members' register of interests. 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 of 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 Local Pension 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.

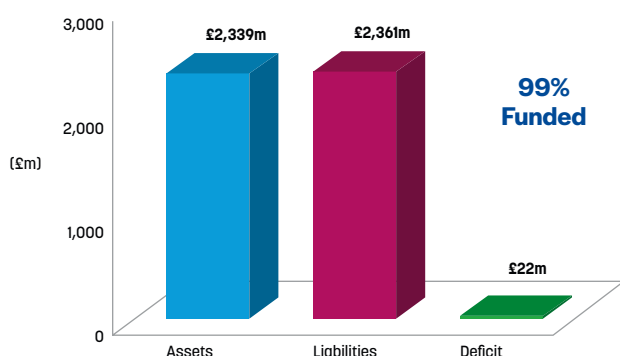
➤ Statement by the consulting actuary

Accounts for the year end as at 31 March 2024

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 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the fund's assets of £2,339 million represented 99% of the fund's past service liabilities of £2,361 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £22 million.



The valuation also showed that a Primary contribution rate of 18.4% 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 Funding Strategy Statement (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 recovery plan in respect of each employer. At the actuarial valuation the average recovery period adopted was 16 years for employers in deficit and 12 years for the employers in surplus. The total initial recovery payment (the "Secondary rate" for 2023/26) was an addition of approximately £1.7m per annum in pounds (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 2023.

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 funding plan adopted in assessing the contributions for each individual employer is in accordance with the FSS. Any different approaches adopted, for example, with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Rate of return on investments (discount rate):		
Standard	4.80% per annum	5.20% per annum
Lower risk	4.55% per annum	4.70% per annum
Rate of pay increases (long-term)	4.35% per annum	4.35% per annum
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pensions (GMP))	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

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.

To assess the value of the benefits on this basis, we have used the following financial assumptions as at 31 March 2024 (the 31 March 2023 assumptions are included for comparison):

	31 March 2023	31 March 2024
Rate of return on investments (discount rate)	4.80% per annum	4.90% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.70% per annum	2.70% per annum
Rate of pay increases	3.95% per annum	3.95% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.80% per annum	2.80% per annum

The demographic assumptions are the same as those used for funding purpose for the 2022 actuarial valuation, other than for the year end assumptions, where we have also updated to the latest CMI tables available (CMI 2022) and applied a suitable reweighting.

Full details of the demographic assumptions are set out in the formal report on the actuarial valuations dated March 2023.

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

Start of period liabilities	£2,469m
Interest on liabilities	£117m
Net benefits accrued/paid over the period*	(£18m)
Actuarial (gains)/losses (see next paragraph)	(£49m)
End of period liabilities	£2,519m

*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 slightly over the year, with a corresponding increase in discount rate from 4.8% p.a. to 4.9% p.a. The long-term assumed CPI is the same at the end of year as it was at the start of year. In combination, these factors lead to a small reduction in liabilities.
- **Change in demographic assumptions:** As noted above, the assumptions have been updated to reflect the new CMI model available. This acts to reduce the liabilities.
- **Pension increases / recent high short-term inflation:** The figures allow for the impact of the April 2024 pension increase of 6.7%, to the extent it wasn't allowed for in the 2023 statement, along with known CPI since September 2023 (which will feed into the 2025 pension increase). As inflation is higher than the long-term assumption, this increases the liabilities.

Michelle Doman

Fellow of the Institute and Faculty of Actuaries

Mark Wilson

Fellow of the Institute and Faculty of Actuaries

Mercer Limited

May 2024

Appendix - additional considerations

The “McCloud judgment”: The figures above allow for the impact of the judgment based on the proposed remedy.

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.

Covid 19 / Ukraine / Gaza conflict: The financial assumptions allow for these factors to the degree that they are reflected in the market values on which the assumptions are based. The mortality assumption includes no specific adjustment for COVID as our view is that it is not possible at this point to draw any meaningful conclusions on the long-term impact.

High inflation over last two years: The period-end figures above allow for the impact of actual known CPI at the accounting date as noted on the previous page. The period-end assumptions then allow for expected (market implied) CPI from that point.

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 and the Pensions Board and how it reports into the council. The make-up of the committee is outlined and the reasons for the current representation. The role 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 Department for Levelling Up, Housing and Communities. 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 Local 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 Local 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 June 2024 and can be read at:
<https://www.shropshirecountypensionfund.co.uk/media/1799/governance-compliance-statement-june-2024.pdf>

Pensions Board report 2023/24

I must start, by paying respect to Mike Morris, a former member of the Board, who sadly passed away in April after a long period of illness which forced him to resign last year from his position as a member representative. Mike was a founding member of the Board. He served as Chair and was latterly an invaluable active member of the Board. At the April 2024 meeting John Hall, member representative and long-time friend of Mike's, said a few words on the outstanding contributions and loyalty Mike had given to the Board. Members then paid their respects with a one-minute silence to reflect on Mike's service.

So, what is the Pensions Board? Here's the background.

The Shropshire County Pension Fund and all Local Government Pension Scheme (LGPS) funds were required to establish a Local Pensions Board by 1 April 2015. Obligation outlined in Section 5 of the Public Service Pensions Act 2013 and Regulation 106 of LGPS Regulations 2013 (as amended).

The purpose of the Board is to assist administering authorities (in our case Shropshire Council) in fulfilling their responsibilities related to the LGPS rules, pensions legislation and guidance from the Pensions Regulator.

The Act states that we must have equal numbers of representation from employers and scheme members. In Shropshire, we currently have three employer representatives and three member representatives. As in all walks of life, Board members move on, either through work or new commitments, and I would like to thank all those who have volunteered to serve with us and moved on to new adventures. Yes, all the Board members are volunteers.

This is my second year in the role of Chair and once again I must stress how impressed I am with the pension team, their unstinting commitment and professionalism as well as the pride they take in their respective roles, plus the support they offer to employers and members, both via the helpdesk and face-to-face, as well as to the Board.

When the Shropshire Pensions Committee hold their meetings, I and one other Board member try to attend to observe committee discussions and decisions made in relation to the fund. All Board members have full access to the committee's public and exempt papers and are invited to training sessions.

I am sure you can all appreciate that both Board and committee members must attend a fair amount of training, which we do either online or face-to-face and which is monitored and recorded by the pension team.

The fund has a number of strategies in place covering Responsible Investment, Climate Change, Investments, Fundings and Administration to name a few. It's important that the Board understand these strategies and is updated when they change.

Climate change and the target to achieve net zero by 2050 is an important issue and over the last years the pension team, alongside the committee, has been working to show clear targets with timescales for meeting this objective.

However, there are other issues out there which could impact pensions both in the LGPS and private sector, such as cyber-attacks and fraud. The pension team and the officers who control our community of integrated information, communication and technologies must protect member data. As part of The Pensions Regulator's new General Code of

Practice for pension schemes the requirement for a Cyber Security policy is listed and is just as essential as an investment policy to protect individuals and the organisation. The fund now has its own Cyber Security Policy and the Board receives regular reports on climate, investment and cyber security.

Due diligence and good governance are part of life within the pension's world. If you want to understand more about what your Pensions Committee or Pensions Board are doing, you can view the open part of the meetings on Shropshire Council's website.

Dave Wright
Pensions Board Chair
13 September 2024

The Pensions Board members 2023/24



Dave Wright (Chair)
Member representative



Rebecca Summerlin
Member representative



Liz Furey
Employer representative
Harper Adams University



Helen Woodvine
Employer representative
Coverage Care



Madeline Murphy
Employer representative
The Wrekin Housing Group



John Hall
Member representative

Member changes

Madeline Murphy joined the Board in October 2023, replacing Clare Charlesworth Jones as the Board's employer representative. Board member representative, Mike Morris, was replaced by Rebecca Summerlin in April 2024.

Board meeting attendance details 2023/24

In 2023-24, only two Board meetings were held with the ones planned for July 7, 2023 and January 26, 2024, cancelled as they were not quorate. Attendance was:

Member	May 9, 2023	October 13, 2023
Dave Wright (Chair)	Attended	Attended
Mike Morris	Apologies	No longer a Board member
John Hall	Attended	Attended
Liz Furey	Attended	Attended
Helen Woodvine	Attended	Attended
Clare Charlesworth-Jones	Apologies sent	No longer a Board member
Madeline Murphy	Not a Board member in May 2023	Attended

Pensions Committee report 2023/24

Overall responsibility for the Shropshire County Pension Fund lies with Shropshire Council, however, this responsibility has been delegated to the Pensions Committee.

So, what is the Pensions Committee?

The Pensions Committee is responsible for the overall management of the fund and they do this by meeting four times a year, or otherwise as necessary.

Some of the main responsibilities of the committee are as follows:

- Monitor investment activities during the year
- Monitor overall performance of all the fund managers
- Monitor the activities of the administration function
- Accept new employers into the fund
- Reviewing governance arrangements

The committee meet four times a year. At the June 2023 meeting, which was the first of the new financial year, Councillor Tom Biggins was elected as committee Chair and Councillor Carolyn Healy elected as Vice-Chair. Discussion at this meeting focused on agreeing the fund's new Investment Strategy following the completion of three investment strategy workshops held with the fund's investment consultant Aon, Independent advisor and the fund's pooling company LGPS Central Limited.

At the September meeting, Grant Thornton presented their Audit Findings report and the fund's annual report and accounts for 2022-23 were approved. An update was also provided by internal audit on the audits completed during the year which were all rated as "Good" which is the highest rating. The committee also approved the updated Investment Strategy Statement.

In December 2023, the committee discussed and approved the fund's fourth climate risk report and Taskforce on Climate-related Financial Disclosures

(TCFD) report. Updates to the fund's Governance Compliance Statement, Administration Strategy Statement and Communications Policy Statement were also approved.

March's meeting included a company update from LGPS Central Limited on the progress made to date on pooling assets, performance of the funds Shropshire County Pension Fund is invested in, responsible investment and their net zero strategy. The fund's Business Plan for 2024-2026 which covers priorities for the next two years was also approved at this meeting. Progress against the Business Plan will be reported to Pensions Committee and Pensions Board.

Throughout the year, the committee also received administration and governance updates covering team workloads and progress against KPIs, new employers admitted to the fund and any breaches recorded. National issues such as McCloud and Pensions Dashboards, as well as updates from the Scheme Advisory Board and changes to legislation were given at each committee meeting.

Investment Monitoring Reports were taken to each committee meeting throughout the year which provided an update on the fund's performance and its investment managers. Separate Investment Strategy reports were also provided every quarter to update on the implementation of the revised investment strategy agreed in June 2023.

The committee agendas, reports and responses to public questions are published on Shropshire Council's website:

<https://shropshire.gov.uk/committee-services>



Committee members 2023/24



Thomas Biggins (Chair)

Shropshire Council
VOTING



Roger Evans

Shropshire Council
VOTING



Simon Harris

Shropshire Council
VOTING



Brian Williams

Shropshire Council
VOTING



Carolyn Healy

Telford and Wrekin Council
VOTING



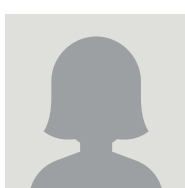
Nathan England

Telford and Wrekin Council
VOTING



Jean Smith

Pensioner Representative
NON-VOTING



Helen Macmillan

Employee Representative



Byron Cooke

Employee Representative
Telford and Wrekin Council

Member changes

The committee saw Nathan England from Telford and Wrekin Council replace Rae Evans after the May 2023 elections. Lindsay Short resigned in October 2023 as employee representative for Shropshire Council and was replaced by Helen Macmillan.

Committee meeting attendance details 2023/24

In 2023-24, four committee meetings were held and attendance was:

Member	June 17, 2023	September 15, 2023	December 1, 2023	March 15, 2024
Tom Biggins (Chair)	Attended	Attended	Attended	Attended
Carolyn Healy (Vice-chair)	Attended	Attended	Attended	Attended
Roger Evans	Attended	Attended	Attended	Attended
Simon Harris	Attended	Attended	Attended	Attended
Brian Williams	Attended	Apologies (sent substitute - Chris Schofield)	Attended	Apologies (sent substitute - Chris Schofield)
Nathan England	Attended	Apologies sent	Apologies sent	Attended
Jean Smith	Attended	Attended	Attended	Attended
Byron Cooke	Attended	Attended	Attended	Attended
Lindsay Short	Attended	Apologies (sent substitute - Helen Macmillan)	No longer a committee member	No longer a committee member
Helen Macmillan	Not a committee member in June 2023	Attended as substitute	Attended	Attended
Substitutes				
Chris Schofield		Attended		Attended

➤ **Training policy**

(members and officers)



As an administering authority of the Local Government Pension Scheme, Shropshire Council recognises the importance of ensuring that all staff and members charged with the financial management and decision making with regard to the pension scheme are equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

Training policy

The fund has adopted a training policy which sets out how the fund intends to meet its training responsibilities. The current training policy can be found on the fund's website at: <https://www.shropshirecountypensionfund.co.uk/media/1955/training-policy-march-2023.pdf>

As an administering authority of the Local Government Pension Scheme, Shropshire Council recognises the importance of ensuring that all staff and members charged with the financial management and decision making with regard to the pension scheme are equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

Pensions Committee

The Pensions Committee meets quarterly or more often, if required, and at some of the meetings there is a training session usually delivered by the fund investment advisors, Aon, LGPS Central Limited, investment fund managers, Mercer, Columbia Threadneedle Investments or officers.

Topics are wide ranging and in the past year have included the following:

- Climate risk/TCFD reports
- Employer exit strategies
- Employer investment strategies
- Cyber security
- The Pension Regulator's new Code of Practice

As well as specific training completed at each Pensions Committee meeting for members and senior officers, a number of additional training sessions were provided during the year for both members and officers with topics including TPR General Code and cyber security. Training sessions are now recorded so any members of Board/committee unable to attend in person can watch later and these recordings are stored in the shared Board and committee SharePoint site.

Pensions Board

Pensions Board members received training throughout 2023/24. Each Pensions Board member and senior officers have completed the Pensions Regulator's e-Learning programme and a skills assessment to identify areas where further training may be required in the future. Pensions Board members also attended the investment strategy training workshops and Pensions Committee meetings where key themes this year were climate risk, employer exit strategies, equity markets and cyber security.

The Board chair also attended the Scheme Advisory Board (SAB) training on the Board's Code of Transparency (CoT) and an LGA training session on cyber security.

The following information is also available on the fund's website:

- annual report and accounts
- investment performance
- actuarial valuation reports
- administration updates
- climate strategy and stewardship plan
- climate risk reports
- TCFD reports
- responsible investment information
- LGPS pooling updates/information
- general policies
- newsletters with regular scheme updates

In addition, all Pensions Committee and Pensions Board meetings are live streamed and recorded and available for the public to view the public part of the meeting.

The Pensions Committee has a pensioner representative and scheme member representative on it for any scheme member queries and the Pensions Board also consists of three scheme member and three employer representatives which can be contacted. The Pension Investment and Administration Team are also available for 1:1 meetings with scheme members and employers and can be contacted directly via email or over the phone for any scheme member specific concerns or queries.

The employers meeting was held virtually on 14 November 2023 and featured a presentation from the fund's actuary, Mercer, on the implementation of McCloud. Live recordings and presentations can be found on the Shropshire County Pension Fund's website. The annual report and accounts for 2023/24 can also be found at:

www.shropshirecountypensionfund.co.uk

Hymans Learning Academy

In November 2022, the fund purchased this online learning platform for officers, board and committee members. The platform originally covered six modules and has now increased to eight with new modules covering:

- Financial markets and product knowledge,
- Markets, investment vehicles and MiFIDS II
- Actuarial methods, standards and practices
- Introduction to funding strategy
- LGPS actuarial valuations - process
- LGPS valuation - technical
- Employers

Other topics covered include:

1. Understanding McCloud
2. Pensions Dashboards
3. Understanding Goodwin
4. Cyber risk
5. Climate change and TCFD
6. SAB and HM Treasury Cost Cap Mechanisms
7. Taskforce on Nature-related Financial Disclosures
8. Committee role and pensions legislation
9. Pensions Governance
10. LGPS Oversight Bodies – DLUHC, GAD and TPR
11. Business Planning
12. Pensions Administration
13. Additional Voluntary Contributions
14. Policies and procedures
15. Pensions Accounting and Audit Standards
16. Procurement and Relationship Management
17. Investment performance and risk management
18. LGPS investment pooling
19. Performance monitoring
20. Responsible investment

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

Officer attendance at conferences, seminars and networking groups

Officers are attending in-person events such as conferences and joint working groups with other pension funds. These have included LGC investment conferences, LAPF strategic investment conferences, LAPFF RI Conference, PLSA LG Investment Conference, LGPS Central Limited RI Summit, Pensions Managers Conference, LGA Governance conference, CIPFA Pensions Audit and Accounting workshop, Local Government AVC Forum, Shrewsbury Pensions Officers Group (SPOG), and Regional Communications Working Group. LGPS Live, a webinar run by the LGA on all current LGPS issues, is held every two months and also attended by senior officers.

Continued Professional Development for all officers is actively encouraged and webinars on topics such as pensions dashboards, Artificial Intelligence, the McCloud remedy, new TPR code, abolition of the LTA and retirement living standards, have all been attended.

As Head of Pensions – LGPS Senior Officer for Shropshire County Pension Fund, I confirm that the officers and members charged with the financial management of 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
LGPS Senior Officer

Shropshire Council
13 September 2024

> Pension fund account

Pension fund account for the year ending 31 March 2024

2022/23 £m		Notes (pages 54-73)	2023/24 £m	
	Contributions and benefits			
	Contributions			
57,110	Employers	7	63,025	
19,208	Employees	7	20,584	
9,525	Transfers in from other pension funds	3,7	7,573	
85,843	Total income			91,182
	Benefits payable			
(70,888)	Pensions	7	(79,602)	
(12,633)	Commutation of pensions and lump sum retirement benefits	7	(16,026)	
(2,522)	Lump sum death benefits	7	(1,966)	
	Payment to and on account of leavers			
(0,216)	Refund of contributions	7	(0,243)	
(8,128)	Transfer to other funds	3,7	(6,927)	
(94,387)	Total expenditure			(104,764)
(8,544)	Net additions/(withdrawals) from dealings with scheme members			(13,582)
(18,809)	Management expenses	8		(21,145)
(27,353)	Net additions/(withdrawals) including fund management expenses			(34,727)
	Returns on investments			
8,188	Investment income	3,9	11,187	
21,364	Gain/(loss) on cash and currency hedging		11,504	
(0,098)	Taxes on Income	10	(0,105)	
(97,301)	Profits and losses on disposal of investments and changes in value of investments	11a	271,230	
(67,847)	Net return on investments			293,816
(95,200)	Net increase/(decrease) in the net assets available for benefits during the year			259,089
2,339,287	Opening net assets of the scheme			2,244,087
2,244,087	Closing net assets of the scheme			2,503,176

> Net assets statement

Net assets statement as at 31 March 2024

31 March 2023 £m		Notes (pages 54-73)	31 March 2024 £m	%
	Long-term investments			
1,315	Equities	11	1,315	0.05
	Investment assets			
0.010	Equities	11	0.016	0.00
	Pooled investment vehicles			
2,221.038	Other managed funds	11	2,478.163	99.00
	Other investment balances			
0.685	Loans	11	0.685	0.03
	Cash deposits			
12.683	Deposits	11	14.957	0.60
2.600	Temporary investments	27	1.650	0.06
2,238.331	Total investment assets		2,496.786	99.74
	Long-term debtors			
1.551	Lifetime and annual tax allowances	18a	1.724	0.07
	Current assets			
6.463	Contributions due from employers/employees	18b	7.171	0.29
1.609	Other current assets	18b	2.307	0.09
0.060	Cash balances		0.000	0.00
	Current liabilities			
(0.352)	Unpaid benefits	19	(0.665)	(0.03)
(3.575)	Other current liabilities	19	(4.107)	(0.16)
0.000	Cash balances	27	(0.040)	0.00
2,244.087	Net assets of the scheme - Available to fund benefits as at 31 March		2,503.176	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.

To the Shropshire County Pension Fund accounts for the year ending 31 March 2024

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. The fund 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 come within other national pension schemes. The fund is overseen by the Shropshire County Pension Fund 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 the 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, or private contractors undertaking a local authority function following outsourcing to the private sector

There are 241 employers within the Shropshire County Pension fund including Shropshire Council itself, as detailed below.

Shropshire County Pension Fund	31 March 2024	31 March 2023
Number of employers with active members	150	159
Number of employees in the scheme		
Shropshire Council	5,951	5,898
Other employers	11,076	10,927
Total	17,027	16,825
Number of pensioners in the scheme		
Shropshire Council	6,312	5,994
Other employers	7,143	6,688
Total	13,455	12,682
Number of deferred pensioners in the scheme		
Shropshire Council	8,301	8,556
Other employers	10,076	9,892
Total	18,377	18,448

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 2024. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was as at 31 March 2022. Currently, employer contribution rates range from 0% to 30.0% of pensionable pay.

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 revalued earnings scheme (CARE 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 2023/24 financial year and its financial position at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on a going 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 2023/24.

IFRS 16, introduced on 1 January 2019, is due to be adopted by the Code for accounting periods commencing on or after 1 April 2024. This new accounting standard largely removes the distinction between operating and finance leases by introducing an accounting model that requires lessees to recognise assets and liabilities for all leases with a term of more than 12 months unless the underlying asset is of low value. This will bring assets formerly off-Balance Sheet onto the Balance Sheet of lessees. Implementation of IFRS 16 is not expected to have a material impact on the pension fund because it does not hold any assets as a lessee.

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 disclose 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 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:

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 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 2023/24, £0.227m of fees is based on such estimates (2022/23 £0.009m).
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 custodian 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 2023/24 £0.458m (2022/23 £0.097m). 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 2023/24, £0.187m of fees is based on such estimates (2022/23 £0.497m).

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 2024 cannot be reasonably assessed 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 2024 cannot be reliably estimated. Management have made this judgment because:

- LGPS Central Limited Limited did not commence trading until 3 April 2018
- No dividend to shareholders has as yet been declared
- Published trading results are only available for five years, which in the fund's opinion does not give sufficient information to allow fair value to be accurately calculated on a net asset basis

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 (December 2018). 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 £200.5 million. A 5% movement in the valuation would equate to a £10 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 £162.0 million. A 5% movement in the valuation would equate to a £8.1 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 £22.2 million. A 5% movement in the valuation would equate to a £1.1 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 £67.3 million. A 5% movement in the valuation would equate to a £3.4 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 £39.8 million. A 5% movement in the valuation would equate to a £2 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 £103.2 million. A 5% movement in the valuation would equate to a £5.2 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 2024 and when these accounts were authorised that require any adjustments to be made.

Guaranteed minimum pensions (GMP) equalisation remedy in 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 2023/24 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 and McCloud.

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 and Scheme Employers (Unitary, Town and Parish Councils) 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
2023/24				
Contributions received				
Employees	7.550	1.826	11.208	20.584
Employers	22.559	4.815	35.651	63.025
Transfers in	3.617	0.043	3.913	7.573
Total income	33.726	6.684	50.772	91.182
Payments made				
Pensions	43.459	10.530	25.613	79.602
Lump sums	6.778	3.065	6.183	16.026
Death benefits	0.429	0.458	1.079	1.966
Refunds	0.078	0.007	0.158	0.243
Transfers out	3.476	0.074	3.377	6.927
Total expenditure	54.220	14.134	36.410	104.764
2022/23				
Contributions received				
Employees	7.141	1.849	10.218	19.208
Employers	19.114	5.446	32.550	57.110
Transfers in	5.297	0.228	4.000	9.525
Total income	31.552	7.523	46.768	85.843
Payments made				
Pensions	39.028	9.271	22.589	70.888
Lump sums	4.477	2.295	5.861	12.633
Death benefits	0.842	0.554	1.125	2.521
Refunds	0.070	0.009	0.137	0.216
Transfers out	*5.738	0.092	2.298	8.128
Total expenditure	50.155	12.221	32.010	94.386

* 2022/23 Transfers out figure includes £3.899m bulk transfers out.

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

2022/23 £m	Employers contribution breakdown	2023/24 £m
49.983	Employers normal contributions	56.555
6.075	Employers deficit contributions	2.845
1.052	Employers augmentation contributions	3.625
57.110		63.025

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).

2022/23 £m	Management expenses	2023/24 £m
1.457	Administrative costs	1.870
15.822	Investment management expenses	17.634
1.530	Oversight and governance costs	1.641
18.809		21.145

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 £0.458m (2022/23 £0.097m) in respect of performance related fees paid/payable to the fund's investment managers.

It also includes £3.632m in respect of transaction costs (2022/23 £4.305m).

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).

2022/23 £m	Investment management expenses	2023/24 £m
8.521	Management fees	8.999
0.097	Performance fees	0.458
2.875	Other fees	4.524
4.305	Transaction costs	3.632
0.024	Custody fees	0.021
15.822		17.634

The costs incurred by the fund in administering the fund totalled £1.870m for the year ended 31 March 2024 (2022/23 £1.457m).

2022/23 £m	Administrative costs	2023/24 £m
1.074	Employee costs	1.095
0.278	IT	0.630
0.013	Consultants	0.024
0.029	Printing, postage and design	0.053
0.019	Office accommodation	0.032
0.017	Subscriptions	0.007
0.027	Other costs	0.029
1.457		1.870

The costs incurred by the fund in Oversight and Governance totalled £1.641m for the year ended 31 March 2024 (2022/23 £1.530m).

2022/23 £m	Oversight and governance costs	2023/24 £m
0.249	Investment advice	0.338
0.251	Employee costs (pensions investment)	0.302
0.262	Actuarial advice	0.103
0.567	LGPS Central Limited pooling costs	0.663
0.040	Responsible engagement overlay	0.051
0.043	External audit	0.070
0.035	Performance analysis	0.030
0.017	Internal audit	0.018
0.022	Legal and committee	0.022
0.044	Other costs	0.044
1.530		1.641

Note 8a: Investment management expenses

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

2023/24	Total £m	Management fees £m	Performance related fees £m	Transaction costs £m	Other costs £m
Equities	0.000	0.000	0.000	0.000	0.000
Pooled investment vehicles					
Global equity	3.329	1.818	0.000	1.293	0.218
Fixed income	4.044	1.183	0.000	2.234	0.627
Hedge fund of funds	1.438	0.731	0.458	0.000	0.249
Infrastructure	2.028	1.732	0.000	0.000	0.296
Pooled property investments	1.149	1.104	0.000	0.045	0.000
Private equity	4.902	1.933	0.000	0.000	2.969
Private debt	0.024	0.011	0.000	0.000	0.013
Property debt	0.249	0.200	0.000	0.000	0.049
Insurance linked securities	0.451	0.287	0.000	0.060	0.104
	17.614	8.999	0.458	3.632	4.525
Custody fees	0.020				
Total	17.634				

2022/23	Total £m	Management fees £m	Performance related fees £m	Transaction costs £m	Other costs £m
Equities	0.008	0.008	0.000	0.000	0.000
Pooled investment vehicles					
Global equity	2.803	1.237	0.000	1.526	0.042
Fixed income	4.334	1.754	0.000	2.493	0.085
Hedge fund of funds	1.121	0.833	0.027	0.000	0.261
Infrastructure	1.749	1.501	0.000	0.000	0.248
Pooled property investments	1.318	0.662	0.070	0.251	0.335
Private equity	3.740	1.988	0.000	0.000	1.752
Private debt	0.018	0.009	0.000	0.000	0.009
Property debt	0.376	0.278	0.000	0.000	0.098
Insurance linked securities	0.331	0.251	0.000	0.035	0.045
	15.798	8.521	0.097	4.305	2.875
Custody fees	0.024				
Total	15.822				

Note 9: Investment income

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

2022/23 £m	Investment income	2023/24 £m
0.555	Dividends from equities	0.001
7.437	Income from pooled investment vehicles	10.270
0.108	Interest on cash deposits	0.185
0.088	Other	0.731
8.188		11.187

Note 10: Taxes on income

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

2022/23 £m	Taxes on income	2023/24 £m
0.000	Withholding tax - equities	0.000
0.098	Withholding tax - pooled	0.105
0.098		0.105

Note 11: Investments

The table below analyses investment assets by type of investment.

2022/23 £m	Investments	2023/24 £m
	Investment assets	
0.010	Equities	0.016
	Pooled funds	
1149.555	Global equity	1444.229
409.028	Fixed income	354.383
147.259	Hedge fund of funds	103.226
148.204	Infrastructure	161.956
73.538	Pooled property investments	84.545
197.376	Private equity	200.502
27.477	Property debt	22.222
34.709	Insurance linked securities	39.770
33.891	Private debt	67.330
	Other investments	
0.685	Loans	0.685
	Cash deposits	
12.684	Deposits	14.957
2.600	Temporary investments	1.650
2237.016		2495.471
	Long-term investments	
	UK unquoted equities	
1.315	Shares in LGPS Central Limited asset pool	1.315
2238.331	Total investment assets	2496.786

Note 11a: Reconciliation of movements in investments

2023/24	Value as at 1 April 2023	Purchases at cost	Sale proceeds	Transition	Other cash transactions	Change in market value	Value as at 31 March 2024
Investment type	£m	£m	£m	£m	£m	£m	£m
Equities	1.325		(0.111)			0.117	1.331*
Pooled investment vehicles - other managed funds	2221.038	378.745	(375.778)		(16.930)	271.088	2478.163*
Other investment balances	0.685						0.685
	2223.048	378.745	(375.889)	0.000	(16.930)	271.205	2480.179
Cash deposits - with managers***	12.683	2.215	(0.026)		0.060	0.025	14.957
Temporary investments	2.600				(0.950)		1.650
	2238.331	380.960	(375.915)	0.000	(17.820)	271.230**	2496.786

* Within the pooled investment vehicles - other managed funds total of £2478.163m are £595.006m of level 3 investments as at 31 March 2024. Within the equities figure of £1.331m are £1.315m of level 3 investments as at 31 March 2024. The value of the level 3 investments was £590.231m as at 1 April 2023 which increased to £596.321m as at 31 March 2024. The increase in value is due to purchases of £74.550m, sales of £74.459m and change in market value of £5.999m. // ** The total change in market value for 2023/24 as per the table above is £271.230m. This figure is made of up of profit on sales of £14.251m, market value gains offset by directly charged fees of £16.733m and also the difference between book cost and market value for the whole fund which for 2023/24 was £240.246m. // *** Cash deposits figure includes money market fund balances and certain class action proceeds relating to legacy holdings.

2022/23	Value as at 1 April 2022	Purchases at cost	Sale proceeds	Transition	Other cash transactions	Change in market value	Value as at 31 March 2023
Investment type	£m	£m	£m	£m	£m	£m	£m
Equities	110.337	0.045	(0.293)	(109.472)		0.708	1.325*
Pooled investment vehicles - other managed funds	2203.838	116.886	(99.400)	109.472	(11.780)	(97.978)	2221.038*
Other investment balances	0.685						0.685
	2314.860	116.931	(99.693)	0.000	(11.780)	(97.270)	2223.048
Cash deposits - with managers***	17.436	4.861	(5.123)		(4.460)	(0.031)	12.683
Temporary investments	2.500				0.100		2.600
	2334.796	121.792	(104.816)	0.000	(16.140)	(97.301)**	2238.331

* Within the pooled investment vehicles - other managed funds total of £2221.038m are £588.916m of level 3 investments as at 31 March 2023. Within the equities figure of £1.325m are £1.315m of level 3 investments as at 31 March 2023. The value of the level 3 investments was £533.814m as at 1 April 2022 which increased to £590.231m as at 31 March 2023. The increase in value is due to purchases of £98.586m, sales of £55.715m and change in market value of £13.546m. // ** The total change in market value for 2022/23 as per the table above is (£97.301m). This figure is made of up of loss on sales of (£29.280m), market value gains offset by directly charged fees of £14.785m and also the difference between book cost and market value for the whole fund which for 2022/23 was (£82.806m). // *** 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 also has an equity protection strategy in place on approximately £600m initial notional value.

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 and 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 and 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 either 3rd party broker marks or independent Milliman valuations 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 2022	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 2022	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 2024 and 31 March 2023.

Asset	Potential variation in fair value	Value as at 31 March 2024	Potential value on increase	Potential value on decrease
	(+/-)	£m	£m	£m
Private equity	5%	200.502	210.527	190.477
Hedge funds	5%	103.226	108.387	98.065
Insurance linked	5%	39.770	41.759	37.782
Infrastructure	5%	161.956	170.054	153.858
Private debt	5%	67.330	70.697	63.964
Property debt	5%	22.222	23.333	21.111
Unquoted UK equity	5%	1.315	1.381	1.249
Total		596.321	626.138	566.506

Asset	Potential variation in fair value	Value as at 31 March 2023	Potential value on increase	Potential value on decrease
	(+/-)	£m	£m	£m
Private equity	5%	197.376	207.245	187.507
Hedge funds	5%	147.259	154.622	139.896
Insurance linked	5%	34.709	36.444	32.974
Infrastructure	5%	148.204	155.614	140.794
Private debt	5%	33.891	35.586	32.196
Property debt	5%	27.477	28.851	26.103
Unquoted UK equity	5%	1.315	1.381	1.249
Total		590.231	619.743	560.719

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.

Asset type 2023/24	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	Pimco Europe Ltd **	Global bonds	0.000		0.000	
	HarbourVest Partners Ltd	Private equity	195.758			195.758
	Aberdeen Property Investors	Property unit trusts	84.545		84.545	
	BlackRock	Hedge fund	103.226			103.226
	Global Infrastructure Partners	Infrastructure	112.450			112.450
	Legal & General	Global equities	789.842		789.842	
	BlackRock**	Fixed interest	0.000		0.000	
	T.Rowe Price	Global dynamic bonds	100.358		100.358	
	Securis	Insurance linked securities	39.770			39.770
	DRC	Property debt	22.222			22.222
	LGPS Central Limited	Global equities	654.387	654.387		
	LGPS Central Limited	Investment grade corporate bonds	254.025	254.025		
	LGPS Central Limited	Private debt	67.330			67.330
	LGPS Central Limited	Infrastructure	49.506			49.506
	LGPS Central Limited	Private equity	4.744			4.744
Cash deposits and other			17.308	17.308		
			2496.786	925.720	974.745	596.321

Asset type 2022/23	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	Pimco Europe Ltd	Global bonds	132.149		132.149	
	HarbourVest Partners Ltd	Private equity	196.556			196.556
	Aberdeen Property Investors	Property unit trusts	73.538		73.538	
	BlackRock	Hedge fund	147.259			147.259
	Global Infrastructure Partners	Infrastructure	109.228			109.228
	Legal & General	Global equities	664.879		664.879	
	BlackRock	Fixed interest	134.677		134.677	
	T.Rowe Price	Global dynamic bonds	142.203		142.203	
	BMO***	LDI	0.000	0.000		
	Securis	Insurance linked securities	34.709			34.709
	DRC	Property debt	27.477			27.477
	LGPS Central Limited	Global equities	484.676	484.676		
	LGPS Central Limited	Private debt	33.891			33.891
	LGPS Central Limited	Infrastructure	38.976			38.976
	LGPS Central Limited	Private equity	0.820			0.820
Cash deposits and other			15.978	15.978		
			2238.331	500.654	1147.446	590.231

* Share capital investment in LGPS Central Limited has been carried at cost. // ** Investment closed in 2023/24. // *** Investment closed in 2022/23.

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

	Value as at 1 April 2023	Transfers into	Transfers out of	Purchases at cost and derivative payments	Sale proceeds and derivative receipts	Other cash transactions	Unrealised gains and losses	Realised gains and losses	Value as at 31 March 2024
	£m	Level 3	Level 3	£m	£m	£m	£m	£m	£m
Equities (unquoted)	1,315			0.000	0.000	0.000	0.000	0.000	1,315
Private equity	197,376			20,364	(7,774)	(5,023)	(9,792)	5,351	200,502
Infrastructure	148,204			20,525	(2,899)	(2,027)	(4,058)	2,212	161,957
Hedge fund	147,259			0.000	(55,000)	(1,438)	1,705	10,699	103,225
Insurance linked securities	34,709			0.000	0.000	(0,451)	5,051	0,461	39,770
Property debt	27,477			0.000	(5,602)	(0,248)	0,347	0,248	22,222
Private debt	33,891			33,661	(3,184)	(0,024)	2,962	0,024	67,330
	590,231	0.000	0.000	74,550	(74,459)	(9,211)	(3,785)	18,995	596,321

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 March 2023			31 March 2024		
Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Fair value through profit and loss	Financial assets at amortised cost	Financial liabilities at amortised cost
£m	£m	£m	£m	£m	£m
Financial assets					
1,325			Equities	1,331	
2221,038			Pooled investment vehicles - Other managed funds	2478,163	
	0,685		Other investment balances - Loans		0,685
	15,283		Cash		16,607
2222,363	15,968	0.000		2479,494	0.000
Non-financial instruments					
	9,683		Debtors		11,202
		(3,927)	Creditors		(4,812)
2,222,363	25,651	(3,927)		2,479,494	(4,812)

Note 15b: Net gains and losses on financial instruments

2022/23 £m	Financial instruments	2023/24 £m
Financial assets		
(97,301)	Fair value through profit and loss	271,230
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
(97,301)		271,230

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 factor risk 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 2024/25 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	20.4%
Global equities (passive)	19.4%
Investment grade bonds	7.2%
Unconstrained bonds	5.9%
UK property	12.5%
Private equity	23.9%
Hedge funds	5.1%
Infrastructure	19.3%
Property debt	8.9%
Insurance-linked securities	5.0%
Private debt	9.6%

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 type	Value as at 31 March 2024 £m	Potential market movement £m	Value on increase £m	Value on decrease £m
Net assets including cash and other	24.998	0.000	24.998	24.998
Investment portfolio assets				
Global equities (unconstrained)	654.403	133.498	787.901	520.905
Global equities (passive)	789.842	153.229	943.071	636.613
Investment grade bonds	254.026	18.290	272.316	235.736
Unconstrained bonds	100.358	5.921	106.279	94.437
Property	84.545	10.568	95.113	73.977
Private equity	200.502	47.920	248.422	152.582
Hedge funds	103.225	5.264	108.489	97.961
Infrastructure	161.956	31.258	193.214	130.698
Property debt	22.221	1.978	24.199	20.243
Insurance-linked securities	39.770	1.989	41.759	37.782
Private debt	67.330	6.464	73.794	60.866
Total assets available to pay benefits	2,503.176	416.378	2,919.554	2,086.798

Asset type	Value as at 31 March 2023 £m	Potential market movement £m	Value on increase £m	Value on decrease £m
Net assets including cash and other	23.040	0.000	23.040	23.040
Investment portfolio assets				
Global equities (unconstrained)	484.686	98.391	583.077	386.295
Global equities (passive)	664.879	127.657	792.536	537.222
Unconstrained bonds	409.028	24.133	433.161	384.895
Property	73.538	9.192	82.730	64.346
Private equity	197.376	55.857	253.233	141.519
Hedge funds	147.259	13.695	160.954	133.564
Infrastructure	148.204	28.455	176.659	119.749
Property debt	27.477	2.116	29.593	25.361
Insurance-linked securities	34.709	1.631	36.340	33.078
Private debt	33.891	2.881	36.772	31.010
Total assets available to pay benefits	2,244.087	364.008	2,608.095	1,880.079

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 2024 and 31 March 2023 is set top right:

Asset type	As at 31 March 2024 £m	As at 31 March 2023 £m
Cash and cash equivalents	16.607	15.284
Cash balances*	(0.040)	0.060
Fixed income	354.383	409.028
Total	370.950	424.372

* overdrawn cash balance as at 31 March 2024

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	Value as at 31 March £m	Potential movement on 1% change in interest rates £m	Value on increase £m	Value on decrease £m
As at 31 March 2024				
Cash and cash equivalents	16.607	0.000	16.607	16.607
Cash balances	(0.040)	0.000	(0.040)	(0.040)
Fixed Income	354.383	3.544	357.927	350.839
Total	370.950	3.544	374.494	367.406

Exposure to interest rate risk	Value as at 31 March £m	Potential movement on 1% change in interest rates £m	Value on increase £m	Value on decrease £m
As at 31 March 2023				
Cash and cash equivalents	15.284	0.000	15.284	15.284
Cash balances	0.060	0.000	0.060	0.060
Fixed income	409.028	4.090	413.118	404.938
Total	424.372	4.090	428.462	420.282

During 2023/24 the fund received £0.120m (2022/23 £0.061m) in interest from surplus pension fund revenue cash. This was either invested in call accounts 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 £0.028m. In addition, the fund earned £0.066m (2022/23 £0.047m) 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	Asset value as at 31 March 2024 £m	Potential market movement £m 10%	Value on increase £m 10%	Value on decrease £m 10%
Overseas equities	610.843	61.084	671.927	549.759
Overseas private equity	199.813	19.981	219.794	179.832
Overseas private debt	21.846	2.185	24.031	19.661
Overseas pooled property	0.000	0.000	0.000	0.000
Overseas infrastructure	140.711	14.071	154.782	126.640
Cash balances	7.893	0.789	8.682	7.104
Total change in assets available to pay benefits	981.106	98.111	1079.217	882.995

Assets exposed to currency risk	Asset value as at 31 March 2023 £m	Potential market movement £m 10%	Value on increase £m 10%	Value on decrease £m 10%
Overseas equities	451.908	45.191	497.099	406.717
Overseas private equity	196.955	19.696	216.651	177.259
Overseas private debt	13.290	1.329	14.619	11.961
Overseas pooled property	0.082	0.008	0.090	0.074
Overseas infrastructure	130.761	13.076	143.837	117.685
Cash balances	3.671	0.367	4.038	3.304
Total change in assets available to pay benefits	796.667	79.667	876.334	717.000

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 2024 and 31 March 2023 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 2024 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 are 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 £4,000,000. With security of capital being the main priority, lending continues to be restricted to highly credit rated institutions, 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 2024 £	As at 31 March 2023 £
Handelsbanken instant access account	AA	1,650,000	1,800,000
Barclays	A+	0	800,000
Total		1,650,000	2,600,000

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 2024 was £1.65m (31 March 2023 £2.6m).

The fund has immediate access to cash through two instant access accounts which at any one time could have up to £6 million available in total. The fund can also access immediate cash held by Northern Trust, which as at 31 March 2024 was £12.373m (31 March 2023 £9.245m). 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 cash flows. 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 2022 and the next valuation will take place as at 31 March 2025.

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 16 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 2022 actuarial valuation, the fund was assessed as 99% funded (94% at the March 2019 valuation). This corresponded to a deficit of £22 million (2019 valuation was £132 million) at that time. Revised contributions set by the 2022 valuation were introduced in 2023/24 and the common contribution rate (i.e., the average employer contribution rate in respect of future service only) is 18.4% of pensionable pay (16.6% at the March 2019 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 2022	31 March 2019
Discount rate	4.8% p.a.	4.25% p.a.
Assumed long-term CPI inflation	3.1% p.a.	2.4% p.a.
Salary increases - long-term	4.35% p.a.	3.65% p.a.
Salary increases - short-term	No allowance	No allowance
Pension increases in payment	3.1% p.a.	2.4% p.a.

The assumed life expectancy from age 65 is as follows:

Demographic assumptions	Gender	31 March 2022	31 March 2019
Current pensioners (at age 65)	Males	22.1	22.8
	Females	24.4	24.9
Future pensioners (assumed current age 45)	Males	23.4	24.1
	Females	26.2	26.6

It is assumed that, on average, retiring members will take 75% of the maximum tax-free cash available at retirement. (80% 2019)

Note 18a: Long-term debtors

Details of long-term debtors outstanding as at 31 March 2024 is shown below:

2022/23 £m	Long-term debtors	2023/24 £m
1.551	*Lifetime and annual tax allowances	1.724
1.551		1.724

* The HMRC annual allowance limits the tax relief on pension contributions each year and the Life time allowance (abolished after 5 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 2024. An analysis of debtors outstanding as at 31 March 2024 is shown below:

2022/23 £m	Debtors	2023/24 £m
1.442	Contributions due - employees	1.561
5.021	Contributions due - employers	5.610
1.609	Other entities and individuals	2.307
8.072		9.478

Note 19: Analysis of creditors

Provision has also been made for creditors known to be outstanding at 31 March 2024. An analysis of creditors outstanding as at 31 March 2024 is shown below:

2022/23 £m	Creditors	2023/24 £m
0.789	Central government bodies	1.023
1.845	Other local authorities	2.306
1.293	Other entities and individuals	1.443
3.927		4.772

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 588 scheme members with AVC policies. These policies are held either by Utmost or Prudential.

During 2023/24 contributions to schemes amounted to £1.078m (2022/23 £0.538m). The combined value of the AVC funds as at 31 March 2024 was £5.669m (31 March 2023 £5.061m).

Note 21: Related party transactions

Shropshire Council

The Shropshire County Pension Fund is administered by Shropshire Council. Shropshire Council incurred costs of £2.299m (2022/23 £1.843m) in relation to the administration and management of the fund and all these costs were 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 £2.798m (2022/23 £2.186m) was due to the fund from the council relating to contributions which became due in March but were paid in April and 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 (s151 Officer), the Head of Pensions (LGPS Senior Officer), the Pensions Investment and Responsible Investment Manager, the Pension Fund Accountant, the Pensions Investment Officer and the Pensions Administration Manager are all active members of the fund.

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.

LGPS Central Limited

LGPS Central Limited (LGPSC) has been established to manage investment assets on behalf of nine 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.

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 2024. The fund was owed interest of £0.065m (31 March 2023 £0.047m) on the loan to LGPSC at 31 March 2024. 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 totalling £3.531m in respect of investments held with LGPS Central Limited of which £0.041m was payable to LGPSC at 31 March 2024.

The fund incurred costs totalling £0.645m (2022/23 £0.556m) in respect of Governance, Operator Running and Product Development in connection with LGPSC in 2023/24 of which £0.159m (31 March 2023 £0.139m) was payable to LGPSC at 31 March 2024.

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 2024 LGPS Central Limited IAS 19 figure was a surplus of £47,000. As the figure is in surplus no amount would be due from the fund based on this figure.

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 post of Head of Pensions (LGPS Senior Officer) is 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:

2022/23 £m	Key management personnel	2023/24 £m
0.111	Short-term benefits*	0.124
0.068	Post-employment benefits**	0.173
0.179		0.297

* 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% (~£560 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 legacy allocation to property debt which will mature over the next 18 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 2024 £370m has been committed to investments in private equity via a fund of funds manager, HarbourVest Partners (£310m) and a separate investment through LGPS Central Limited (£60m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2024 the fund's private equity investments totalled £200.502m (31 March 2023 £197.376m). Commitments outstanding at the 31 March 2024 were £113.9m.

As at 31 March 2024 £223m has been committed to investment in infrastructure via Global Infrastructure Partners (£138m) and LGPS Central Limited Core/Opportunistic Infrastructure Partnership (£85m). The outstanding commitments at 31 March 2024 were £55.8m (Global Infrastructure Partners £21.1m and LGPS Central Limited Core/Opportunistic Infrastructure Partnership £34.7m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2024 the fund's infrastructure investments totalled £161.956m (31 March 2023 £148.204m).

As at 31 March 2024 £47m has been committed to investment in property debt via DRC and £120m committed to investment in private debt via LGPS Central Limited. The property debt portfolio is a legacy asset and will mature over the next 18 months. As at 31 March 2024 there were outstanding commitments of £58.7m, private debt via LGPS Central Limited £53.4m and property debt via DRC £5.3m. The fund is awaiting the release of the LGPS Central Limited 2024 private debt Scheme to allow further commitments in line with the strategic asset allocation. Investments in the private debt portfolio will be made as opportunities arise over the next 2-3 years. As at 31 March 2024 the fund's property debt and private debt investments totalled £22.222m and £67.330m (31 March 2023 £27.477m and £33.891m) respectively.

Note 23: Contingent assets

26 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, the exercise of voting rights 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 and as at 31 March 2024 £1.65 million was invested (31 March 2023 £2.6m). The cash balance in the pension fund account as at the same date was overdrawn by £0.040 million (31 March 2023 £0.060m 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 below 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 2023/24. Allocation changes in respect of public markets (equity and investment grade corporate bonds) have been completed. 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. Investments in this sector currently reside with individual managers as the proposed LGPS Central Limited product for this area was withdrawn in 2023/24.

In September 2017, an equity protection strategy was implemented with Legal & General, one of the fund's existing managers. The strategy is currently being used to reduce equity risk. Approx 42% of total global equities are being protected at this time. The equity protection strategy was increased during 2023/24 to c.£600 million following the strong bounce back in global equity markets in the final quarter of 2023. The continued geopolitical tensions and uncertainty in economic forecasts led to a full review of the equity protection options in 2023/24; the equity protection options were renewed with Legal & General and now expire in June 2025 and December 2025. Full updates are provided to Pensions Committee each quarter on the equity protection strategy.

Following agreement from the Pensions Committee in June 2023, redemption requests were submitted to PIMCO and BlackRock. The proceeds from these absolute return bond managers were transitioned into the LGPS Central Limited Investment Grade Corporate Bond fund and LGPS Central Limited Global Sustainable Equity fund in October 2023. In addition, the fund reduced its holdings in the BlackRock Hedge Fund to complete the increased investment into LGPS Central Limited Global Sustainable Equity Fund in February 2024 and to fund existing commitments to LGPS Central Limited private debt and infrastructure investments as agreed in the previous financial year.

The strategic allocation in June 2023 removed the allocation to property debt in favour of private debt. The property debt portfolio will mature over the next 18 months and proceeds will be used to meet existing commitments to the LGPS Central Limited Private Debt fund and new proposed commitments when the LGPS Central Limited Private Debt 2024 scheme is launched. 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.

Pooling report

The information request set out below reflects the information required by partner funds to meet the CIPFA Annual Report Pooling Disclosures in 2023/24. Please note that the information request reflects the start-up nature of LGPSC, and the level and complexity of the disclosures required will increase in later years.

The analysis provided by LGPSC should relate to the specific partner fund (i.e., nine separate information packs). 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. Set-up costs

£000	2018/19 direct	2018/19 indirect	2018/19 total	Cumulative 2014/15 to 2018/19 total
Set up costs				
Recruitment	-	-	-	27
Procurement	-	-	-	2
Professional fees	-	-	-	187
IT	-	-	-	97
Staff costs	-	-	-	142
Other costs (provide details)				
Premises	-	-	-	49
Staffing-related costs	-	-	-	5
Travel and expenses	-	-	-	1
Training and events	-	-	-	1
FCA fees	-	-	-	1
General admin costs	-	-	-	2
Set-up costs before funding	-	-	-	514
Share capital	-	-	-	1,315
Debt	-	-	-	685
Other costs	-	-	-	-
Set-up costs after funding	-	-	-	2,514
Transition fees				
Taxation (seeding relief)				
Other transition costs				
Transition costs				

Please note that CIPFA has not provided a set definition of indirect costs but notes that "these would include, for example, overhead costs incurred by the administering authority or the pool in respect of senior management time, accommodation or support services recharged on a % of time/floor area basis as opposed to being directly linked to pension fund activities". It appears likely to PAF Finance that the set-up costs captured to date relate to Direct Costs (i.e., either incurred directly by LGPSC or recharged by partner funds to LGPSC).

£000	2014/15	2015/16	2016/17	2017/18	2018/19	Cumulative total
Set-up costs before funding	-	-	95	419	-	514
Set-up costs after funding	-	-	95	2,419	-	2,514
Transition costs						

2. Recharges by partner funds to LGPSC in respect of set-up costs

£000	At 1 April 2018	Recharges in year	Settled in year	At 31 March 2019
Set-up cost recharges	502	-	(502)	-

3. Governance, operator and product development charged by LGPSC to partner funds

£000	At 1 April-23	Charges in year	Settled in year	At 31 March-24
Governance costs	-	291	-	-
Operator costs	-	329	-	-
IMMC (*)	-	151	-	-
Product development costs	-	34	-	-
Total	211	805	(789)	227

(*) Please note that this is expected to relate to IMMC charges in respect of any discretionary and/or advisory services provided by LGPSC to a partner fund. Any IMMCs (both internal and external charges) which are charged directly to a product (e.g., ACS sub-funds and SLP private equity) should be disclosed through Information Request (5) and (6) below.

4. Other transactions between partner funds and LGPSC

£000	At 1 April-23	Charges in year	Settled in year	At 31 March-24
Interest payable	46	65	(46)	65
Item 2				
Item 3				
Total	46	65	(46)	65

5. LGPSC investment management expenses charged to partner funds

	£000	Direct	Indirect	Total	BPS charge
1	Ad Valorem	1,369		1,369	15.06
2	Performance	-		-	-
3	Research	-		-	-
4	PRII/PS compliance	-		-	-
5	Other (provide details)	-		-	-
	Management fees	1,369	-	1,369	15.06
6	Commissions	118		118	1.30
7	Acquisition/issue costs	-		-	-
8	Disposal costs	-		-	-
9	Registration/filing fees	-		-	-
10	Taxes and stamp duty	137		137	1.51
11	Other (provide details)	-		-	-
	Implicit Costs	1,127		1,127	12.40
	Transaction costs	1,382	-	1,382	15.20
12	Custody/depositary	60		60	0.66
13	Other (provide details)				-
	Fund accounting	16		16	0.18
	Transfer agent	1		1	0.01
	External audit	5		5	0.06
	Performance reporting	7		7	0.08
	Transaction charges	6		6	0.07
	MACS fees	-		-	-
	Total costs	2,846		2,846	31.31

Note: The total of the analysis should reconcile to request (6) overleaf

6. Investment management expenses by product/service

£000	1	2	3	4	5	6	7	8	9	10	11	12	13	Total 2023/24 costs	AUM at 31 March 2024 £m	2023/24 BPS charge
Global multi-manager	791					101				111	689	37	11	1,740	445	44.96
Global active corporate bonds	104					-				-	369	9	5	487	254	45.51
Sustainable broad	289					9				24	5	10	14	351	162	31.62
Sustainable target	134					8				2	64	4	5	217	47	55.64
ACS sub-funds	1,318	-	-	-	-	118	-	-	-	137	1,127	60	35	2,795	908	
Private equity 2021 V'tage	13													13	30	4.33
Private equity 2023 V'tage	5													5	30	1.67
Private debt	16													16	120	1.33
Infrastructure	17													17	85	2.00
Alternative vehicles	51	-	-	-	-	-	-	-	-	-	-	-	-	51	265	
Discretionary mandate 1														-		
Discretionary mandate 2														-		
Discretionary mandates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Advisory mandate 1														-		
Advisory mandates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Execution only 1														-		
Execution only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other 1														-		
Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total	1,369	-	-	-	-	118	-	-	-	137	1,127	60	35	2,846	1,173	31.31

Items 1 - 13 relate to the categories highlighted in data request (5).

7. Assets under management and performance by product/service

£000	AUM at 1 April 23 £m	AUM at 31 March 24 £m	One year gross performance %	One year net performance %	Passive benchmark used	One year passive index %
Global multi-manager	364	445	22.52%	22.28%	FTSE All World Index	20.98%
Global active corporate bonds	-	254	8.66%	8.56%	ICE BofAML sterling Non-gilt index 50%; ICE BofAML global corporate index 50%	6.29%
Sustainable broad	91	162	21.90%	21.60%	FTSE all world index	20.98%
Sustainable target	29	47	4.23%	3.90%	FTSE all world index	20.98%
ACS sub-funds	484	908				
Private equity 2021 V'tage	30	30				
Private equity 2023 V'tage	-	30				
Private debt	120	120				
Infrastructure	65	85				
Alternative vehicles	215	265				
Discretionary mandate 1	-	-				
Discretionary mandate 2	-	-				
Discretionary mandates	-	-				
Advisory mandate 1	-	-				
Advisory mandates	-	-				
Execution only 1	-	-				
Execution only	-	-				
Other 1	-	-				
Other	-	-				
Total	699	1,173				

8. Analysis of fund investments

The table below shows the split of Shropshire County Pension Fund investments on a pooled basis and gives indications as to the transition of remaining assets.

Asset values as at 31 March 2024 £m	Pooled £m	Under pool management £m	Not pooled £m	Total £m	Explanation / further information
Equities					
In pooled funds	654				
In passive equity funds			790		Invested through a joint procurement process which was a precursor to pooling. SCPF consider these pooled and are working with the pool on a solution for this investment.
				1,444	
Bonds					
In pooled funds	254				Corporate bonds and listed credit
Diversified growth bonds			100		Product not offered by the pool at this time. *
				354	
Hedge funds					
Hedge fund			103		Product not offered by the pool at this time. *
				103	
Property					
Indirect property			85		Specialist funds UK only
				85	
Private equity					
In pooled funds	5				
Private equity			196		Legacy assets which will wind down over time
Undrawn commitments	55		59		Excluded from total
				201	
Private debt					
Property debt			22		Legacy assets
Private debt	67				
Undrawn commitments	53		5		Excluded from total
				89	
Infrastructure					
In pooled funds	50				
Infrastructure			112		Legacy assets which will wind down over time
Undrawn commitments	35		21		Excluded from total
				162	
Other					
Insurance linked securities			40		Product not offered by the pool at this time. *
				40	
Cash			23	23	Outside scope of pooling
Total	1,030	0	1,471	2,501	

Note: The above totals exclude the £2 million invested directly into LGPS Central Limited in respect of share capital and loan. * LGPS Central Limited considered a targeted return fund that would cover all three of these existing assets in 2022/23 but the product was not launched.

	Pooled, UK, private equity or levelling up investment in line with government objectives
	No appropriate pooled vehicle to transfer to at this point
	Legacy assets - anticipation that these will be pooled on maturity
	Cash and liquidity investments outside the scope of pooling

9. Analysis of fund investments

£m Asset values as at 31 March 2024	Pooled £m	Under pool management £m	Not pooled £m	Total £m	Explanation / further information
UK listed equities	103	0	28	131	Pooled value includes publicly traded Investment grade corporate bonds £73m
UK private equity	2	0	19	21	Pooled value includes £2m undrawn commitment value. Non-pooled values include £4m in undrawn commitment value.
UK private Infrastructure	20	0	15	35	Pooled value includes £3m undrawn commitment value. Non-pooled values include £3m in undrawn commitment value.
UK private debt	22	0	0	22	Pooled value includes £10m undrawn commitment value
UK property debt	0	0	27	27	Non-pooled value includes £5m undrawn commitment value
UK property	0	0	85	85	
Total	147	0	174	321	

Note: Estimates of UK exposure in commitment figures have been based on the levels of exposure in existing investments.

The above figures include £27 million of commitments made but not drawn as at the 31 March 2024. The net figure of £294 million in respect of UK investment, represents 11.7% of the fund's assets at the 31 March 2024.

10. Transition costs

The fund incurred the following one-off transition costs during 2023/24 as a result of changes to the portfolio in line with the revised strategic asset allocation agreed in June 2023.

Anti Dilution Levy costs incurred 2023/24

Date	Event	Investment	Fee incurred
25 October 2023	Investment in investment grade credit corporate bonds	£230 Million	£568,989
25 October 2023	Investment in global sustainable equity - Broad fund	£22.5 Million	£13,492
25 October 2023	Investment in global sustainable equity - Targeted fund	£7.5 Million	£6,145
5 February 2024	Investment in global sustainable equity - Broad fund	£22.5 Million	£15,290
5 February 2024	Investment in global sustainable equity - Targeted fund	£7.5 Million	£6,669
Total			£610,585

The Anti-Dilution Levy is an allocation of the fund's trading costs to the investments that have created those costs. This protects other investors from being impacted as a result of trading costs incurred by one partner.

Audit opinion and certificate

Audit opinion currently unavailable



Audit opinion currently unavailable

Statement of responsibilities

For the statement of accounts

Responsibilities of Executive Director of Resources (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 13 September 2024.

Thomas Biggins

Chair of Pensions Committee

13 September 2024

The Executive Director of Resources (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 Executive Director of Resources (section 151 Officer):

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the code of practice.

The Executive Director of Resources (section 151 Officer) has also:

- Kept proper accounting records which were up-to-date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Chief Financial Officer

I hereby certify that the Shropshire County Pension Fund statement of accounts presents a true and fair view of the financial position and the income and expenditure of the fund for the year ended 31 March 2024 and also that the statement of accounts complies with the requirements of the Accounts and Audit Regulations 2015.

James Walton

Executive Director of Resources

(Section 151 Officer)

13 September 2024

Fund policies

**All fund policies can be found on our website
www.shropshirecountypensionfund.co.uk**

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:
<https://www.shropshirecountypensionfund.co.uk/media/1799/governance-compliance-statement-june-2024.pdf>

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:
<https://www.shropshirecountypensionfund.co.uk/media/2066/administration-strategy-statement-december-2023.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 results of the 2022 valuation show the liabilities to be nearly 100% covered by the assets, with a funding deficit of £10m on the fund’s standard funding assumptions.

The latest copy of this document can be read at:
<https://www.shropshirecountypensionfund.co.uk/media/1966/funding-strategy-statement-march-2023.pdf>

**If you require access to a
printed version of any of
our policies, please contact
the pensions helpdesk at:
pensions@shropshire.gov.uk**

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:
<https://www.shropshirecountypensionfund.co.uk/media/1823/investment-strategy-statement-june-2023.pdf>

Business Plan 2024-2026

The Business Plan highlights the key priorities for the next three years. This focuses on areas of change and one-off project work which are 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:
<https://www.shropshirecountypensionfund.co.uk/media/2073/scpf-business-plan.pdf>

Climate Change Strategy

The fund's Climate Change Strategy explains the fund's 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 it is reviewed every three years or more often if required.

The latest copy of this document can be read at:
<https://www.shropshirecountypensionfund.co.uk/media/2021/climate-change-strategy-september-2021.pdf>

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) and 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:
<https://www.shropshirecountypensionfund.co.uk/media/1951/climate-stewardship-plan-march-2024.pdf>

Glossary of terms

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 bodies: Bodies 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 off-set 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 bodies: 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 principle 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.

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): ILS is 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: These are 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 is 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 tax payers 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.



**Shropshire
County
Pension Fund**

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 10am until 4pm
Monday to Friday (excluding Bank Holidays).

E-mail:

pensions@shropshire.gov.uk