Shropshire Council

Pensions Committee

4 December 2026

10.00 a.m.

MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 18 SEPTEMBER 2026
10.00 A.M. - 12.35 P.M.

Responsible Officer: Sarah Townsend
Email: sarah.townsend@shropshire.gov.uk Tel: 01743 257721

Present:

Members of the Committee:
Councillors Gary Groves (Chairman), Malcolm Myles-Hook, Charles Shackerley-Bennett and Benedict Jephcott (Substitute) (substitute for Roger Evans)

Co-Opted Members (Voting):
Councillors Zona Hannington

Co-Opted Members (Non-Voting):
Thoms Biggins and Byron Cooke

Others Present:

Shropshire Council Officers:
Kath Barber – Principal Auditor (remotely via MS Teams)
Darren Bowe – Communications and Governance Team Leader (remotely via MS Teams)
Justin Bridges – Head of Pensions – LGPS Senior Officer
Peter Chadderton – Pensions Investment and Responsible Investment Manager
Jake Glover – Senior Project Officer (Governance)
Vicky Jenks – Pensions Administration Manager

Aon:
Colin Cartwright

Grant Thornton:
Elliot Baker (remotely via MS Teams) and Avtar Sohal (remotely via MS Teams)

LGPS Central:
Paddy Dowdall, Alex Jones and Russell Oades

Independent Advisor to the Committee:
Philip Hebson

Pensions Board Members:
John Hall (remotely via MS Teams) and Paul Partridge (remotely via MS Teams)

17 Apologies and Substitutions

Apologies for absence were received from Councillor Roger Evans (Committee Member), Councillor Paul Davis (Committee Member), David Burton (Employee Representative Shropshire Council), Councillor Fiona Doran (Substitute), Councillor Stephen Reynolds (Substitute) and Sarah Sweeney (Substitute Employee Representative).

Councillor Ben Jephcott was in attendance as Councillor Roger Evans' substitute.

18 Disclosable Interests

None were declared.

19 Minutes of the Previous Meeting

RESOLVED:
That the minutes of the meeting held on 19th June 2026 be approved and signed by the Chairman as a correct record.

20 Public Questions

There were no public questions.

21 Third Line of Assurance: Internal Audit Outturn Report for Shropshire County Pension Fund 2025/26

The Committee received the report of the Head of Policy and Governance which was presented to them by Ms Kath Barber, Principal Auditor. It provided them with a summary of the work undertaken by Internal Audit for the year ended 31 March 2026 and reported on progress against the annual audit plan agreed with the Pensions Investment and Responsible Investment Manager and the Pensions Administration Manager. It also provided the Chief Audit Executive's opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes when considering the Global Internal Audit Standards (GIAS) in the UK Public Sector.

It was noted that based on the work undertaken and Pension Fund management responses received, the Pension Fund's governance, risk management and internal control processes are sound and working effectively and the Chief Audit Executive can deliver a substantial year end opinion on the Fund's internal control environment for 2025/26. This was the highest opinion that could be given.

A question was asked regarding the one advisory review that was undertaken by the Internal Audit team to support the completion of the Cyber Assessment Framework which is a framework devised by the National Cyber Security Centre (NCSC). The Pensions Administration Manager explained that this concerned a service level agreement between the Fund and the Council's ICT team, together with quarterly meetings to identify and review relevant ICT risks. The Committee were advised

that, following escalation, the service level agreement had been issued for review and quarterly meetings would shortly be arranged. It was noted that the Altair system internal audit was scheduled for review this year and would provide an opportunity to verify implementation, close completed recommendations and report the outcome in the following year's year end report.

RESOLVED:

1. That the Committee endorse performance against the Audit Plan for the year ended 31 March 2026.

2. That the Committee endorse the Chief Audit Executive's substantial year end opinion on the Fund's internal control environment for 2025/26 is based on the work undertaken, and Pension Fund management responses received.

22 External Audit - The Audit Findings for Shropshire County Pension Fund 2025/26

The Committee received the report of the External Auditor, Grant Thornton, which summarised the key findings and other matters arising from the statutory audit of Shropshire County Pension Fund and the preparation of the Pension Fund's financial statements for the year ended 31 March 2026 for the attention of those charged with governance and the Pensions Committee.

Mr Avtar Sohal, Director and Audit Signatory for the audit on behalf of Grant Thornton, and Mr Elliot Baker, External Audit Manager at Grant Thornton, were in attendance to present the report, the headlines of which were detailed on pages 27 to 28 of the agenda document pack. They confirmed that their work was substantially complete, with no major or significant findings and that the accounts were free from material misstatement. No adjustments to the financial statements above their reporting threshold, that impact upon the Pension Fund's reported financial position, had been identified and outstanding work mainly consisted of awaited receipt of audited financials, which were not due until late September. It was therefore anticipated that subject to the satisfactory completion of the outstanding matters as detailed within the report, an unqualified audit opinion would be issued.

The Committee were informed that the Letter of Representation had been shared with management and would be requested nearer the opinion date, with any necessary amendments reflecting the outstanding work.

A question was asked regarding the two significant audit risks, namely management override of controls and valuation of level 3 investments and these were explained in greater detail. It was noted that whilst they had the potential to have a significant impact, based on the testing that Grant Thornton had undertaken to date, the likelihood of their occurrence was considered low.

23 Pension Fund Annual Accounts 2025/26

The Committee received the report of the Pensions Investment and Responsible Investment Manager which provided Members with the Shropshire County Pension Fund Annual Report 2025/26 and an update on the annual audit. It was noted that

Grant Thornton had substantially completed its annual audit and it was expected that an unqualified opinion would be given.

It was reported that in the year to the end of March 2026, the Fund increased in value by £169 million to £2.795 billion.

In response to a question, officers explained that annual increases for LGPS pensions were based on the Consumer Price Index (CPI) for the preceding September. The figure would subsequently be confirmed in legislation, usually in January or February, with increases applied from the first Monday of the new tax year in April. The increase for the following April was not yet known. Officers confirmed that long term expectations regarding CPI had been incorporated into the 2026 Investment Strategy and that the 1% cash allocation was considered sufficient to provide operational flexibility and meet day to day requirements.

In response to a question about why the Fund's positive return remained approximately 2.5% below benchmark, the Pensions Investment and Responsible Investment Manager explained that this was mainly attributable to equities, which represented 55% of the Fund and had performed below their benchmark during the year to 31st March 2026.

A question was asked on the negative performance of the DRC property debt investment and its overall impact. It was explained that this was a very small legacy portfolio that would have matured eighteen months ago, but problems had been encountered exiting the final couple of property debts within that particular portfolio. However, contracts had now been exchanged on the remaining properties, with an exit expected either later in the month or early in the next quarter. The remaining holding had no material effect on the Pension Fund's year end value and it was noted that the anticipated return over the Fund's lifetime was approximately 3.5% to 4%.

RESOLVED:

1. That the Pension Fund Annual Report 2025/26 be approved and authority be delegated to officers to make any minor changes required and to add the Auditors opinion when finalised.

2. That approval be given to the Chair and Executive Director (Section 151 Officer) to sign the letter of representation (Appendix B to the report) for Grant Thornton once the audit has been finalised.

24 Corporate Governance Monitoring

The Committee received the report of the Pensions Investment and Responsible Investment Manager which informed them of corporate governance issues arising in the quarter 1st April 2026 to 30th June 2026, together with confirmation of the position in respect of the Fund's renewal of its stewardship code application and the latest correspondence with the Palestine Solidarity Campaign (PSC).

The Committee's attention was drawn to the latest position regarding conflict affected areas and it was reported that since the report had been written, the Government had announced an import ban on goods produced in the occupied territories and new sanctions targeting those supporting settler expansion, whilst stressing that this was

not a sanction or boycott of Israel itself. No definitive list of affected companies was available however, officers were working with LGPS Central to review whether eight named individuals were linked to directorships within the portfolio. Meanwhile, the Government had announced that legislation and further details were likely to be issued within six to nine months, with checks continuing using the information available.

In responding to a question regarding the responsible investment engagement process and it was explained that the Fund helped shape LGPS Central's engagement priorities through workshops, guided by its Investment Strategy Statement and responsible investment beliefs. The associated costs of this were not available in the meeting and officers advised that there were economies of scale to be gained through working with LGPS Central on this particular matter.

A question was asked concerning the evaluation of the risks and opportunities of AI, both in terms of the economic effects of the AI industry and data centre construction across the world and in Britain, as well as the potential security risks of AI with regards to investments. Mr Colin Cartwright, Aon, explained that AI could inform investment advice and investment manager decisions, while highlighting uncertainty in the market over the delivery of long term benefits, the balance between climate commitments and returns and the need for robust cyber resilience.

A question was asked regarding the impact of LGPS Central's expansion to fourteen partner funds on stewardship. The Pensions Investment and Responsible Investment Manager advised that it was too early to assess the impact, emphasising stewardship's long-term nature. LGPS Central was currently developing both core and enhanced offerings to accommodate differences between Funds under this particular area, with each fund able to choose its preferred approach.

RESOLVED:

1. That the position as set out in the report of the Pensions Investment and Responsible Investment Manager in respect of voting and engagement activity be noted and accepted:
    - LGPS Central at Appendix A;
    - Columbia Threadneedle Investments Responsible Engagement Overlay Activity Report at Appendix B;
    - LAPFF Engagement Report at Appendix C;
    - The update on further contact from the PSC on investing in companies in conflict zones; and
    - The update on the renewal application for the UK Stewardship Code.

2. That the Committee delegate authority to the Chair to agree the response to the Palestine Solidarity Campaign on behalf of the Fund.

25 Pensions Administration Monitoring

The Committee received the report of the Pensions Administration Manager which provided them with an update on administration performance, team capacity, key project delivery and recent regulatory changes. Most KPI measures met the 95% target during quarter one, with targeted action underway where performance was below target. The report also summarised progress on Pension Dashboard, Annual

Benefit Statements, McCloud remedy work, Access and Fairness changes, employer performance and communications activity.

The employee representative for Telford and Wrekin Council shared positive feedback that he had received from members who had contacted Shropshire Pensions during career changes.

Clarification was sought regarding Appendix A's KPI chart and the Pensions Administration Manager confirmed that the percentages showed actual performance against a 95% target and agreed to improve the colour coding. A key explaining the target and colour meanings was suggested.

RESOLVED:

1. That the KPI chart and the information provided on KPI's that are not currently meeting the 95% target for completion within statutory timescales, including the actions being taken to address this (Appendix A) be noted.

2. That the progress and completion of key activities from the Fund business plan for Q1 2026-27 (Appendix B) be noted.

3. That the progress of the Pension Dashboard implementation which is provided in the separate update report (Appendix C) be noted.

26 **Governance**

The Committee received the report of the Pensions Administration Manager which provided them with information regarding regulatory breaches arising from 1st April 2026 to 30th June 2026 (Quarter One) that have been recorded in the breaches log. Also reported were any stage one or stage two appeals that had been received under the internal dispute resolution procedure (IDRP). Finally, fund policies that had been reviewed in the last quarter and required approval by Committee were also included within the report.

A question was asked regarding Section 5 of the Workforce Strategy (Value for money context (CIPFA benchmarking – administration costs)) and the Fund's below average net administration cost per full-time equivalent. In responding, it was explained that differences in structures, software, governance arrangements and service models limited direct comparisons between Funds. Comparisons were most meaningful with Funds of a similar size and officers considered the Fund efficient and providing value for money, with additional staffing or software expenditure to be driven by service needs rather than benchmarking figures alone.

Clarification was sought regarding the use of automation and system enhancements and the use of AI tools. It was explained that automation is being explored to reduce manual processing, whereas AI use requires caution as pension data is personal and should not be entered into unsuitable tools.

RESOLVED:

1. That the content of Appendix A to the report, breaches recorded from 1 April 2026 to 30 June 2026, be noted.

2. That the following fund policies be approved:

- Workforce Strategy (NEW)

3. That the extensive work for additional governance requirements that have been created from the fit for the Future legislative changes be noted.

27 **Exclusion of Press and Public**

RESOLVED:
That under paragraph 10.2 of the Council's Access to Information Procedure Rules, the proceedings of the Committee in relation to Agenda Items 12 to 17, be not conducted in public on the grounds that they might involve the likely disclosure of exempt information as defined by the categories specified against them.

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

RESOLVED:
That the exempt minutes of the meeting held on 19th June 2026 be approved and signed by the Chairman as a correct record.

29 **New Employers (Exempted by Category 3)**

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

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

30 **Investment Portfolio Update (Exempted by Category 3)**

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

31 **Local Investments (Exempted by Category 3)**

The Committee received a presentation from Mr Paddy Dowdall and Mr Alex Jones, LGPS Central, on local investments.

32 Investment Strategy Update (Exempted by Category 3)

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

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

33 Investment Monitoring - Quarter to 30 June 2026 (Exempted by Category 3)

The Committee received the exempt report of the Pensions Investment and Responsible Investment Manager which provided them with monitoring information on investment performance and managers for the quarter period to 30th June 2026 and reported on the technical meetings held with managers since the quarter end.

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

Signed ..... (Chairman)

Date: .....