

# Annual report 2024/25

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# Contents

## Introduction

---

04. Welcome

## A. Management and financial performance

---

08. Scheme management and advisors

09. Risk management

11. Financial performance

## B. Investment policy and performance

---

16. Investment of funds

20. Spread of assets between fund managers

21. Major shareholdings

22. Investment performance

24. Corporate governance

## C. Scheme administration

---

30. Scheme administration report

40. Internal dispute resolution procedure (IDRP)

41. Conflicts of interest

## D. Actuarial report on funds

---

42. Statement by the consulting actuary

## E. Governance arrangements

---

45. Governance structure

46. Pension Board report

48. Pensions Committee report

50. Training policy

## F. Statement of accounts and notes

---

52. Pension fund accounts

53. Net assets statement

54. Notes to the accounts

74. Pooling report

78. Audit opinion and certificate

80. Statement of responsibilities for the statement of accounts

## G. Other fund policies

---

81. Governance Compliance Statement

81. Pensions Administration Strategy

81. Funding Strategy Statement

82. Investment Strategy Statement

82. Business Plan 2024-2026

82. Climate Change Strategy

82. Climate Stewardship Plan

## H. Glossary

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83. Glossary

# Introduction

## Welcome to the 2024/25 annual report and accounts of the Shropshire County Pension Fund

### This year's fund information

**£123**

million



**Fund value  
increase**

**£2.626**

billion



**Total  
fund value**

**4.9%**



**Fund value  
increase**

**0.14%**



**Below  
benchmark**

The Shropshire fund increased in value by £123 million in 2024/25, a percentage increase of 4.9%, to be valued at £2.626 billion at the end of the year. However, it slightly underperformed against its benchmark by 0.14%. The majority of asset classes performed positively, with double digit returns from hedge funds, insurance-linked securities and the LGPS Central Ltd Infrastructure Fund. Negative performance was seen on the property debt portfolio, reflecting the difficulties in exiting the final few loans remaining as part of the planned maturity of this investment and on global sustainable equity, after a difficult final quarter. Overall, the portfolio performed as expected, given the difficult trading conditions seen in the final quarter of 2024/25.

The strongest absolute returns were generated in insurance-linked securities, managed by Securis, which created excellent returns of 11.4%, despite the impact of the US wildfires on performance in the final quarter. Infrastructure, managed by LGPS Central Ltd, generated returns of 11.3%, Hedge Funds managed by BlackRock generated returns of 10.5% and the LGPS Central Ltd Private Debt Fund returned 9.45%.

Equities had a more difficult year compared to 2023/24, with passive equity managed by Legal and General, showing the best performance with a return of 7.54%. LGPS Central Ltd Global Equity return was just below 4%, whilst LGPS Central Ltd Sustainable Equity returned a negative 1.27% for the year. The LGPS Central Ltd equity products were hit hard by the volatile market conditions in the final quarter of 2024/25, from having shown double digit performance for the previous nine months.

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 crucial decision that the committee makes because it has the biggest impact on the long-term returns of the fund.

The committee agreed to a revised strategic asset allocation in June 2023. There were no revisions to the investment strategy in 2024/25. Additional commitments were completed in respect of private debt managed by LGPS Central Ltd for £90m. This fund is 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. Additional commitments will also be required to private equity and infrastructure both managed by LGPS Central Ltd in 2025/26, to reflect the return of capital from legacy investments with HarbourVest and GIP Infrastructure. These new or additional allocations will be funded by a reduction to targeted return strategies and a reduction of the overweight equity position.

The fund undergoes an independent actuarial valuation every three years. The last actuarial valuation took place at the end of March 2022 and identified 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 in over 23 years that the funding level had been 100% at the valuation date, which represents a positive development. Due to some of the individual employer decisions made as part of this consultation process, the official funding level signed off by the actuary as at 31 March 2022 was 99%. The next valuation is being undertaken as at 31 March 2025 and work on this is already underway with results expected by the end of 2025.

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 became a signatory to the revised Stewardship Code in August 2023, and a renewal submission was presented to the Financial Reporting Council (FRC) for the 15 months from 1 January 2023 to 31 March 2024. The FRC confirmed the application was successful in October 2024, which is a great achievement and positive news. This confirms the fund's continued commitment to responsible investment and environmental, social and governance issues.

Since 2020, the fund has commissioned its pooling company, LGPS Central Ltd, to undertake an in-depth review of the fund's exposure to financially material climate-related risks and opportunities on an annual basis. The fund also published its fifth Task Force on Climate-related Financial Disclosures (TCFD) aligned

report in December 2024, showing a 63% reduction in the carbon footprint of the equity portfolio compared to 31 March 2020, based on normalized financed emissions.

Further details relating to this and the considerable 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 Shropshire fund continued to work with eight other funds in the Midlands region during the year. LGPS Central Ltd has been established to manage investment assets on behalf of its eight Local Government Pension Scheme (LGPS) funds across the Midlands region. It is a multi-asset manager, investing up to potentially £63 billion of assets (£44.9 billion invested or under LGPS Central Ltd stewardship as at March 2025) on behalf of 900,000 LGPS members and 2,500 employers.

LGPS Central Ltd 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 Pension Fund.

The key objectives of LGPS Central Ltd 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 Ltd 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 14 November 2024, the Chancellor set out her

Mansion House speech which included the proposed consultation on LGPS “Fit for the Future”. The consultation was published the following day.

The consultation covered three key areas: LGPS pooling, local investment and governance of funds and pools. Partner funds in LGPS Central Ltd reviewed the information contained in the consultation and submitted individual responses to the consultation. Delegated authority for the fund’s response was approved at the Pensions Committee in December 2024. The government response to the consultation is still awaited, but some of the key points to note are:

- **LGPS Pooling** - This included a requirement for all legacy assets to be under pool control by 31 March 2026. As at 31 March 2025, the fund had a number of legacy portfolios outside the pool’s control. These fall roughly into two types; private market assets, which will gradually mature and be reinvested in pooled products, such as private equity with HarbourVest, infrastructure with GIP or property debt with DRC; or investments that do not have a pooled product equivalent. These include property and targeted return strategies like T Rowe Price – Dynamic Bond Fund, BlackRock – Hedge Fund and insurance-linked securities. The consultation also proposed that the pooling companies should provide all investment advice to the funds and that funds should delegate implementation decisions to the pooling company.

In addition to the impacts on the funds, the consultation also advised that all pooling companies should be FCA regulated companies. In the case of LGPS Central Ltd, this criterion was already met, as that is how the company was established.

- **Local Investment** - The Chancellor set out growth as her number one mission and is looking for the LGPS, through their pooling companies, to build networks and increase long-term investment in local communities.
- **Governance** - This brought forward many of the recommendations from the Scheme Advisory Board’s Good Governance Review and set up the framework of independent governance reviews.

The Government’s response to the consultation was expected in the summer of 2025 and, in the interim, regular investment pooling meetings continued to be held with representatives from each of the eight LGPS funds forming LGPS Central Ltd, on both governance and transition issues.

During 2024/25 we have made an additional £90m allocation to private debt to maintain our 7.5% target allocation to this asset class and further allocations will be considered in 2025/26 after reviewing the 2025 valuation results. The fund has also completed an oversight agreement with LGPS Central Ltd in respect of its passive equity mandate with Legal and General. Given the nature of this asset, it is not cost effective to fully transition to a pooled product at this time, but the agreement allows LGPS Central Ltd, through EOS at Federated Hermes, to undertake voting on all the fund’s equity portfolios, which allows consolidation of reporting and increased consistency. This continues to show the fund’s commitment to pooling assets and looking for appropriate cost-effective solutions for legacy assets.

The Pensions Administration Team have continued to ensure, over the past 12 months, that the service they deliver is efficient and effective for all stakeholders and that all benefits are paid accurately, on time and in line with scheme regulations.

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

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

All regulatory deadlines were met by the fund in 2024/25, including issuing annual benefit statements, P60 documents, pensions savings statements and publishing the annual report.

During the year, the team continued to work on implementing the McCloud ruling and ensuring the underpin is applied to protected members.



Work has also started on the implementation of Pensions Dashboards, so that we are able to connect by the October 2025 deadline.

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

The new Pension Regulator's General Code came into effect on 28 March 2024, and an action plan was created to identify any areas of work that would need to be completed to achieve compliance with this. Certain aspects of the Scheme Advisory Board's Good Governance recommendations have been taken forward as part of the Government's response to the "Fit for the Future" consultation. Fund Officers will now look at work required to implement these.

The fund's Business Plan for 2024-26 can be found on the website and progress against this is reported to and regularly reviewed by both board and committee members.

The annual meeting for scheme employers is run as a virtual event and the Pensions Committee and Pension Board meetings continue to be live streamed. Committee meetings must be held in person, however, board members can choose to

attend virtually. This has proved particularly useful when holding training sessions for members of both board and committee.

We hope you find the report interesting and informative. As always, we welcome your feedback on the report and on any aspect of the scheme's activities. If you wish to make a comment or if you have any questions, our contact details are given on the back page of the report.



**Justin Bridges**

**Head of Pensions**  
LGPS Senior Officer  
Shropshire Council



**Thomas Biggins**

**Chair of Pensions Committee**  
Shropshire Council

# Scheme management and advisors

## Administering authority

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## Scheme administrator

Justin Bridges  
LGPS Senior Officer

## Shropshire Council officers

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(Section 151 Officer)  
**Justin Bridges**  
Head of Pensions - LGPS Senior  
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## Performance measurement

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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 2024/25.**

Risks	Controls in place
Climate Change & Responsible Investment - Funds facing increasing pressure on divestment and to take action to address climate risks in the portfolio.	Climate Risk assessments carried out. Robust RI policies, engagement and collaboration. Published TCFD Report, Climate Risk Reports. Fund became a signatory to the 2020 Stewardship Code, Net Zero target set. Development of products that meet partner fund requirements.
Regulatory Risk - Climate & Responsible Investment.	RI integrated into the investment process. Monitoring of developments, responding to consultations when issued. Appointment of new Pension Investment & Responsible Investment manager post.
Cyber or IT attack resulting in significant outage due to insufficient resilience/BCP arrangements being in place.	Robust IT arrangements in place, which are regularly tested. Fund Cyber Security Policy created. Business Impact Analysis and Service Recovery Plan (BIA-SRP) arrangements up to date and appropriately tested. Resilience plans in place and approved. Similar arrangements at third party suppliers are reviewed and tested.
Loss or inappropriate disclosure of personal data leading to fines and reputational loss.	ICT security used such as data encryption, secure email and document management software with strict security profiles. Secure working environments. Information protection L1 training undertaken by all staff annually and Level 2 by 2 members of staff. Secure working environment in place. 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 (no delay). Assessment for the requirement of a bond completed at date of entry and subsequent valuations. Shorter deficit recovery periods. Funding Strategy Statement, assessed and updated as part of each valuation Annual Employer covenant check for high risk employers. Employer events policy in place which provided information on process for changes to employer rates, employers exiting the Fund.
Failure of Pension Fund investment managers to meet expected returns resulting in increased costs to the Council and other employers.	Rigorous selection processes established. Rigorous and continual Investment manager monitoring arrangements. Diversification of managers and asset classes. External expert advice. Trained and experienced staff. Reporting and monitoring arrangements. Investment Strategy Statement and Funding Strategy Statement 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 Nov 2022 to be 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.	Procedures notes provided and reviewed annually. Team structure review completed, and new staff have been recruited to assist with areas of work that are high volume. Training Policy updated and training log capturing training requirements is being maintained. 1;1 and Appraisals capture training requirements. Team members are being trained to support the helpdesk for periods of unexpected absence and when bulk communications are sent out to members, which can generate an increase in queries received.
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. Ongoing monitoring of actual and forecasted cost savings. Collaborative and partnership working on delivery of investment strategy to reduce investment expenses.
Investments in LGPS Central not delivering the required investment return which could result in the need for increased employer contributions.	Investment performance regularly reported and monitored by the Pension 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 Pension Committee and action taken to report concerns via the Joint Committee and Shareholders Forum. Greater expertise will exist within LGPS Central 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 which took place in 2025 and Investment Strategy Statement will be reviewed and updated accordingly. 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.	Payments are recorded and reconciled monthly. Late receipt of I-Connect return or payment is recorded on Breaches Log and reported to both Pension Committee and Board.
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 yearend 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 and Pension Board for Breaches recorded. Escalation Process for amber and red breaches Pensions Regulator Code. Scheme Advisory Board.
Failure to identify and report breaches of law, in accordance with the requirements of the Pensions Regulator leading to reputational damage & potential fines.	Breaches Policy in place together with log which is reported to Committee, Board and Fund Administrator. Training undertaken by key staff.
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: Business World, CIVICA Pay360 which will result in incorrect data collection, payment of benefits and incorrect accounting.	Key systems are reviewed, support provided by Council ICT and systems teams.
Regulatory change occurs which impacts either LGPS Central or Partner Funds. Government changing stance on pooling such that the model no longer meets requirements.	Regulatory intelligence & working collaboratively with Partner Funds & 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 or Partner Funds either choose to leave or unable to fulfil their responsibilities.	Succession planning taking place with LGPSC and with PFs. Exit/handover plans. Different notice periods for key roles. Use of temporary resources. Governance structures - collective decision-making process.

# Financial performance

The following tables show the forecasts for the fund account and the net assets statement for the next three years to 31 March 2028. It also shows the 2024/25 actuals against the 2024/25 budget.

## Forecast v. actual report on fund cash flows

Pension fund account	2024-25 budget £m	2024-25 actual £m	2025-26 budget £m	2026-27 budget £m	2027-28 budget £m
Contributions (employees and employers)	87.600	94.518	95.900	98.800	101.700
Transfers in	8.000	11.061	8.500	8.600	8.700
Pensions paid	(88.100)	(88.105)	(94.000)	(101.500)	(109.600)
Lump sums paid	(16.500)	(22.014)	(22.000)	(21.000)	(20.000)
Lump sum death benefits	(2.200)	(2.591)	(2.600)	(2.800)	(3.000)
Refund of contributions	(0.300)	(0.243)	(0.300)	(0.350)	(0.400)
Transfers to other funds	(8.000)	(5.634)	(8.500)	(8.600)	(8.700)
<b>Net additions/(withdrawals) from dealings with scheme members</b>	<b>(19.500)</b>	<b>(13.008)</b>	<b>(23.000)</b>	<b>(26.850)</b>	<b>(31.300)</b>
Management expenses	(20.821)	(23.944)	(25.076)	(25.756)	(26.812)
Investment income	11.000	14.005	14.000	14.500	15.000
Gain/(loss) on cash and currency hedging	12.000	(0.329)	0.000	0.000	0.000
Taxes on income	(0.150)	(0.112)	(0.150)	(0.160)	(0.170)
Change in market value	173.795	146.611	202.127	217.266	233.382
Net increase/(decrease) in net assets during the year	<b>156.324</b>	<b>123.223</b>	<b>167.901</b>	<b>179.000</b>	<b>190.100</b>
Opening net assets of the scheme	2,503.176	2,503.176	2,626.399	2,794.300	2,973.300
Closing net assets of the scheme	2,659.500	2,626.399	2,794.300	2,973.300	3,163.400

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	2024-25 budget £m	2024-25 actual £m	2025-26 budget £m	2026-27 budget £m	2027-28 budget £m
Global equities - unconstrained	707.400	669.516	725.800	786.800	852.900
Global equities - passive	844.300	838.683	898.200	962.000	1030.300
Unconstrained bonds	106.600	96.944	103.200	109.900	117.000
Investment grade bonds	266.000	266.557	281.500	297.300	313.900
Hedge funds	107.100	114.088	118.800	123.700	128.800
Private equity	219.100	199.616	220.400	243.300	268.600
Infrastructure	173.600	157.915	172.400	188.300	205.600
Property	90.100	117.386	124.900	132.900	141.400
Property debt	24.000	10.417	11.200	12.100	13.000
Private debt	72.400	78.984	84.800	91.100	97.800
Insurance-linked securities	42.800	44.303	47.500	51.000	54.700
Other (including cash and net current assets)	6.100	31.990	5.600	(25.100)	(60.600)
<b>Total investment assets</b>	<b>2,659.500</b>	<b>2,626.399</b>	<b>2,794.300</b>	<b>2,973.300</b>	<b>3,163.400</b>

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 is based on actual allocations as at 31 March 2025 multiplied by the forecast long-term returns for each asset class as provided by the fund's advisors.

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

Asset class	Return
Global equities - unconstrained	8.40%
Global equities - passive	7.10%
Unconstrained bonds	6.50%
Investment grade bonds	5.60%
Hedge funds	4.10%
Private equity	10.40%
Infrastructure	9.20%
Property	6.40%
Property debt	7.70%
Private debt	7.40%
Insurance-linked securities	7.30%
Cash	2.20%



## 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 2025/26 to 2027/28 have been revised and are based on the 2024/25 actual costs which are analysed to agree with the CIPFA guidance on management costs. (see note 8)

Operational expenses	2024-25 budget £m	2024-25 actual £m	2025-26 budget £m	2026-27 budget £m	2027-28 budget £m
<b>Administrative costs</b>					
Employee costs	1,140	1,241	1,450	1,500	1,550
IT costs	0.450	0.408	0.420	0.430	0.445
Office accommodation	0.030	0.037	0.040	0.040	0.040
Consultants	0.060	0.081	0.085	0.090	0.090
Printing, postage and design	0.050	0.061	0.062	0.064	0.066
Subscriptions	0.018	0.007	0.020	0.022	0.022
Other costs	0.030	0.111	0.035	0.035	0.035
<b>TOTAL</b>	<b>1,778</b>	<b>1,946</b>	<b>2,112</b>	<b>2,181</b>	<b>2,248</b>
<b>Investment management expenses</b>					
Management fees	9.100	11,968	12,400	12,900	13,500
Performance fees	0.350	0.649	0.670	0.700	0.730
Other fees	4.000	4,358	4,500	4,600	4,800
Transaction costs	3.800	3,266	3,400	3,500	3,600
Custody fees	0.030	0.019	0.020	0.022	0.022
<b>TOTAL</b>	<b>17,280</b>	<b>20,260</b>	<b>20,990</b>	<b>21,722</b>	<b>22,652</b>
<b>Oversight and governance costs</b>					
Investment advice	0.350	0.271	0.280	0.290	0.300
Employee costs (pensions investment)	0.375	0.395	0.410	0.420	0.430
Actuarial advice	0.110	0.093	0.270	0.100	0.110
Responsible engagement overlay	0.054	0.051	0.053	0.054	0.056
LGPS Central Ltd pooling costs	0.680	0.704	0.730	0.750	0.770
External audit	0.072	0.102	0.105	0.108	0.111
Performance analysis	0.034	0.027	0.028	0.029	0.030
Internal audit	0.020	0.025	0.026	0.027	0.028
Legal and committee	0.023	0.023	0.024	0.025	0.026
Other costs	0.045	0.047	0.048	0.050	0.051
<b>TOTAL</b>	<b>1,763</b>	<b>1,738</b>	<b>1,974</b>	<b>1,853</b>	<b>1,912</b>
<b>Total management expenses</b>	<b>20,821</b>	<b>23,944</b>	<b>25,076</b>	<b>25,756</b>	<b>26,812</b>

## 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 2024/25 was 98%, the same as last year.

The total amount of interest charged to employers was £758.15. This mainly related to one employer who had not deducted correct contributions for some members historically. There were 23 instances of late payment, but interest was not charged due to the amounts being insignificant.

## Pension overpayments

Pensions overpayments of £66,177.24 were made during 2024/25, of which £37,764.32 was recovered and £5,684.72 written off. In addition, invoices raised to recover overpayments that have not yet been paid totalled £22,728.20. The amount of pension overpayment includes £21,942.43 relating to nine cases picked up because of the participation in the National Fraud Initiative exercise.

## 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	7,952.36	37,535.74
Apley Wood Primary School	27,494.35	93,814.42
Aqueduct Primary School	17,409.75	51,337.60
Barrow 1618 Free School	8,490.39	29,131.16
Beckbury C.E Primary School & Nursery	737.32	2,335.80
Belvidere School	42,521.20	226,527.23
Bicton C.E Primary School & Nursery	1,864.11	6,530.47
Bishops Castle Primary School	11,037.68	51,948.62
Bitterley C.E Primary School	10,012.95	51,956.15
Bomere Heath C.E Primary School	1,520.37	5,881.98
Burford Primary School	13,980.90	59,170.86
Castlefields Primary School	15,924.84	86,448.33
Cheswardine Primary School & Nursery	6,700.44	23,269.71
Christ Church C.E Primary School	2,864.92	7,759.37
Church Stretton School	24,731.29	133,382.50
Clee Hill Community Academy	11,249.64	51,887.58
Cleobury Mortimer Primary School	27,596.10	112,195.36
Communities Academies Trust	166,321.86	679,144.95
Condoover CE Primary School	9,119.80	55,562.73
Corbet School (Academy)	65,247.60	261,635.74
Dawley C.E Primary Academy	15,048.07	75,903.79
Diocese of Hereford Multi-Academy Trust	43,929.75	86,415.27
Ellesmere Primary School	33,217.40	163,209.57
Empower Trust	243,322.51	1,086,741.07
Fields Multi-Academy Trust	46,582.87	221,064.25
Haberdashers Abraham Darby Academy	86,298.22	195,882.59
Haberdashers Adams School	84,835.88	340,945.05
Hinstock Primary School	12,389.74	41,448.92
Holy Trinity Academy	51,144.71	157,350.51
Holy Trinity Primary Academy	19,953.33	106,386.16
Keystone Academy	35,253.50	97,557.28
Lacon Childe School	60,047.54	234,516.05
Lakelands Academy	58,091.99	195,385.00

Employer name	Employees contributions £	Employers contributions £
Lawley Village Academy	20,836.93	62,055.65
Learning Community Trust	819,598.19	3,043,749.84
Ludlow CE School	36,666.29	204,664.77
Ludlow Primary School	31,892.88	179,900.39
Lydbury North Primary School	5,114.14	15,742.69
Madeley Academy Trust	77,167.82	226,919.27
Marches Academy Trust	443,930.09	1,751,817.31
Mary Webb School and Science College	35,587.96	165,220.70
Meole Brace C.E Primary School & Nursery	8,792.70	27,395.99
Meole Brace School	79,915.21	399,673.25
Mereside CE Primary School	28,810.61	109,297.61
Mighty Oaks Academy Trust	38,203.72	121,222.33
Moorfield Primary School	22,977.76	72,526.07
Morville C.E Primary School	3,744.30	15,450.42
Newport Girls High School Academy Trust	36,499.39	134,004.20
Oldbury Wells School	55,706.97	234,568.91
Onny C.E Primary School	8,731.98	26,481.41
Redhill Primary School	31,381.09	140,505.49
Severn Bridges MAT	168,453.65	681,601.02
Shrewsbury Cathedral Catholic Primary School	14,716.61	44,843.87
Shrewsbury Colleges Group	455,561.90	1,664,324.61
Shropshire & Wrekin Fire Authority	234,944.29	617,420.76
Shropshire Council	7,706,868.07	20,892,661.37
SS Peter & Paul Catholic Primary School	4,356.88	17,710.18
St Edward's C.E. School	4,115.67	22,395.93
St George's CE Primary School, Clun	7,909.14	43,638.42
St John the Baptist C.E Primary School & Nursery	905.95	4,918.72
St Leonards C.E School	19,001.18	102,593.29
St Luke's Catholic Primary School	5,882.78	20,253.21
St Mary's Bluecoat C.E Primary School	1,625.71	8,690.72
St Patrick's Primary School	19,368.91	64,955.13
St Peters Bratton C.E Primary School	26,684.94	107,966.94
Stokesay Primary School	12,675.72	52,147.70
Stottesdon C.E Primary School	11,536.15	44,574.49
Telford & Wrekin Council	6,196,062.68	18,042,908.47
Telford College	377,056.80	1,099,479.74
Telford Park School	46,354.24	200,847.65
West Mercia Energy	56,204.04	0.00
Whitchurch Infant and Nursery School	23,549.43	130,587.17
Whitchurch Junior School	20,123.91	106,908.41

Employer name	Employees contributions £	Employers contributions £
Woodside Primary School	51,621.24	222,771.87
Woore Primary School & Nursery	1,883.29	6,269.61
Worfield Endowed C.E Primary School	1,395.78	4,438.76
3-18 Education Trust	394,741.00	1,520,113.15
Admission Bodies		
Accuro Facilities Management (Idsall School)	2,024.45	6,505.55
Age UK Shropshire, Telford & Wrekin	3,749.46	0.00
Aramark - Idsall School	841.00	3,639.26
Aspens Services Ltd*	0.00	-2,900.00
Aspens Services Ltd (Corbet School)	2,016.55	7,604.42
Aspens Services Ltd (St Martins)	1,191.53	3,841.78
Association of Local Councils	4,798.60	22,051.45
Balfour Beatty	4,330.21	12,753.68
Bethphage - Assisted Living	1,155.28	6,114.10
Bethphage - Ellesmere Day Service and Library	5,309.08	16,242.51
Bethphage - Oak Farm and Innage Grange Day	4,299.31	13,445.39
Care Quality Commission*	402.22	31,909.33
Caterlink (Learning Community Trust)	2,146.42	12,995.12
Caterlink (TrustEd CSAT Alliance)	17,098.68	67,970.88
Churchill Contract Services (St Bart's MAT)	1,442.09	5,243.87
Cleantec (3-18 Education Trust)	11,726.30	47,342.52
Cleantec (Marches MAT)	10,455.24	46,002.91
Compass (Hadley Learning Community)	2,848.19	14,300.73
Compass (St Bart's MAT)*	631.21	-24,703.09
Compass - Cleaning (St Bart's MAT)*	1,066.46	-1,999.73
Connexus Housing One Ltd*	0.00	-1,212,200.00
Connexus Housing Three Ltd*	0.00	56,900.00
Coverage Care Crowmoor House	8,523.01	0.00
Coverage Care Ltd	989.02	0.00
Edwards & Ward Ltd	16.28	73.43
Fidelis	762.74	2,717.02
Halo Leisure Services Ltd	5,464.99	2,903.31
Harper Adams University	468,785.91	1,290,169.00
Housing Plus	102,796.94	369,072.57
IDVerde Ltd	15,306.27	16,965.68
IDVerde (Shropshire Council)	23,029.48	95,730.32
Innovate Service Ltd (Bridgnorth Endowed School)	2,496.13	8,642.00
Ironbridge Gorge Museum Trust*	0.00	-671,300.00
Kier Highways Ltd	32,799.11	33,871.66
Miquill (Holy Trinity School)	1,986.51	7,413.14

Employer name	Employees contributions £	Employers contributions £
Miquill (St Bart's MAT)	1,677.34	6,137.99
NIC Services (TrustEd CSAT Alliance)	4,482.31	17,834.06
OCS Food Co Ltd (Coleham School)	1,224.69	5,544.48
OCS Food Co Ltd (Empower Trust)	1,506.05	5,640.79
OCS Food Co Ltd (Woodside Primary School)	1,086.12	4,680.26
OCS Food Co Ltd (3-18 Education Trust)	4,829.37	16,683.63
Perthyn	2,005.44	0.00
Prime Facilities (Brown Clee School)	299.90	1,694.73
Prime Facilities (CAT)	2,553.16	9,665.58
Prime Facilities (Mighty Oaks)	737.77	2,871.25
Prime Facilities (St Mary's)	678.68	3,345.12
Sanctuary Group	9,861.51	18,807.33
Severn Gorge Countryside Trust	10,068.91	22,906.23
Shropshire County Leisure Trust	27,750.34	46,859.58
South Shropshire Leisure Ltd	13,161.93	11,042.08
Strettons Mayfair Trust	1,141.24	3,568.98
Taylor Shaw (Marches MAT)	47,216.30	177,647.05
The Forward Trust	2,982.52	7,062.52
Veolia Environmental Services (UK) Plc	63,434.63	0.00
Veolia TWC	14,394.70	44,024.10
We Are With You (Addaction)	6,341.83	2,792.85
Wrekin Housing Trust	798,560.48	2,444,435.43
WSP UK Ltd	7,009.77	6,093.34
<b>Designated Bodies</b>		
Albrighton Parish Council	5,807.58	16,707.37
Bayston Hill Parish Council	5,338.17	23,348.41
Bishops Castle Town Council	2,506.43	11,764.70
Bridgnorth Town Council	25,400.05	85,473.40
Broseley Town Council	4,573.63	0.00
Church Stretton Town Council	11,391.33	54,248.79
Cressage, Harley and Sheinton Parish Council*	0.00	2,202.00
Dawley Hamlets Parish Council	1,168.28	4,753.70
Ditton Priors Parish Council	508.70	2,472.84
Donnington and Muxton Parish Council	7,167.95	25,840.77
Ellesmere Town Council	7,002.21	27,416.74
Ford Parish Council	686.93	2,148.19
Great Dawley Parish Council	16,517.24	36,839.86
Great Hanwood Parish Council	937.01	2,893.85
Great Ness and Little Ness Parish Council	1,080.98	3,156.49
Hadley & Leegomery Parish Council	8,485.38	29,013.66
Hollinswood & Randlay Parish Council	8,507.86	28,174.46

Employer name	Employees contributions £	Employers contributions £
Ketley Parish Council	7,006.39	19,244.44
Lilleshall Parish Council	1,055.27	2,210.54
Little Wenlock Parish Council	508.74	2,469.95
Ludlow Town Council	27,941.96	100,968.28
Madeley Town Council	13,753.66	49,410.11
Market Drayton Town Council	9,075.21	30,303.91
Much Wenlock Town Council	4,513.43	22,512.31
Newport Town Council	13,963.55	38,256.34
Oakengates Town Council	15,155.33	54,246.37
Oswestry Town Council	46,121.47	144,973.14
Pontesbury Parish Council	5,763.83	21,790.04
Rodington Parish Council	568.10	1,109.25
Shifnal Town Council	10,169.37	30,987.14
Shrewsbury Town Council	118,644.65	337,893.25
Shropshire Towns & Rural Housing	403,253.10	1,103,829.87
St Georges and Priorslee Parish Council	3,042.84	14,225.19
The Gorge Parish Council*	0.00	-3,200.00
Wellington Town Council	11,672.76	46,854.78
Wem Town Council	6,533.03	19,469.43
Whitchurch Town Council	15,698.91	41,338.24
Worfield & Rudge Parish Council	547.07	1,094.14
Wrockwardine Parish Council	1,531.80	6,158.42
Wrockwardine Wood & Trench Parish Council	1,516.73	4,909.21
	<b>21,500,660.96</b>	<b>63,282,645.07</b>

\* 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 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 March 2025 valuation is in progress and results will be communicated in late 2025 to employers, with contribution rates changing from 1 April 2026.

## The fund's strategic asset allocation for 2024/25

**7.5%**

of fund



Targeted return funds

**10%**

of fund



Corporate bonds

**55%**

of fund



Global equities

**7.5%**

of fund



Illiquid credit

**5%**

of fund



Indirect UK property

**7.5%**

of fund



Private equity

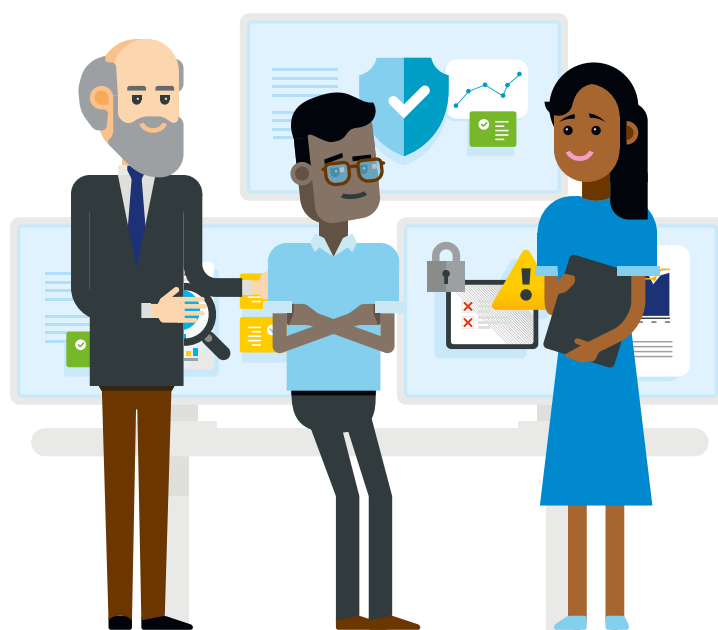
**7.5%**

of fund



Infrastructure

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



In June 2023, the Pensions Committee agreed on 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 Ltd and the fund's independent advisor. This strategic allocation has remained constant throughout 2024/25 with quarterly reviews by the committee as the fund increase private market commitments to reach the intended allocations across illiquid credit, private equity and infrastructure. These private market allocations take time to reflect in investment balances because of the time lag between commitment and investment, which can often span several years, especially in infrastructure where assets may be being built from scratch over a number of years. Whilst the fund waits for commitments to be drawn, these allocations will remain underweight to the agreed strategic asset allocation. To offset these underweight positions, the fund will hold overweight positions in targeted return funds and equity, which will reduce back towards target allocations agreed in the strategic asset allocation, as capital calls are received in respect of the outstanding commitments.

The committee can call investment managers in to review performance and current issues and during 2024/25 the committee received presentations from the following four managers.

- T. Rowe Price in respect of the dynamic Global Bond Fund that forms part of the targeted return allocation.
- Aberdeen in respect of the indirect UK property investments.
- HarbourVest in respect of private equity investments.
- Global Infrastructure Partners (GIP) on infrastructure investments.

Further training sessions on climate-related issues were held during the year with presentations received by LGPS Central Ltd on various topics which were split into the following areas:

- The 2024 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.
- Net Zero — the practicalities and implications for local government pension schemes.
- Review of carbon metrics that are being used to assess progress.

The Pensions Committee reviewed the fund's Climate Change Strategy in September 2024 and agreed an updated version which maintains the fund's commitment to achieving net zero emissions by 2050, in line with the Paris accord on climate. In addition, the new strategy also sets out interim targets to monitor progress and timescales for the inclusion of private market investments in the fund's analysis.

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

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

Further commitments were made during the year to LGPS Central Ltd, in respect of illiquid credit, with a £90 million commitment to the 2024 investment sleeve. There have been no capital drawdowns under this new commitment to date, as the product is still in the deployment phase.

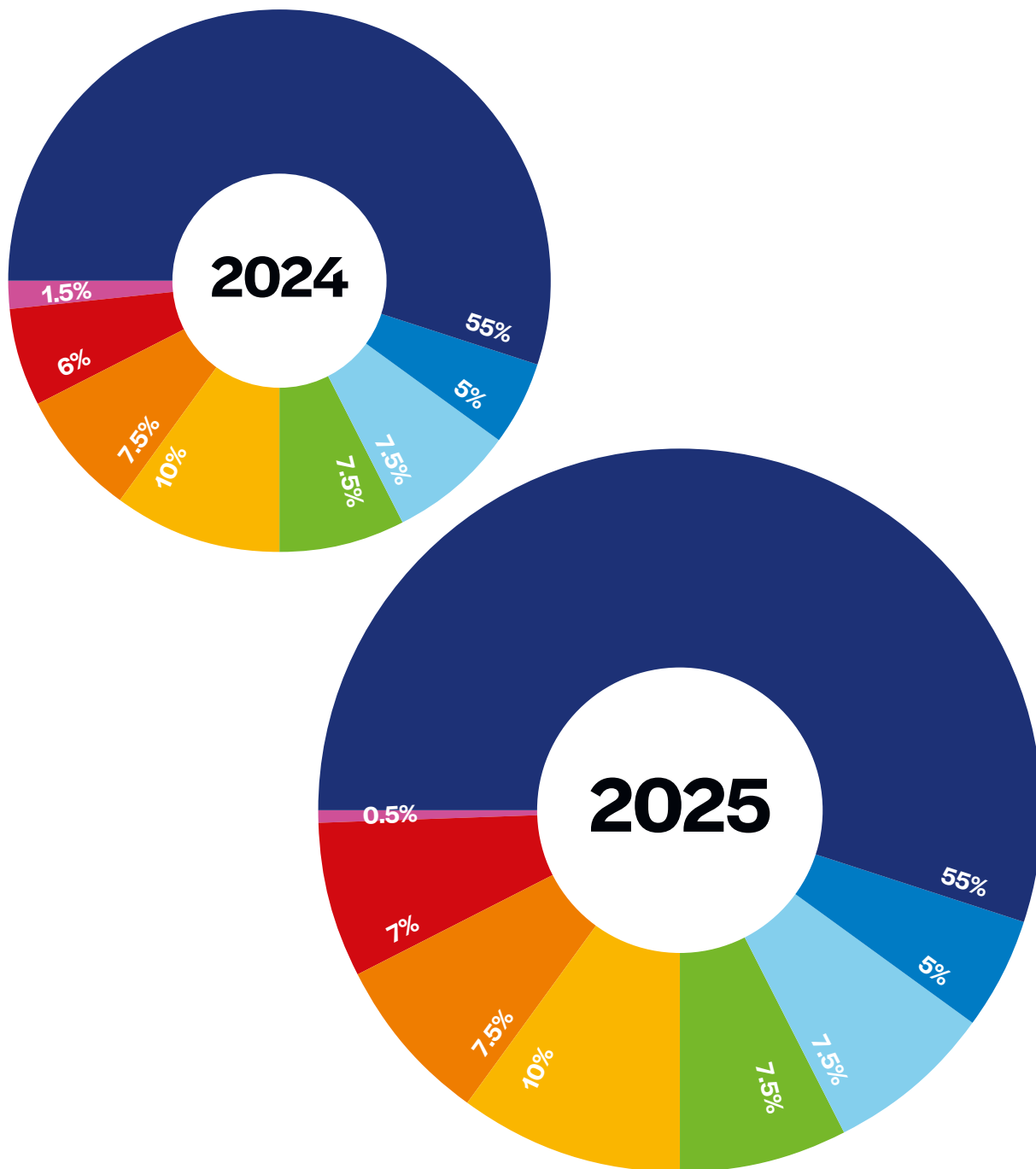
The fund continues to work closely with LGPS Central Ltd on plans to transfer further assets to the pool control and whilst the fund still awaits the response to the Government's consultation LGPS "Fit for the Future", we are aware of the potential timescale of 31 March 2026 for LGPS Central Ltd to have oversight of all assets. The fund will continue to monitor legacy positions with HarbourVest, in respect of private equity and GIP in respect of infrastructure, making further commitments to the LGPS Central Ltd products to match expected maturities from these managers.

The fund continued to work with eight other funds in the Midlands during the year. LGPS Central Ltd 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 Ltd is a multi-asset manager, investing approximately £45 billion of assets on behalf of its member funds as of 31 March 2025. The aims of LGPS Central Ltd are to deliver cost savings, to build on the existing investment expertise of its member funds through increased scale, resilience, and sharing of knowledge. The company use a blend of internal and external investment management, with the key objective to improve risk adjusted investment returns after cost.

LGPS Central Ltd is responsible for some advisory and discretionary mandates on behalf of its partner funds. Together, these new funds and mandates see LGPS Central Ltd currently being responsible for £44.9 billion of assets (71.3% of total assets). Working with our partners to develop and review our current investment strategy in the light of the 2025 valuation results will be a major strategic focus for the fund over the next year.

# Strategic asset allocation at the start and end of the year



**Equities**  
(Global, active and passive)

**Property**

**Private equity**  
(Illiquid growth)

**Targeted return**  
(Hedge funds, unconstrained bonds, and insurance linked securities)

**Investment grade corporate bonds**









**Infrastructure**  
(Illiquid growth)

**Private debt**  
(Illiquid credit)




















**Property debt**  
(Illiquid credit)

# Spread of assets between fund managers as at 31 March 2025

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 2024		Fund manager		Portfolios held	Share of fund as at 31 March 2025	
£m	%				£m	%
		Investments managed by LGPS Central Ltd				
445,072	17.78		LGPS Central Ltd	Global equities	462,844	17.62
209,315	8.36			Global sustainable equities	206,654	7.87
67,330	2.69			Private debt	78,984	3.01
4,744	0.19			Private equity	13,542	0.52
49,506	1.98			Infrastructure	66,105	2.52
254,025	10.15			Investment grade corporate bonds	266,557	10.15
1,315	0.05			UK equities (unquoted)	1,315	0.05
0,685	0.03			Loan	0,685	0.03
<b>1,031,992</b>	<b>41.23</b>				<b>1,096,686</b>	<b>41.76</b>
		Investments managed outside LGPS Central Ltd				
789,842	31.55		Legal & General	Global equities (passive)	838,683	31.93
103,226	4.12		Blackrock	Hedge fund	114,088	4.34
84,545	3.38		Aberdeen Property Investors	Property unit trusts	117,386	4.47
195,758	7.82		HarbourVest Partners Ltd	Private equity	186,074	7.08
112,450	4.49		Global Infrastructure Partners	Infrastructure	91,810	3.50
22,222	0.89		DRC Capital	Property debt	10,417	0.40
39,770	1.59		Securis Investment Partners	Insurance-linked securities	44,303	1.69
100,358	4.01		T.Rowe Price	Global dynamic bonds	96,944	3.69
0,016	0.00		Other	Other	0,018	0.00
<b>1,448,187</b>	<b>57.85</b>				<b>1,499,723</b>	<b>57.10</b>
2,480,179	99.08	Total assets held by fund managers			2,596,409	98.86
22,997	0.92	Cash deposits and other balances			29,990	1.14
<b>2,503,176</b>	<b>100.00</b>	Total fund			<b>2,626,399</b>	<b>100.00</b>

# Major shareholdings as at 31 March 2025

UK equities		Sector	Value £m	% of fund
 <b>HSBC</b>	HSBC	Financials	9.809	0.373
 <b>NatWest Group</b>	NatWest Group	Financials	8.669	0.330
 <b>Lloyds</b>	Lloyds	Financials	6.445	0.245
 <b>AstraZeneca</b>	Astrazeneca	Health care	6.151	0.234
 <b>RELX</b>	Relx	Analytics	5.803	0.221
 <b>Unilever</b>	Unilever	Consumer staples	4.658	0.177
 <b>BARCLAYS</b>	Barclays	Financials	4.103	0.156
 <b>DIAGEO</b>	Diageo	Consumer staples	3.981	0.152
 <b>SEVERN TRENT</b>	Severn Trent	Utilities	3.511	0.134
 <b>COMPASS GROUP</b>	Compass Group	Foodservice	3.323	0.127
Overseas equities		Country	Value £m	% of fund
 <b>Microsoft</b>	Microsoft Corp	United States	59.216	2.255
 <b>Apple Inc</b>	Apple Inc	United States	58.867	2.241
 <b>NVIDIA</b>	Nvidia Corp	United States	47.986	1.827
 <b>Alphabet</b>	Alphabet	United States	34.007	1.295
 <b>amazon</b>	Amazon	United States	29.596	1.127
 <b>Meta</b>	Meta Platforms	United States	24.778	0.943
 <b>Lilly</b>	Eli Lilly & Co	United States	20.404	0.777
 <b>VISA</b>	VISA	United States	17.093	0.651
 <b>JPMorganChase</b>	JP Morgan Chase	United States	14.564	0.555
 <b>TESLA</b>	Tesla	United States	14.057	0.535
<b>Total fund value</b>			<b>2,626.399</b>	

# ➤ Investment performance

**£123**

million



**Fund value  
increase**

**11.4%**

return



**Insurance-linked  
securities**

**11.3%**

return



**LGPS Central Ltd  
infrastructure**

**10.5%**

return



**Hedge funds**

During the year, the Shropshire fund increased in value by £123 million to be valued at £2.626 billion at the end of the year. The fund's investments increased in value by 5.65% over the year but slightly underperformed its benchmark by 0.14%. Global equity markets struggled towards the end of the financial year with concerns over the impacts of US tariffs on global trade and continued geopolitical uncertainty impacting performance in the final quarter.

The fund invests in a range of asset classes to diversify risk and provide more stable returns. The fund had positive investment returns in most asset classes during the year, despite the year end volatility. The strongest absolute returns were generated in Insurance-linked securities managed by Securis Investment Partners where the fund's investments increased in value by 11.4%, despite allowances for the US wildfires in early 2025. Strong absolute returns of 11.3% were also generated in infrastructure by LGPS Central Ltd and in our hedge fund investments, managed by BlackRock, which rose by 10.5%. Private debt increased by 9.5%, Global Infrastructure Partners by 7.2%, T. Rowe Price by 7.0%, investment grade corporate bonds by 4.9% and property by 4.9%. Private equity produced an overall positive return of 3.3%, but there were big differences between LGPS Central Ltd at 7.9% and HarbourVest at 2.9%. A major reason for this is the impact of exchange rates on performance, especially the weakening of the US dollar, since HarbourVest investments is mainly denominated in US dollars. Exchange rates in respect of US dollars will impact a number of the private market valuations but, the

largest exposures are with GIP and HarbourVest, which are both nearly fully denominated in US dollars. The main impacts on performance and the benchmark were seen in active equities managed by LGPS Central Ltd, which struggled in the final quarter because of high exposure to US markets. Global active equity produced a positive return of 4.0%, but this was 1.5% below its benchmark and the global sustainable equities investments fell by 1.3% over the year and were 6.7% below benchmark. This reflects the volatility in the market, especially in US markets, which make up over 60% of the global products. Both products were amongst the strongest performers in the previous 2023/24 financial year. The other negative performer was property debt, administered by DRC, which showed a negative return of 4.1%. This is a very small portfolio that is reaching expiry, and the performance relates to issues over the forced sale of one property.

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 7.5% 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 2024/25 of 5.79%. The fund's investments increased in value by 5.65% over the year, slightly underperforming its benchmark by 0.14%. Overall, the fund has increased in value by an average of 4.62% per annum over the last three years, which is above the benchmark by 0.66%, 8.1% per annum over the last five years, which is 1.6% above the benchmark and by 6.3% per annum over the last ten years which is above the benchmark by 0.6%, which is also positive as it confirms long-term performance is delivering as expected.

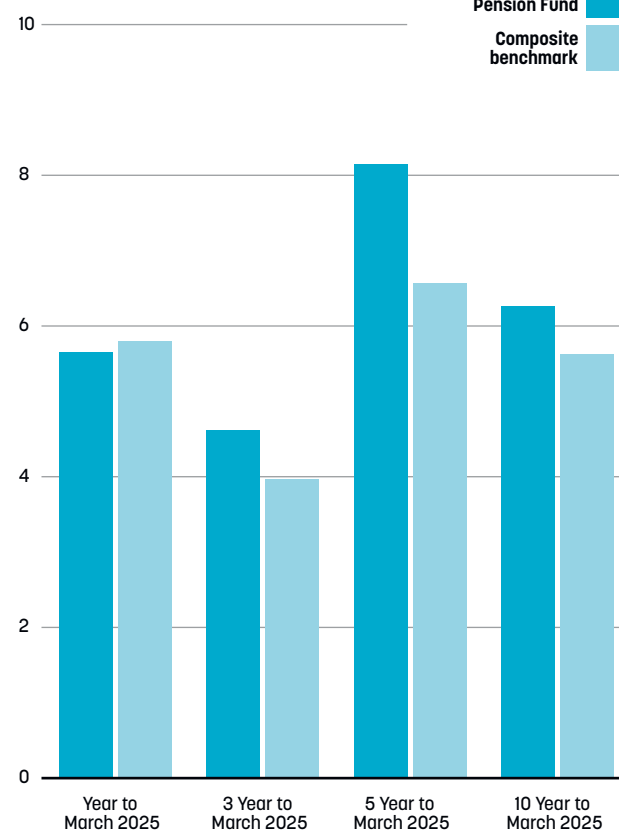
Performance data used in this report is provided by Northern Trust, who supply independent confirmation of the investment performance of individual managers on the fund's behalf.

## Graph 02: Individual fund manager performance

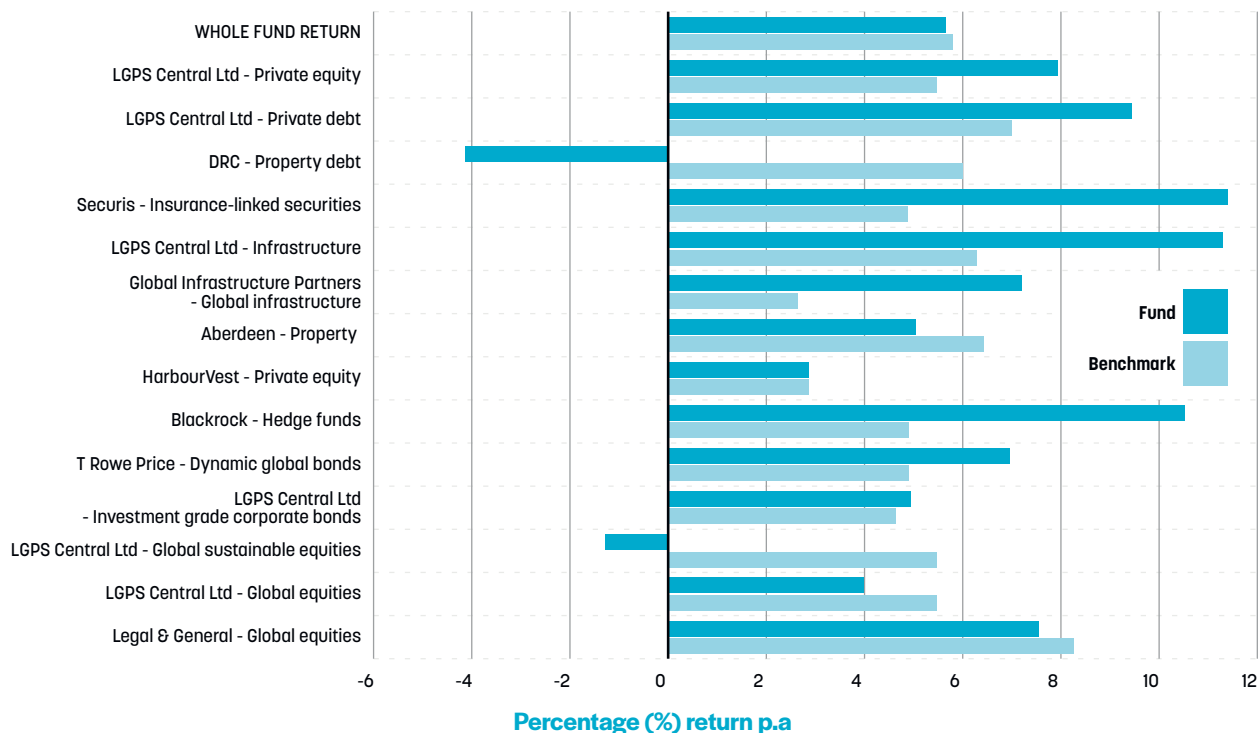
Individual portfolio managers are given performance benchmarks related to the indices of the assets in which they invest, or, an absolute return benchmark, where this is more appropriate. Manager performance compared to their benchmark for the year is shown in Graph 02.

## Graph 01: Whole fund performance

### Annualised return (%)



## Graph 02: Individual fund manager performance



# ➤ Corporate governance and socially responsible engagement

**The Shropshire County Pension Fund (the 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 Ltd**

### **Climate risk reporting**

In 2024 the fund received its fifth commissioned Climate Risk Report from its pooling company, LGPS Central Ltd. 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 2024, 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 fifth Task Force on Climate-related Financial Disclosures (TCFD) aligned report in December 2024.

### **Climate strategy**

The fund produced its updated Climate Change Strategy in September 2024, which built on the original version developed in 2021, by reflecting the increased data now available to the fund and setting interim targets for monitoring on its journey to be net zero by 2050. The aim of such a strategy is to detail the fund's governance, beliefs, objectives, strategic actions and targets in relation to climate-related risks. The fund's revised climate strategy was approved by the Pensions Committee in September 2024, reaffirming its commitment to net zero by 2050 in line with the Paris Treaty on climate change. The fund continues to work with LGPS Central Ltd to further develop the strategy and data collection around the fund's private market assets, to ensure the report continues to show the most comprehensive

overview of the fund available and to ensure it reflects the dynamic characteristics of climate change. The climate stewardship plan was updated at the March 2025 Pensions Committee to reflect the recommendations in the December 2024 Climate Risk Report.

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

### Governance

The Pensions Committee ('the committee') is responsible for preparing the Investment Strategy Statement (ISS) and the Climate Change 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 Pension Board have received regular training on responsible investment topics.

The Head of Pensions and the Pensions Investment and Responsible Investment Manager, in conjunction with the fund's investment advisors, have primary day-to-day responsibility for the way in which climate-related investment risks are currently managed and provide updates to committee. As detailed in the climate strategy, the fund leverages partnerships and initiatives – including the Institutional Investors Group on Climate Change (IIGCC) – to identify and manage climate risk. As 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 as part of the tri-annual valuation process, to allow for scientific developments. The last climate scenario analysis was undertaken in 2022, and the fund is liaising with its actuary over the climate scenario modelling to be included in the 2025 valuation. 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.

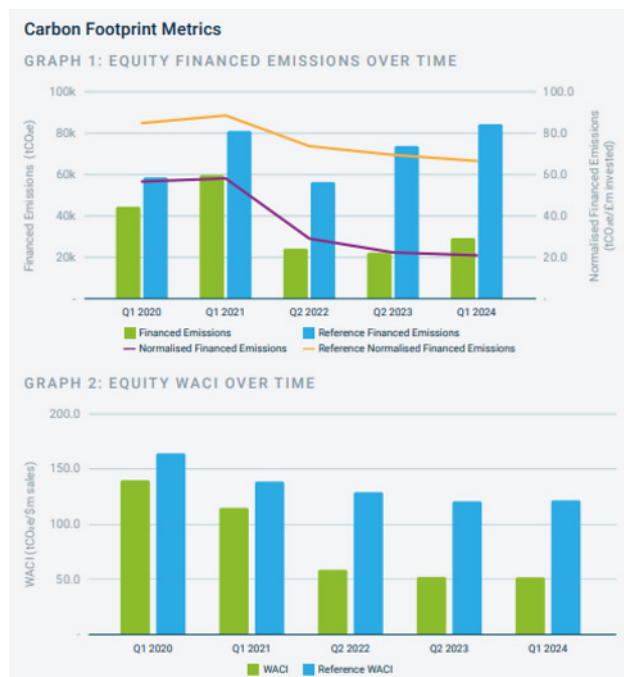
1. A successful transition is imperative.
2. Sustainable allocations protect against transition risk; growth assets are highly vulnerable to physical risk.
3. Sector and regional exposures should be monitored to understand impact on return levels.
4. Be aware of future pricing shocks and the impact upon 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 Ltd, EOS at Federated Hermes, Columbia Threadneedle Investments (CTI) and Local Authority Pension Fund Forum (LAPFF). Based on its Climate Risk Report, the fund has developed a climate stewardship plan which, alongside the widescale engagement activity undertaken by our stewardship partners, includes targeted engagement at investee companies of particular significance to the fund's portfolio. The March 2025 climate stewardship plan includes nine companies across six sectors: energy, industrials, materials, utilities, mining and technology. Mining returned in the March 2025 climate stewardship plan due to concerns over coal production pathways and emissions targets and the importance of capitalisation plans in this sector with a number of critical materials required for the energy transition.

## Metrics and targets

The fund's carbon risk metrics cover its listed equities portfolios, which represent 55% of the fund's strategic asset allocation. The scope of the analysis comprises the total equities portfolios as at 28 March 2024 and covers all four of the fund's equity strategies and approximately £1.4 billion of the fund's assets at that date. The carbon footprints are provided below.



Between 31 March 2020 and 28 March 2024, the carbon footprint of the total equities' portfolio, measured by financed emissions, has reduced by 34% and the normalised financial emissions, which account for changes in net asset value (NAV), have fallen by 63.1% over the same period. The fund also measures weighted average carbon intensity, which provides a measure of the portfolio's exposure to carbon intensive companies. This figure has reduced by 62.9% over the period. These reductions were driven initially by shifts from the LGIM World Developed Equity Index to the LGIM Solactive Fund and the transition of the fund's UK equity portfolio to LGPS Central Ltd Global Sustainable Equity Funds. As a result of market movements and investments, the fund's equity value increased significantly between March 2020 and March 2024 and the normalised financial emissions figure provides the direction of travel accounting for fluctuations in NAV. There have been no changes in the allocation of the fund's equity portfolios during the financial year, but the figures do include the increased investments in the LGPS

Central Ltd Global Sustainable Equity Fund, which occurred between October 2023 and January 2024, which were not reflected in the previous year's report.

## Climate risk training

Throughout the year, the Pensions Committee and officers have received training from LGPS Central Ltd on climate change and investment stewardship 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 2024/25 the fund has received 29 freedom of information requests, all of which have been answered in line with legal timescales.

## Shareholder voting

Shropshire County Pension Fund has, through external managers, been actively voting at the annual general meetings and extraordinary general meetings of the companies in which it invests for more than 20 years. The individual fund managers vote on the fund's behalf on all equity portfolios. For 2025, voting will be undertaken by LGPS Central Ltd via EOS at Federated Hermes for all equities, ensuring a consistent approach to voting.

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

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

During the last year, the fund's voting activity has continued to focus on encouraging the boards of listed companies to be transparent and accountable,

maintain effective systems of internal control, adopt fair remuneration structures and 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 consistent with seeking long-term, sustainable investment returns.

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

### 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 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 dialogue with companies on the fund's behalf to put to them the case for improved financial performance through better management of the negative impacts they might have on the environment and society in general. CTI view engagement not only as a tool to identify and manage environmental, social and governance (ESG) risks but, also as a route to create positive impact for the environment and society by supporting the achievement of the United Nations Sustainable Development Goals (SDGs).

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

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

CTI had 361 engagement meetings in 2024 with 234 companies. This resulted in the achievement of 64 key milestones at companies with which they were engaged. Examples of some of the themes reviewed in 2024 are shown below.

**Environmental:** climate change remained a key component of CTI's environmental engagement during 2024. 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 2024, engagement on social issues was largely focused on labour standards, human rights and public health. 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 food and beverage, we gained a better understanding of the drivers of social and environmental risks, including addressing plastic pollution, reducing greenhouse gas emissions, managing water stress and soil depletion, securing working conditions in operations and supply chains, and eliminating deforestation in raw material sourcing.
- **Responsible governance of artificial intelligence (AI):** While there are vast benefits to AI, there are also risks and harms associated with misuse, which raises questions about the accuracy, fairness, privacy and security of these AI systems. As part of the continuation of the responsible governance of AI project, CTI engaged with companies across the key pillars of AI governance, principles and implementation, impact assessments and associated risk mitigation to strengthen analysis of companies' approach to responsible AI.

**Governance:** board diversity was an important aspect of our corporate governance engagement during 2024, with a particular focus on gender diversity, board effectiveness and ESG oversight.

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

The actions taken by CTI on the fund's behalf are in addition to the actions taken by EOS at Federated Hermes for the portfolios managed by LGPS Central Ltd 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 (annual report 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. In addition, LAPFF issued a report to the UK government in 2024 with recommendations for the UK climate change policy.

A major focus of LAPFF's work is improving company approaches to climate change to reduce the related financial risks. Engagement is often a multi-year process to achieve desired aims, as illustrated by the four-year engagement with Barclays on climate risk, which has led to commitments not to finance expansion in upstream oil and gas projects. To strengthen the approach, LAPFF issued over 130 voting alerts covering 57 companies in 2024. 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. In 2024 the National Grid published its updated

climate transition plan which included setting Science Based Targets Initiative (SBTI) standards on a 1.5 degrees basis, broadening climate analysis to include upstream scope 3 emissions and integrating greenhouse gas emissions targets throughout the business. The plan was supported with a clear investment plan of over the next five years to 2029 of £60 billion 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 continues to raise concerns with the National Grid including on the issue of gas distribution in North America. LAPFF would like to see specific targets or actions relating its role as an enabler of the roll out clean energy. LAPFF will also continue to press National Grid on the four partly aligned organisations contained within its lobbying report.

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 maximise opportunities to create shareholder value. Therefore, good governance is a sign of good business. It also facilitates the effective implementation of good social and environmental practices so, mitigates risk on all fronts. As a result, many of LAPFF's engagements, both at the corporate and policy levels, focus on corporate governance.

**Collaborative engagement:** LAPFF works on a collaborative basis with a number of other bodies to support its engagement principles. An example of collaboration in 2024 includes work on water stewardship as part of the Valuing Water Finance Task Force. This work was again a multi-year engagement with Chipotle, which resulted in the company's sustainability report including goals to support water stewardship efforts, to conserve and restore watersheds in priority areas.

**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 tax approved, defined benefit occupational pension scheme set up under the Superannuation Act 1972. The LGPS was contracted out of the State Second Pension scheme (S2P) until 5 April 2016; from 6 April 2016 the 'contracted out' status ceased to exist for all pension schemes due to the introduction of the single tier State Pension.

The LGPS is a qualifying scheme under the automatic enrolment provisions of the Pensions Act 2008. From 1 April 2014, benefits for active members build up in the career average revalued earnings (CARE) scheme. Benefits for members with service pre-April 2014 are calculated under the final salary scheme.

Shropshire Council is required by law to administer the LGPS in Shropshire. It is accountable to the Pensions Committee, the Pension 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 within Shropshire Council. The administration includes the collection of employee and employer contributions and member data from all fund employers, the calculation of member benefits (including transfers in and out) and payment of pension benefits to retired members; as well as looking after the benefits for deferred members who have not yet taken payment. The scheme not only provides pensions for members but also survivor benefits to spouses, civil and cohabiting partners and children.

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

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

As of 31 March 2025, the Shropshire County Pension Fund had 17,133 active members, 18,353 deferred members, 15,976 pensioners and survivors, and 166\* active employers all looked after by 39 members of staff in the pensions team. (\*Last year this number included employers who have no active members)

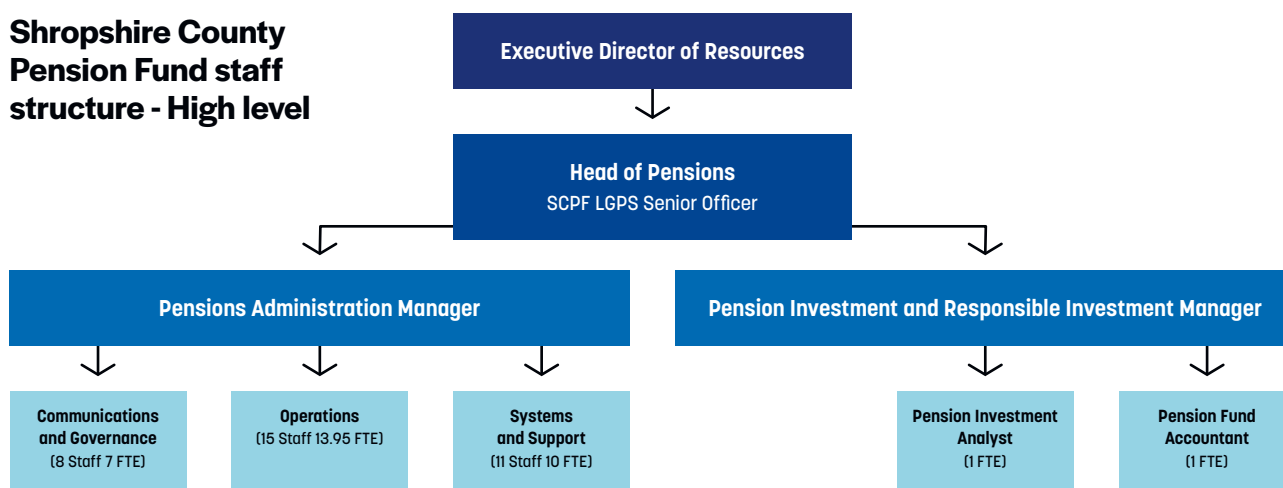
## Value for money statement

The fund takes part in the CIPFA benchmarking survey each year which provides an indicator of the cost per member for administering the LGPS.

Pension fund	Admin cost per member	Net admin cost per FTE	LGPS members per FTE	% of Pensioner members	% of active members	Pensioner payroll cost per pensioner
Shropshire	£30.45	£68,980	1,768	27.2%	30.7%	£6.02
Average	£36.69	£199,848	3,190	28.7%	30.8%	£8.10

The results demonstrate, that, as a fund, we deliver value for money in comparison to other funds of a similar size.

## Shropshire County Pension Fund staff structure - High level



We continuously look to improve our service by investing in our staff so that they receive the right training and access to continuous professional development, utilising technology that is available to us to help create the most efficient processes.

With several other funds, we have established a strong support network, through membership of the Shrewsbury Pensions Officers Group (SPOG), National Pension Officers Group, and National Communications Working Group, where we can provide examples of best practice and have the opportunity to share knowledge, experience and communications which help to save time and money for all funds.

The 2024 employers meeting took place on Thursday 14 November. The meeting was presented by representatives from our actuary, Mercer, who provided information on important topics such as the valuation and accounting. There was also a presentation from the fund's administration manager which covered information on the work of the team.

The meeting was, for the first time, separated into two sessions – one for academies and one for other scheme employers. This enabled more focused and relevant messaging to employers and academies that have a growing presence in the fund, with many more schools still in the process of converting or yet to convert.

Recordings of both meetings, together with the slides, were made available on the fund's website.

A feedback survey was issued to employers who attended showing the meetings were well received. Communication will continue throughout the valuation cycle to ensure employers understand the process and the fund's requirements from them.

Both meetings covered the valuation and funding basics, accounting for employers, and current LGPS issues. The academy session explained the admission policy for new employers, while the other session discussed the fund's termination process for employers who may leave the fund in the future, either because they choose to leave, or their last active member leaves the scheme.

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:

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

Officers also attended:

- Joint Communication meetings
- LGPS Central Ltd Strategic Admin Group
- Shrewsbury Pension Officers Group
- Webinars on topics such hybrid working, the Pension Dashboard Programme, cyber risk, net zero, TPR - General Code of Practice and AVCs.

Training sessions held with committee and board members included:

- Employer investment strategies
- TPR General Code
- Cyber Security Policy
- Responsible investment
- Net zero and climate strategy
- Pension scheme administration

Committee and board members were also invited to attend the 2024 employers meeting.

## Summary of activity in 2024/25

Over the last twelve months, the team continued to ensure benefits for scheme members are paid accurately, on time and according to scheme regulations. The team also worked closely with employers in the fund in the collection of data and pension contribution payments by the statutory timescales.

The fund makes sure it has robust internal controls, innovative technology, and excellent communications for all stakeholders. These are regularly reviewed by both internal and external audits. We are pleased to confirm we have the highest rating achievable from our most recent audits.

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

- Application of pensions increase to all pensions in payment
- Annual benefit statements
- Pension saving statements
- 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

The team have also delivered on the following one-off projects.

- Implementation of new platform for 'My Pension Online'
- Implementation of Integrated Service Provider (ISP) for Pensions Dashboard
- Implementation of new mortality screening service
- Transfer of website to more secure platform

A project team has also been created to prioritise and lead on automation of key functions, which will help manage workloads across the team. These include automation of workflow procedures to save time on manual creation of tasks, bulk processing of refund calculations and publishing documents to members on the online portal to reduce post.

## Data quality

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	2023 score %	2024 score %	Aim %
Common data	98.40	98.40	100%
Scheme specific data	98.85	98.77	100%

Common data relates to details such as name, address, national insurance number etc. The fund has not undertaken a tracing exercise for several years. With the introduction of Pensions Dashboards, the fund will be completing a tracing exercise in 2025/26 to obtain current addresses for all deferred and frozen refund members, this will help to improve the common data score. The tracing exercise will then be run on an annual basis.

## McCloud – Age discrimination remedy

The LGPS rules changed from 1 October 2023. When public service pension schemes changed from final salary schemes to career average schemes 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.

The fund will need to include information regarding the underpin for affected members on the 2025 annual benefit statements.

The team have been assessing the work for the rectification cases and have planned to complete this work by the end of 2025.

## Pensions Dashboards

Work on the implementation of dashboards has begun and the team will be running a tracing exercise to update member addresses. This will then need to be run on a regular basis to keep this information up to date.

## Actuarial valuation 2025

Planning for the 2025 valuation started towards the end of 2024, with work underway from April 2025.

As part of this process, the fund will review its policies on funding, investment and employer events to make sure they are in line with any changes to how the fund assesses risk and the assumptions used to calculate employer contribution rates. Before being taken to committee for sign-off, a draft of the revised policies will be shared with employers so they can provide feedback.

## Local elections 2025

The local elections held in May 2025, have meant a change to the membership of the Pensions Committee, with new committee members meeting for the first time in June 2025. The Pensions Administration Team have planned the training that will be required for new committee members, to ensure they understand their role and responsibilities.

## Working with employers

The fund has for many years received data from employers on a monthly basis and completed a year-end data quality verification. Additional tolerance checks are in place, which are run through the year. This year, the fund had changed mortality screening provider, which has allowed automated data to be sent back to the team, removing the need to manually set up workflow cases. The fund will start to run an annual address check across member records to improve data quality and allow the fund to keep in contact with members who may have lost touch with their pension record.

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 2024/25 is below.

Data category	Amount
Address updates	5,152
Contribution postings (employee & employer)	199,422
Pay data postings: CARE	197,234
Notification of starters	5,269
Notification of leavers	4,389

Any employers who did not provide the contributions or data on time were recorded as a breach of the scheme regulations and, if deemed materially significant, could be reported to The Pensions Regulator. The fund did not need to report any breaches to the Pensions Regulator in 2024/25.

There were 156 breaches recorded for 2024/25 whereas 128 breaches were recorded in 2023/24. Most breaches still relate to late receipt of data or contribution payments.

Employers are regularly reminded of the deadlines and interest is applied for any late payments. Targeted communications for employers who consistently breach are sent out. The fund also sends a monthly pension scheme update to employers that provides useful information and reminders on key dates. For example, each March, the fund reminds employers to check what contribution rate will need to be deducted from April, as this is when they can change.

## Service delivery and staffing update

The pensions team is made up of 39 posts across four work streams: Membership and Benefits (previously Operations), Communications and Governance, Systems and Employer Relations (previously Systems and Support), and the Investment Team.

Shropshire Council decommissioned the Shirehall in December 2024 and now have office space at the Guildhall, in Shrewsbury town centre. The team work on a hybrid basis and have the flexibility to book desk space in the office when needed. In person team meetings are held quarterly and the individual team leaders plan regular team days, where training and collaborative working take place. The full team also hold two training away days each year, which have included training on equality, diversity and inclusion and wellbeing. The team can feed into the planning of these days, so that topics are relevant to their requirements.

The retired members bi-annual newsletter, InTouch, was sent by email in April 2024 to 8,579 pensioners and dependents. Retired members who are not using digital communications, receive a paper copy.

The fund surveyed members in June 2024, asking pensioners and dependents who receive the magazine what they thought of the format and content. Most respondents were incredibly positive about the magazine, but some expressed a preference for a newsletter-style format, so this format was used for the next edition in autumn 2024.

A further survey carried out after the autumn edition, found that members find the magazine difficult to read on mobile phones. Following this feedback, the spring 2025 version included a mobile-friendly version to address these concerns.

Notes to accompany the 2024 annual benefit statements, together with a newsletter, were produced collaboratively with other LGPS funds in a project led by Shropshire and West Midlands Pension Fund. The Plain English Crystal Mark was applied to both documents.

An email notification was sent to all deferred members in July 2024 with links to their annual benefit statement held on the 'My Pension Online' portal. The aforementioned notes and newsletter were also made available here, which covered:

- FAQs about LGPS pensions.
- McCloud update.
- Pensions dashboards.
- Rejoining the LGPS.

376 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 2024, with links to their annual benefit statements, notes and newsletter. Topics included.

- New TPR General Code.
- Retirement standards.
- Pensions Awareness Week.
- New 'My Pension Online' and how to register.
- Digital skills programme.

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

15,686 actives and 18,477 deferred statements were released to 'My Pension Online'. A total of 34,163 statements were produced and sent out by the statutory deadline of 31 August 2024.

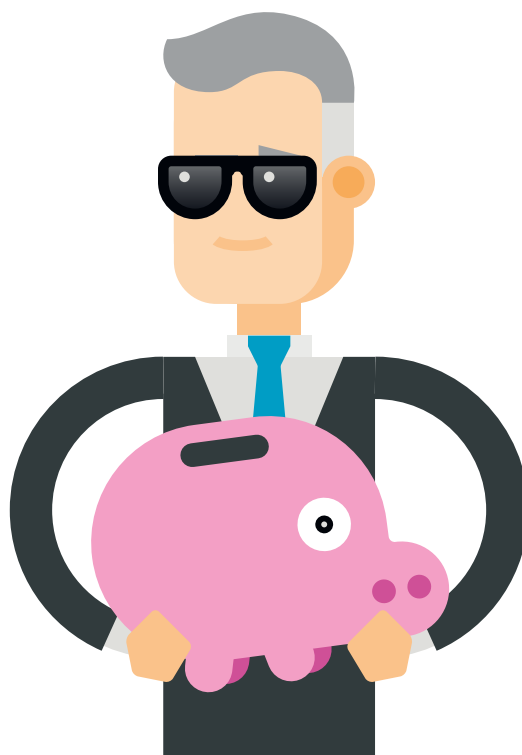
Pensions saving statements (PSS) were issued by 6 October 2024 to five members. As there were so few this year no webinar was held but offers of one-to-one guidance sessions were offered with a specialist from Mercer.

## Cyber security

The fund has its own Cyber Security Policy and works together with Shropshire Council's IT security team and software providers, to make sure our technology is safe and secure. The policy is reviewed on an annual basis or when a change is required. Data protection and cyber security training is undertaken by officers each year and information is shared with the team regarding the Service Recovery Plan, which would come into force should an incident occur that would disrupt the service.

## Pensions scams pledge

The fund is signed up to TPR scams pledge to show that the fund is committed to tackling pension scams. The fund undertakes stringent checks on requests for transferring benefits out of the scheme and regularly warns members about the risk of scams. The fund is committed to protecting its members from scammers.



## 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 give measures of performance on providing an effective administrative service for both members and employers.

In 2024/25 the pensions team have been able to recruit to vacant posts. The training of new staff and the implementation of the McCloud remedy and pension dashboards has impacted on the work the team has been able to complete. Priority is given to member retirements, and this is reflected in the number of cases that have been completed.

The team regularly monitor workloads and can move resources to tackle any backlog of work. A review of the team structure was undertaken, and we have strengthened our resources to help meet the demand of certain areas of work, for example early leavers from the scheme.

We also constantly review our processes and developments in software functionality to ensure they are efficient and support the work of the team. We have been able to implement changes to processes, for certain cases which is helping to reduce workloads and improve the service to members.

<b>Table A</b> 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	30	529	559	93.4%	425	94.65%
New dependent member benefits	25	341	366	92.9%	359	93.01%
Deferred member retirements	214	974	1,188	83.2%	846	79.36%
Active member retirements	24	550	574	93.9%	489	94.58%
Deferred benefits	356	1,479	1,835	66.9%	1,131	74.02%
Transfers in (including interfunds in, club transfers)	91	334	425	79.5%	123	74.55%
Transfers out (including interfunds out, club transfers)	74	265	339	80.2%	211	71.53%
Refunds	14	367	381	94.0%	377	94.25%
Divorce quotations issued	10	90	100	9%	65	84.42%
Actual divorce cases	0	0	0	0	0	0.00%
Member estimates requested either by scheme member or employer	10	90	100	96.0%	1,094	99.18%
New joiner notifications	0	5,269	5,269	100.0%	6,202	100.00%
Aggregation cases	100	1,249	1,349	91.0%	1,385	92.10%
Optants out received after 3 months membership	15	232	247	88.7%	94	72.31%

**Table B:** This information demonstrates the areas of work the team are doing well and the areas of work where we need to look at adapting our processes to improve the number of cases completed within the KPI timeframe.

<b>Table B</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	62.3%	57.18%
Communication issued confirming the amount of dependents pension	10	84.7%	78.30%
Communication issued to deferred member with pension and lump sum options (quotation)	15	89.8%	88.40%
Communication issued to active member with pension and lump sum options (quotation)	15	91.5%	92.40%
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15	48.9%	49.20%
Communication issued to active member with confirmation of pension and lump sum options (actual)	15	90.7%	95.10%
Payment of lump sum (both actives and deferreds)	15	76.2%	74.15%
Communication issued with deferred benefit options	30	51.6%	37.30%
Communication issued to scheme member with completion of transfer in	15	35.5%	44.90%
Communication issued to scheme member with completion of transfer out	15	55.5%	53.60%
Payment of refund	10	92.2%	93.00%
Divorce quotation	45	83.3%	76.90%
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	100.0%	100.00%
Member estimates requested by scheme member and employer	15	90.7%	90.40%

## Key financial data

The pension fund categorises its expenditure 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	2023/24 Actual £m	2024/25 Actual £m	2025/26 Budget £m	2026/27 Budget £m
<b>Investment management</b>				
Management & performance fees	9.457	12.617	13.070	13.600
Transaction costs	3.632	3.266	3.400	3.500
Other fees	4.545	4.377	4.520	4.622
<b>Total</b>	<b>17.634</b>	<b>20.260</b>	<b>20.990</b>	<b>21.722</b>
<b>Administration</b>				
Staff costs	1.095	1.241	1.450	1.500
IT	0.630	0.408	0.420	0.430
Premises	0.032	0.037	0.040	0.040
Supplies & services	0.113	0.260	0.202	0.211
<b>Total</b>	<b>1.870</b>	<b>1.946</b>	<b>2.112</b>	<b>2.181</b>
<b>Oversight &amp; governance</b>	<b>1.641</b>	<b>1.738</b>	<b>1.974</b>	<b>1.853</b>
<b>Total management expenses</b>	<b>21.145</b>	<b>23.944</b>	<b>25.076</b>	<b>25.756</b>

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 writing.

## Staffing

Membership	2022/23	2023/24	2024/25
Staff in Pensions Administration Team (excluding Investment Team)	30	33	35
Scheme members	52,197	53,146	54,330
Scheme members to staff member	1,652	1,765	1,552
Average cases per member of staff *Based on FTE of 13.95 from membership and benefits team)	2,108	1,728	913

The table above shows that the membership of the scheme continues to grow, the increase in staff has seen a positive improvement to the completion of cases and workloads.

### Vacancy factor

Over the year 1 April 2024 to 31 March 2025, the Pensions Administration Team retained all existing staff and were able to recruit three new Pensions Assistants, this has helped to stabilise the team.

## New pensioners in year by type of retirement

Retirement type	Number of cases 2022/23	Number of cases 2023/24	Number of cases 2024/25
Early	579	643	807
Ill health	92	123	109
Late	33	30	36
Normal	126	170	226
<b>Total</b>	<b>830</b>	<b>966</b>	<b>1178</b>

Over the last three years the fund has seen an increase in the number of pensions being brought into payment. Early payment of pension is when a member takes payment before their normal pension age, this can be for members who retire from work or members who have benefits held in the scheme which they are no longer contributing towards and are over the age of 55. In 2028 the normal minimum pension age of 55 will increase to age 57. The fund awaits details regarding any protections that may be applied for members of the LGPS.

## Employer summary as at 31 March 2025

A summary of the number of employers in the fund analysed by scheme employers, admission bodies and designated bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities) as of 31 March 2025.

Employers	Active	Ceased	Total
Scheme employers	77	30	107
Admission bodies	51	65	116
Resolution Bodies	38	4	42
<b>Total</b>	<b>166</b>	<b>99</b>	<b>265</b>

## Feedback from members and employers

**The fund welcomes feedback from stakeholders.**

**In 2024/25 the fund received:**

- 26 compliments
- 2 complaints (only one was partially upheld)

**Examples of compliments received in 2024/25:**

*"I just wanted to thank you very much for your speedy help to provide me with my CETV, it was very much appreciated."*

*"Thank you so much for all your help. I very much appreciate everything you have done to help me out."*

*"I have recently been dealing with a member of your team with arranging starting to take my deferred pension and I wanted to take this opportunity to say what excellent service I have received."*

*"I've spoken to a few different pension funds over the last few days, and I want to say you've definitely been the most helpful. You've gone absolutely above and beyond to help me, and I really appreciate it."*

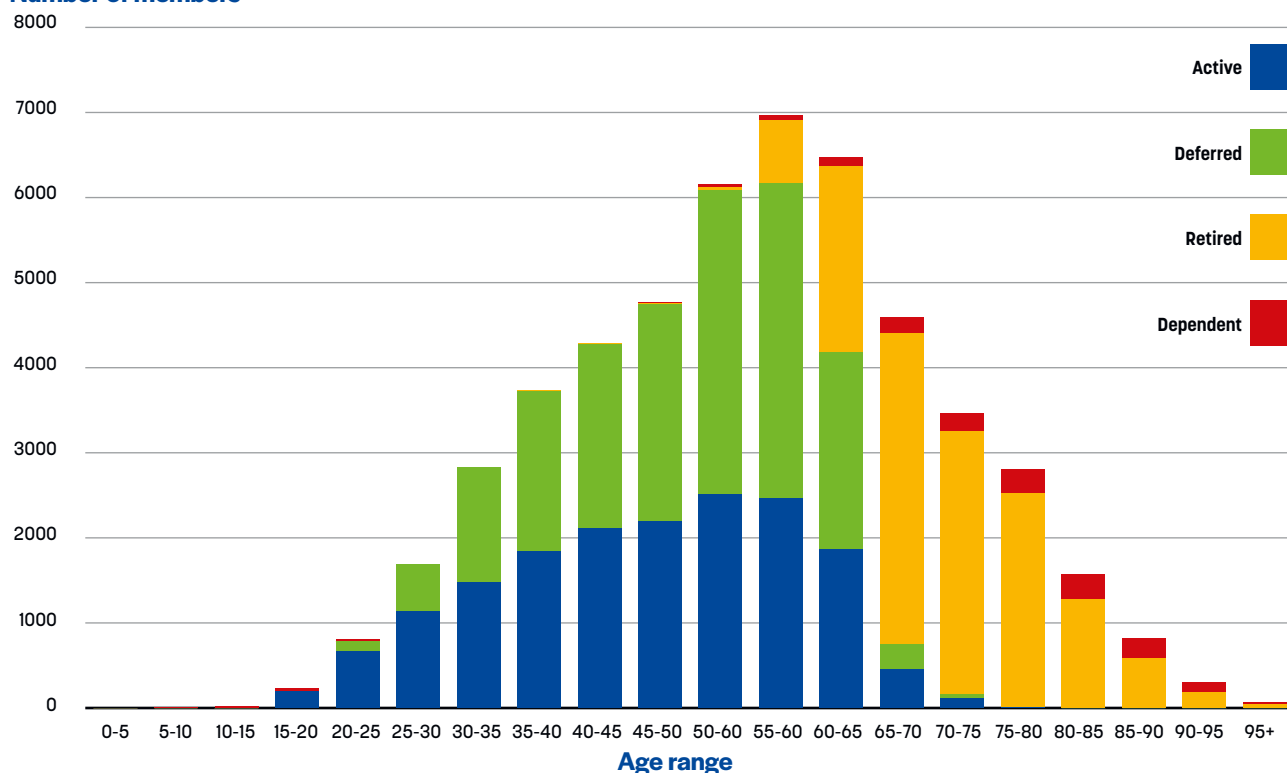
*"I have tried to change my mum's address for several different companies, and this was by far the most efficient company. It was also great to speak to a real person as opposed to the many bots from other companies I have been forced to deal with."*

*"I would also like to take this opportunity to compliment the pensions team for their professionalism, patience and kindness when handling my claim. No question seemed to challenge them, so courteous."*



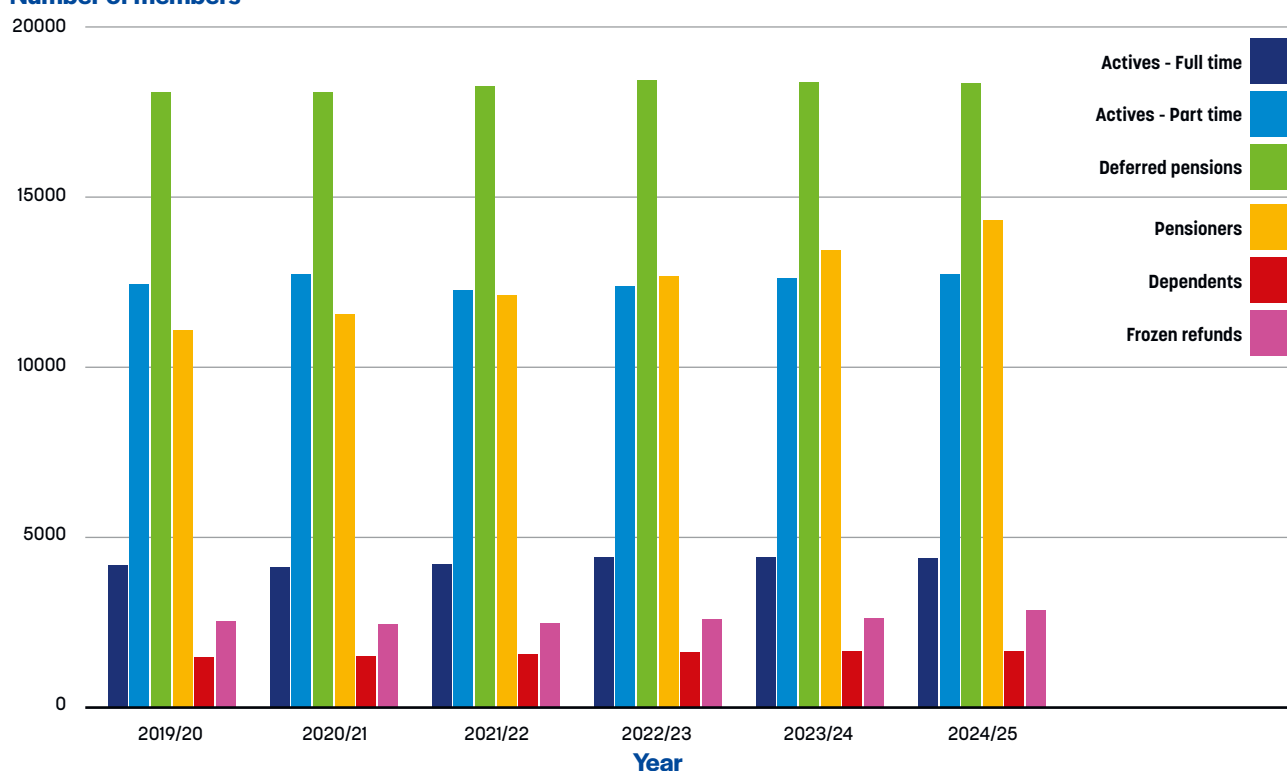
## Age profile of membership as at 31 March 2025

Number of members



## Membership numbers and trends as at 31 March 2025

Number of members





## How our service is delivered

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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, which moved to an updated platform at the end of 2024 to improve security features, 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](http://www.shropshirecountypensionfund.co.uk)

The website contains lots of useful information for both scheme members and employers.

All participating employers in the fund are encouraged to use the employer area on the website to ensure they understand their responsibilities. Information on responsibilities and statutory timescales is provided in the fund's Administration Strategy Statement which is available on the website.

### **Pension administration system**

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

### **Electronic data transfer**

The fund uses a data transfer portal 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 provide training on the use of i-Connect and to ensure accurate data is provided by statutory deadlines.

### **'My Pension Online'**

The 'My Pension Online' portal which allows members to view their pension information, update personal details, run pension estimates and upload their own documents to their member record, was updated in October 2024. The site now has two-factor authentication ensuring improved security for members accessing their pension details.

Allowing members to 'self-serve' via this platform means they can access information at any time. The platform is designed to be user friendly and provides links to the fund's website where members can find out more about how their pension is worked out.

The fund understands that not all members can use this facility so maintains a helpdesk where members can talk to the team.

As of 31 March 2025, the percentage of members accessing the platform are:



Active members



Deferred members

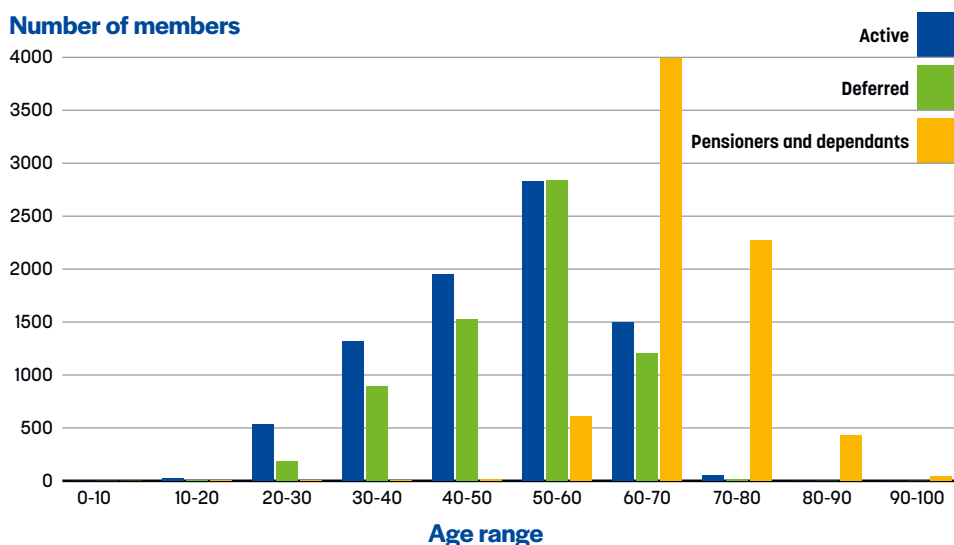


Pensioners and dependants



Overall scheme total

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



Guides and video tutorials on how to use the online service are included on the fund's website and online portal.

For employers, the fund has launched a facility to submit leavers forms securely on i-Connect, removing the need for a separate form to be completed by the employer. This has allowed the fund to automate some stages of the administrative duties across the team, and now gives the team more time to focus on 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. The BOT has been named Penny and has a 90% success rate of being able to answer the questions asked. The Communications and Governance Team are continuously adding more information into the knowledge bank for this to improve the success rate.

**Through the year the fund helpdesk team have dealt with the following numbers of calls, emails and delivered 1:1 meetings with individual scheme members:**

Total number of telephone calls received in year	6547
Total number of email and online channel queries received	9080
Number of active members who received a one-to-one (in-person and online)	175

### Email updates

The fund sends monthly email updates to employers 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 by email. This includes information that must be provided under disclosure requirements, such as changes to legislation that will affect members' benefits.

## Internal dispute resolution procedure (IDRP)

Despite the best efforts of Shropshire County Pension Fund, sometimes appeals are received from 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 have, but has not been, made by their employer or the fund. The procedure is outlined in regulation 72 of the LGPS Regulations 2013.

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 in 2024/25:**

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

## 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 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 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.

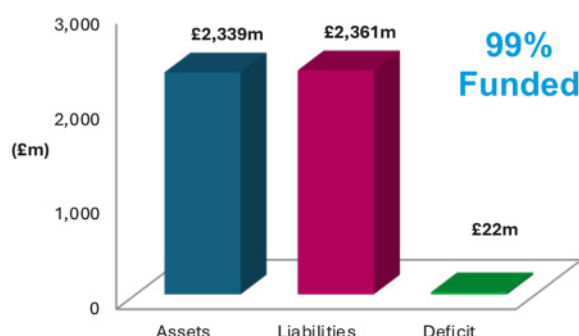
# ➤ Statement by the consulting actuary

## Accounts for the year end as at 31 March 2025

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, and the total initial recovery payment (the "Secondary rate" for 2023/26) was an addition of approximately £1.7m per annum in £ terms (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 Funding Strategy Statement (FSS). Any different approaches adopted, e.g. 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 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 of 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. The assumptions adopted are shown in Appendix B.

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

Start of period liabilities	£2,519m
Interest on liabilities	£121m
Net benefits accrued/paid over the period*	(£28m)
Actuarial (gains)/losses (see next paragraph)	(£364m)
End of period liabilities	£2,248m

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

### Key factors leading to actuarial gains above are:

- **Change in financial assumptions:** Corporate bond yields increased over the year, with a corresponding increase in discount rate from 4.9% p.a. to 5.8% p.a. The long-term assumed CPI is slightly lower at the end of year than it was at the start of year. In combination, these factors lead to a significant reduction in liabilities.
- **Change in demographic assumptions:** As noted in appendix B, the mortality assumptions have been updated to reflect the latest mortality tables and future life expectancy improvement model. This acts to slightly reduce the liabilities.
- **Pension increases / inflation experience:** The figures allow for the impact of actual CPI experienced over the year compared to the start of period assumption (experience to September 2024 fed into the April 2025 pension increase of 1.7%, and actual inflation from that point will feed into the 2026 increase). As inflation over the year was a little lower than the long-term assumption, this slightly decreases the liabilities.

**Clive Lewis**

Fellow of the Institute and Faculty of Actuaries

**Mark Wilson**

Fellow of the Institute and Faculty of Actuaries

Mercer Limited

May 2025

## Appendix A - 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.

**Market volatility and tariffs:** There was significant volatility in markets shortly after the accounting date, in part due to the announcements on tariffs coming from the USA. The period-end figures reflect market conditions as at the accounting date, but do not allow for any subsequent experience.

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

## Appendix B - financial and demographic assumptions

To assess the liability value of the benefits, we have used the following assumptions as at 31 March 2025 (the 31 March 2024 assumptions are included for comparison):

### Financial assumptions

Assumption	31 March 2024 (per annum)	31 March 2025 (per annum)
Rate of return on investments (discount rate)	4.90%	5.80%
Rate of CPI Inflation / CARE benefit revaluation	2.70%	2.60%
Rate of pay increases	3.95%	3.85%
Increases on pensions (in excess of GMP) / Deferred revaluation	2.80%	2.70%

### Post retirement mortality (normal health)

Assumption	31 March 2024 (M/F)	31 March 2025 (M/F)
Base mortality table	SAPS 3 / SAPS 3 middle	SAPS 4 / SAPS 4 middle
Future improvements	CMI 22 1.5%	CMI 23 1.5%
Additional parameters	S=7, A=0, W20=W21=0%, W22=25%	S=7, A=0, W20=W21=0%, W22=W23=15%
<b>Non-retired members (current age 45):</b>		
Weightings	102% / 92%	101% / 93%
Life expectancies at age 65	23.1 / 26.0	23.1 / 26.0
<b>Retired members (current age 65):</b>		
Weightings	98% / 92%	96% / 92%
Life expectancies at age 65	21.8 / 24.2	21.8 / 24.3

The base tables are set based on the most recent mortality analysis for the fund (undertaken as part of the 2022 actuarial valuation). The future improvements allow for a best estimate long-term improvement rate of 1.5% and have been updated to allow for the latest base tables available (the “S4” series of tables and CMI 2023 at the end of period), with a reweighting to maintain consistency with the underlying mortality analysis.

### Other demographic assumptions

The other demographic assumptions are the same as those used for 2022 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2023.

# 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 Pension Board and how the committee report to the council. The make-up of the committee is outlined and the reasons for the current representation. The roles of officers, independent advisors and employee and pensioner representatives are also clearly explained.

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

Under the cabinet structure in local government, management of the pension fund is a non-executive function, and this is reflected in Shropshire Council's governance structure as administering authority. The Pensions Committee was established in 1994

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

The Shropshire County Pension Fund's Local Pension 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 Pension 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/ortp45nz/governance-compliance-statement-june-2024.pdf>

# Pension Board report 2024/25

## A Quick Reminder of the Pension Board's Background

The Shropshire County Pension Fund and all Local Government Pension Scheme (LGPS) funds were required to establish a Local Pension Board by 1 April 2015, an 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 relating 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. The board members are volunteers, but this does not mean that they can escape the requirement to be highly trained within the LGPS sphere.

I would like to thank Helen Woodvine for the three years she served as a board member and am delighted that Tricia Slater from the Empower Multi Academy Trust has replaced her as an employer representative. We have a large number of academies as employers in the fund so her insights will prove invaluable.

I have now started my third year in the role of Chairperson and once again I must stress how

very impressed I am with the Pensions 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. They give the same support to my board and to the Pensions Committee. I can honestly state that you have an excellent team looking after your pensions.

The Shropshire Pensions Committee are the decision-making part within the LGPS, however at least one board member will try to attend and 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 with the committee.

Shropshire County Pension Fund has a number of strategies in place covering responsible investment, climate change, investments, funding, cyber incidents and administration to name a few. It is important that the board understand these strategies and are updated when they change.

Climate change and the target to achieve net zero by 2050 is a prominent issue and raises the most public questions. I can report from my observations, especially over the last year, that the Pensions 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 incidents and fraud. The Pensions Team council officers and their suppliers, who control our community of integrated information, communication and technologies must protect member's data.

The Pension Regulator's general code for pension schemes includes a requirement for a cyber security policy and is just as essential as an investment policy to protect individuals and the organisation. The fund is now in its second year of having a Cyber Security Policy, and the board receives regular reports and

training 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 Pension Board does, you can view the open part of our meetings on Shropshire Council's website.

**Dave Wright**  
**Pension Board Chair**  
*19 September 2025*

## **The Pension Board members 2024/25**



**Dave Wright** (Chair)  
 Member representative



**Rebecca Summerlin**  
 Member representative



**Liz Furey**  
 Employer representative  
 Harper Adams University



**Tricia Slater**  
 Employer representative



**Madeline Murphy**  
 Employer representative  
 The Wrekin Housing Group



**John Hall**  
 Member representative

### Member changes

Tricia Slater joined the Pension Board in October 2024, replacing Helen Woodvine as employer representative.

### Board meeting attendance details 2024/25

In 2024/25, three Board meetings were held. The meeting planned for January 2025 was cancelled as it would not have been quorate.

Member	April 26, 2024	July 19, 2024	November 8, 2024
Dave Wright	Attended	Attended	Attended
John Hall	Attended	Attended	Attended
Liz Furey	Attended	Apologies sent	Attended
Helen Woodvine	Attended	No longer a Board member	No longer a Board member
Madeline Murphy	Attended	Attended	Attended
Rebecca Summerlin	Attended	Attended	Attended
Tricia Slater	Not a Board member	Not a Board member	Attended

# Pensions Committee report 2024/25

**Overall responsibility for the Shropshire County Pension Fund lies with Shropshire Council, however, this responsibility has been delegated to 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 the fund managers
- Monitor the activities of the administration function
- Accept new employers into the fund
- Reviewing governance arrangements

At the June 2024 meeting, which was the first of the new financial year, Councillor Tom Biggins was elected as committee chair and the election of a vice-chair was deferred until Telford & Wrekin Council appointed committee in July 2024 as the constitution states each authority has either the chair or vice-chair positions. The committee was also informed that Councillor Nathan England and Councillor Helen Macmillan had resigned from the committee and replacements were awaited.

Discussion at this meeting focused on the fund's responsible investment engagement as well as increased staffing levels needed to deal with growing demands such as McCloud and Pensions Dashboards.

At the September meeting, Grant Thornton presented their audit findings report and the fund's annual report and accounts for 2023/24 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. Members also discussed the fund's progress against the business plan and the new member portal to be launched in October 2024.

In December 2024, Councillor Zona Harrington was appointed vice-chair of the committee. Paul Griffiths was also welcomed to his first meeting as Employee

Representative for Shropshire Council, replacing Helen Macmillan. The committee received updates on stewardship and discussed the Government's Mansion House proposals on LGPS Pooling, Governance and UK investment.

At the March 2025 meeting, Labour Party member Tony Parsons joined the committee following a change in Shropshire Council's political make-up after two councillors switched party allegiance. He replaced Conservative Councillor Brian Williams who then became a substitute member.

March's meeting saw a revised Communications Policy and Climate Stewardship Plan both approved. Members also discussed the fund's response to the Government's "Fit for the Future" consultation on LGPS funds. The committee was also informed that the fund had retained its status as signatory to the stewardship code and this application can be found on the fund's website at:

<https://www.shropshirecountypensionfund.co.uk/media/0cchpxyn/stewardship-code-february-2025.pdf>

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>

## Member changes

The committee saw employee representative Nathan England, from Telford and Wrekin Council, resign in June 2024. Councillor Paul Davis and Councillor Zona Harrington were appointed committee members in September 2024 for Telford and Wrekin Council. Cllr Hannington was appointed vice-chair in December 2024. Paul Griffiths also joined the committee in December 2024 as employee representative. In March 2025, Councillor Tony Parsons replaced Councillor Brian Williams following a change in Shropshire Council's political structure.

## Committee meeting attendance details 2024/25

In 2024/25, four committee meetings were held. Attendance is recorded below.

Member	June 21, 2024	September 13, 2024	December 6, 2024	March 21, 2025
Tom Biggins (chair)	Attended	Attended	Attended	Attended
Roger Evans	Attended	Attended	Attended	Apologies
Simon Harris	Apologies and sent substitute	Attended	Attended	Apologies
Brian Williams	Attended	Attended	Attended	Attended as substitute
Carolyn Healy	Apologies	No longer a committee member	No longer a committee member	No longer a committee member
Paul Davis	Not yet a committee member	Attended (non-voting)	Attended	Attended
Zona Harrington	Not yet a committee member	Attended (non-voting)	Apologies	Attended
Tony Parsons	Not yet a committee member	Not yet a committee member	Not yet a committee member	Attended
Byron Cooke	Absent	Attended (non-voting)	Apologies	Attended non-voting)
Jean Smith	Apologies	Attended (non-voting)	Attended (non-voting)	Attended (non-voting)
Paul Griffiths	Not yet a committee member	Not yet a committee member	Apologies	Apologies
<b>Substitutes</b>				
Chris Schofield (substitute)	Present as substitute			



## Committee members 2024/25



**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



**Paul Davis**

Telford and Wrekin Council  
VOTING



**Jean Smith**

Pensioner Representative  
NON-VOTING



**Zona Harrington**

Telford and Wrekin Council  
VOTING



**Byron Cooke**

Employee Representative  
Telford and Wrekin Council



**Paul Griffiths**

Employee Representative

# ➤ 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 financial management and decision making with regard to the pension scheme are equipped with the knowledge and skills to fulfil 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/fpojijop/training-policy-december-2024.pdf>

### 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 Ltd, investment fund managers, the fund's actuary Mercer, or officers.

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

- The 2025 valuation and what to expect
- Fund policies
- New employers
- Employer exits
- Ill-health captive
- Administration of the LGPS and how benefits are calculated
- Net zero strategy
- The Pensions Regulator's New Code
- Cyber security policy

Training sessions are recorded so any members of the Pensions Board/Committee unable to attend in person can watch later. These recordings are stored on the Board and committee's secure SharePoint sites.

### Pension Board

Pensions Board members joined the training provided for committee members throughout 2024/25. 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 Pensions Committee meetings.

The Board chair and another Board member also attended the Local Government Association (LGA) annual governance conference in January 2024, where topics included; Tomorrow's world: the future landscape of the LGPS; Pensions adequacy; Funding strategy statement guidance; The administration challenge; Legal update; An update from the Pensions Ombudsman; Fund valuations 2025; MHCLG update; Being an effective pension committee or board member; and the investment outlook.

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

- annual report and accounts
- investment performance and 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 are available for the public to view the public part of the meeting.

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

The employers meeting was held virtually on 14 November 2024 and for the first time there were two separate sessions, one for academies and one for other employers. This was so more targeted messaging could be delivered. Both meetings featured a presentation from the fund's actuary-Mercer- on valuation and funding basics, accounting for employers and current issues. Academies also had an additional presentation on the admission policy while other employers were informed about the fund's termination process.

Live recordings and presentations can be found on the Shropshire County Pension Fund's website. The annual report and accounts for 2024/25 can also be found at:

[www.shropshirecountypensionfund.co.uk](http://www.shropshirecountypensionfund.co.uk)

### **Hymans Learning Academy**

In November 2022, the fund purchased this online learning platform for officers, board and committee members, and continues to renew access. 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

In January 2025, Hymans launched their first LOLA live session on the topic of Conflicts of Interest. Hymans plan to run live sessions covering different topics on a quarterly basis.

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 the PLSA Conference, Pensions Managers Conference, LGA Governance Conference, 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 attended by senior officers.

Continued professional development for all officers is actively encouraged and webinars on topics such as planning for retirement, Pensions Dashboard programme, admissions and terminations, accessibility, survivor benefits and McCloud, are available for officers to complete

As the 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  
*19 September 2025*

# > Pension fund account

## Pension fund account for the year ending 31 March 2025

2023/24 £m		Notes (pages 54-73)	2024/25 £m	
	<b>Contributions &amp; benefits</b>			
	<b>Contributions</b>			
63.025	Employers	7	73.017	
20.584	Employees	7	21.501	
7.573	Transfers in from other pension funds	3,7	11.061	
<b>91.182</b>	<b>Total income</b>			<b>105.579</b>
	<b>Benefits payable</b>			
(79.602)	Pensions	7	(88.105)	
(16.026)	Commutation of pensions and lump sum retirement benefits	7	(22.014)	
(1.966)	Lump sum death benefits	7	(2.591)	
	<b>Payment to and on account of leavers</b>			
(0.243)	Refund of contributions	7	(0.243)	
(6.927)	Transfer to other funds	3,7	(5.634)	
<b>(104.764)</b>	<b>Total expenditure</b>			<b>(118.587)</b>
(13.582)	Net additions/(withdrawals) from dealings with scheme members			(13.008)
(21.145)	Management expenses	8		(23.944)
(34.727)	Net additions/(withdrawals) including fund management expenses			(36.952)
	<b>Returns on investments</b>			
11.187	Investment income	3,9	14.005	
11.504	Gain/(loss) on cash and currency hedging		(0.329)	
(0.105)	Taxes on income	10	(0.112)	
271.230	Profits and losses on disposal of investments and changes in value of investments	11a	146.611	
<b>293.816</b>	<b>Net return on investments</b>			<b>160.175</b>
<b>259.089</b>	<b>Net increase/(decrease) in the net assets available for benefits during the year</b>			<b>123.223</b>
<b>2,244.087</b>	<b>Opening net assets of the scheme</b>			<b>2,503.176</b>
<b>2,503.176</b>	<b>Closing net assets of the scheme</b>			<b>2,626.399</b>

# > Net assets statement

## Net assets statement as at 31 March 2025

31 March 2024 £m		Notes (pages 54-73)	31 March 2025 £m	%
	<b>Long-term investments</b>			
1,315	Equities	11	1,315	0.05
	<b>Investment assets</b>			
0.016	Equities	11	0.018	0.00
	<b>Pooled investment vehicles</b>			
2478.163	Other managed funds	11	2594.391	98.78
	<b>Other investment balances</b>			
0.685	Loans	11	0.685	0.03
	<b>Cash deposits</b>			
14.957	Deposits	11	20,246	0.77
1.650	Temporary investments	27	5,700	0.22
<b>2496.786</b>	<b>Total investment assets</b>		<b>2622.355</b>	<b>99.85</b>
	<b>Long-term debtors</b>			
1,724	Lifetime and annual tax allowances	18a	1,857	0.07
	<b>Current assets</b>			
7.171	Contributions due from employers/employees	18b	7,262	0.28
2.307	Other current assets	18b	1,121	0.04
0.000	Cash balances	27	0.046	0.00
	<b>Current liabilities</b>			
(0.665)	Unpaid benefits	19	(1,418)	(0.06)
(4.107)	Other current liabilities	19	(4,824)	(0.18)
(0.040)	Cash balances		0.000	0.00
<b>2503.176</b>	<b>Net assets of the scheme - available to fund benefits as at 31 March</b>		<b>2626.399</b>	<b>100.00</b>

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 2025

### 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 166 employers with active members within the Shropshire County Pension Fund including Shropshire Council itself, as detailed below.

Shropshire County Pension Fund	31 March 2025	31 March 2024
No of employers with active members	166	150
Number of employees in the scheme		
Shropshire Council	5,395	5,951
Other employers	11,738	11,076
<b>Total</b>	<b>17,133</b>	<b>17,027</b>
Number of pensioners in the scheme		
Shropshire Council	6,668	6,312
Other employers	7,644	7,143
<b>Total</b>	<b>14,312</b>	<b>13,455</b>
Number of deferred pensioners in the scheme		
Shropshire Council	8,250	8,301
Other employers	10,108	10,076
<b>Total</b>	<b>18,358</b>	<b>18,377</b>

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 2025. 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% 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 scheme, whereby members accrue benefits based on their pensionable

pay in that year, at an accrual rate of 1/49th. Accrued pension is uprated annually in line with the Consumer Price 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 2024/25 financial year and its financial position as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on an ongoing concern basis.

Paragraph 3.3.1.2 of the code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2024/25.

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 and 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.

<b>Administrative expenses</b>	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.
<b>Oversight and governance</b>	<p>All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the fund.</p> <p>Where an invoice has not been received by the year-end date, an estimate based upon the previous quarters is used for inclusion in the fund account. In 2024/25, £0.175m of fees is based on such estimates (2023/24 £0.227m)</p>
<b>Investment management expenses</b>	<p>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.</p> <p>Fees charged by external investment managers and custodians are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.</p> <p>In addition, the fund has negotiated with BlackRock (hedge fund) that an element of their fee will be performance related.</p> <p>Total performance related fees for all managers in 2024/25 £0.649m (2023/24 £0.458m).</p> <p>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 2024/25, £0.225m of fees is based on such estimates (2023/24 £0.187m).</p>

### Net assets statement

#### Financial assets

The share capital investment in LGPS Central Ltd is valued at transaction price i.e. cost. LGPS Central Ltd began to trade on 3 April 2018. The pension fund's view is that the market value of this investment at 31 March 2025 cannot be reasonably assessed as the company was set up for the sole purpose of LGPS pooling and no market exists for its potential sale, and that cost is therefore an appropriate estimate of fair value.

All other investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the fund becomes party to the contractual acquisition of the asset. Any

amounts due or payable in respect of trades entered into but not yet complete as 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 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 on 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 Ltd 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 Ltd

The share capital investment has been valued at cost on the basis that fair value as at 31 March 2025 cannot be reliably estimated. Management have made this judgment because:

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

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

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

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Private equity</b>	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £199.6 million. There is a risk that this investment may be under or over-stated in the accounts.  A 10% movement in the valuation would equate to a £20 million adjustment to the value of these assets.
<b>Infrastructure</b>	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 £157.9 million. There is a risk that this investment may be under or overstated in the accounts.  A 10% movement in the valuation would equate to a £15.8 million adjustment to the value of these assets.
<b>Property debt</b>	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 £10.4 million. There is a risk that this investment may be under or over-stated in the accounts.  A 10% movement in the valuation would equate to a £1 million adjustment to the value of these assets.
<b>Private debt</b>	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 £79.0 million. There is a risk that this investment may be under or over-stated in the accounts.  A 10% movement in the valuation would equate to a £7.9 million adjustment to the value of these assets.
<b>Insurance-linked securities</b>	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 £44.3 million. There is a risk that this investment may be under or over-stated in the accounts.  A 5% movement in the valuation would equate to a £2.2 million adjustment to the value of these assets.
<b>Hedge funds</b>	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 £114.1 million. There is a risk that this investment may be under or overstated in the accounts.  A 5% movement in the valuation would equate to a £5.7 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 2025, 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 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 & McCloud.

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

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

## Note 7: Analysis of the main revenue account transactions

The following table provides further analysis of contributions received and benefits paid between the administering authority (Shropshire Council), designated bodies 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
<b>2024/25</b>				
Contributions received				
Employees	7.707	1.764	12.030	21.501
Employers	29.860	3.258	39.899	73.017
Transfers in	5.765	0.346	4.950	11.061
<b>Total income</b>	<b>43.332</b>	<b>5.368</b>	<b>56.879</b>	<b>105.579</b>
Payments made				
Pensions	47.228	11.673	29.204	88.105
Lump sums	9.599	3.385	9.030	22.014
Death benefits	0.860	0.260	1.471	2.591
Refunds	0.076	0.004	0.163	0.243
Transfers out	2.859	0.321	2.454	5.634
<b>Total expenditure</b>	<b>60.622</b>	<b>15.643</b>	<b>42.322</b>	<b>118.587</b>
<b>2023/24</b>				
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
<b>Total income</b>	<b>33.726</b>	<b>6.684</b>	<b>50.772</b>	<b>91.182</b>
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
<b>Total expenditure</b>	<b>54.220</b>	<b>14.134</b>	<b>36.410</b>	<b>104.764</b>

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

2023/24 £m	Employers contribution breakdown	2024/25 £m
56.555	Employers' normal contributions	60.617
2.845	Employers' deficit contributions	2.665
3.625	Employers' augmentation contributions	9.735
<b>63.025</b>		<b>73.017</b>

## 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).

2023/24 £m	Management expenses	2024/25 £m
1.870	Administrative costs	1.946
17.634	Investment management expenses	20.260
1.641	Oversight and governance costs	1.738
<b>21.145</b>		<b>23.944</b>

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 £0.649m (2023/24 £0.458m) in respect of performance related fees paid/payable to the fund's investment managers.

It also includes £3.266m in respect of transaction costs (2023/24 £3.632m).

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).

2023/24 £m	Investment management expenses	2024/25 £m
8.999	Management fees	11.968
0.458	Performance fees	0.649
4.525	Other fees	4.358
3.632	Transaction costs	3.266
0.020	Custody fees	0.019
<b>17.634</b>		<b>20.260</b>

The costs incurred by the fund in administering the fund totalled £1.946m for the year ending 31 March 2025 (2023/24 £1.870m).

2023/24 £m	Administrative costs	2024/25 £m
1.095	Employee costs	1.241
0.630	IT	0.408
0.024	Consultants	0.081
0.053	Printing, postage and design	0.061
0.032	Office accommodation	0.037
0.007	Subscriptions	0.007
0.029	Other costs	0.111
<b>1.870</b>		<b>1.946</b>

The costs incurred by the fund in oversight and governance totalled £1.738m for the year ending 31 March 2025 (2023/24 £1.641m).

2023/24 £m	Oversight and governance costs	2024/25 £m
0.338	Investment advice	0.271
0.302	Employee costs (pensions investment)	0.395
0.103	Actuarial advice	0.093
0.663	LGPS Central Ltd pooling costs	0.704
0.051	Responsible engagement overlay	0.051
0.070	External audit	0.102
0.030	Performance analysis	0.027
0.018	Internal audit	0.025
0.022	Legal and committee	0.023
0.044	Other costs	0.047
<b>1.641</b>		<b>1.738</b>

## Note 8a: Investment management expenses

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

2024/25	Total £m	Management fees £m	Performance related fees £m	Transaction costs £m	Other costs £m
<b>Pooled investment vehicles</b>					
Global equity	3.833	2.413	0.000	1.239	0.181
Fixed income	2.534	0.675	0.000	1.824	0.035
Hedge fund of funds	1.290	0.445	0.649	0.000	0.196
Infrastructure	3.447	2.699	0.000	0.000	0.748
Pooled property investments	1.744	1.613	0.000	0.131	0.000
Private equity	5.010	2.558	0.000	0.000	2.452
Private debt	1.735	1.171	0.000	0.000	0.564
Property debt	0.169	0.121	0.000	0.000	0.048
Insurance-linked securities	0.479	0.273	0.000	0.072	0.134
	<b>20.241</b>	<b>11.968</b>	<b>0.649</b>	<b>3.266</b>	<b>4.358</b>
Custody fees	0.019				
<b>Total</b>	<b>20.260</b>				

2023/24	Total £m	Management fees £m	Performance related fees £m	Transaction costs £m	Other costs £m
<b>Pooled investment vehicles</b>					
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
	<b>17.614</b>	<b>8.999</b>	<b>0.458</b>	<b>3.632</b>	<b>4.525</b>
Custody fees	0.020				
<b>Total</b>	<b>17.634</b>				

## Note 9: Investment income

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

2023/24 £m	Investment income	2024/25 £m
0.001	Dividends from equities	0.001
10.270	Income from pooled investment vehicles	12.690
0.185	Interest on cash deposits	0.332
0.731	Other	0.982
<b>11.187</b>		<b>14.005</b>

## Note 10: Taxes on income

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

2023/24 £m	Taxes on income	2024/25 £m
0.000	Withholding tax - equities	0.000
0.105	Withholding tax - pooled	0.112
<b>0.105</b>		<b>0.112</b>

## Note 11: Investments

The table below analyses investment assets by type of investment.

2023/24 £m	Investments	2024/25 £m
	<b>Investment assets</b>	
0.016	<b>Equities</b>	0.018
	<b>Pooled funds</b>	
1444.229	Global equity	1508.181
354.383	Fixed income	363.501
103.226	Hedge fund of funds	114.088
161.956	Infrastructure	157.915
84.545	Pooled property investments	117.386
200.502	Private equity	199.616
22.222	Property debt	10.417
39.770	Insurance-linked securities	44.303
67.330	Private debt	78.984
	<b>Other investments</b>	
0.685	Loans	0.685
	<b>Cash deposits</b>	
14.957	Deposits	20.246
1.650	Temporary investments	5.700
2495.471		2621.040
	<b>Long-term investments</b>	
	UK unquoted equities	
1.315	Shares in LGPS Central Ltd asset pool	1.315
2496.786	<b>Total investment assets</b>	2622.355

## Note 11a: Reconciliation of movements in investments

2024/25	Value as at 1 April 2024	Purchases at cost	Sale proceeds	Transition	Other cash transactions	Change in market value	Value as at 31 March 2025
Investment type	£m	£m	£m	£m	£m	£m	£m
Equities	1.331		(0.038)			0.040	1.333*
Pooled investment vehicles - Other managed funds	2478.163	101.897	(114.054)		(18.282)	146.667	2594.391*
Other investment balances	0.685						0.685
	2480.179	101.897	(114.092)	0.000	(18.282)	146.707	2596.409
Cash deposits - with managers***	14.957	1.782	(3.915)		7.518	(0.096)	20.246
Temporary investments	1.650				4.050		5.700
	2496.786	103.679	(118.007)	0.000	(6.714)	146.611**	2622.355

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

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 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.

## 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 £625m initial notional value.

## Note 14: Fair value - basis of valuation

Unquoted equities in LGPS Central Ltd are valued using the cost approach / considering fair value at initial recognition approach as these methodologies provide viable approaches to valuing this shareholding, and they both generate consistent valuations at historic cost less any adjustment for impairment. This will be the approach used for valuing this holding until any change in circumstances creates an alternative approach.

All other investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

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

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

### Sensitivity of assets valued at level 3:

The fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held on 31 March 2025 and 31 March 2024.

Asset	Potential variation in fair value	Value as at 31 March 2025	Potential value on increase	Potential value on decrease
	(+/-)	£m	£m	£m
Private equity	20%	199.616	239.539	159.693
Hedge funds	5%	114.088	119.792	108.384
Insurance-linked	5%	44.303	46.518	42.088
Infrastructure	20%	157.915	189.498	126.332
Private debt	10%	78.984	86.882	71.086
Property debt	10%	10.417	11.459	9.375
Unquoted UK equity	15%	1.315	1.512	1.118
<b>Total</b>		<b>606.638</b>	<b>695.200</b>	<b>518.076</b>

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
<b>Total</b>		<b>596.321</b>	<b>626.138</b>	<b>566.506</b>

### 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 <b>2024/25</b>	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 Ltd*	UK equities (unquoted)	1.315			1.315
Pooled investment vehicles	HarbourVest Partners Ltd	Private equity	186.074			186.074
	Aberdeen Property Investors	Property unit trusts	117.386		117.386	
	Blackrock	Hedge fund	114.088			114.088
	Global Infrastructure Partners	Infrastructure	91.810			91.810
	Legal & General	Global equities	838.683		838.683	
	T.Rowe Price	Global dynamic bonds	96.944		96.944	
	Securis	Insurance-linked securities	44.303			44.303
	DRC	Property debt	10.417			10.417
	LGPS Central Ltd	Global equities	669.498	669.498		
	LGPS Central Ltd	Investment grade corporate bonds	266.557	266.557		
	LGPS Central Ltd	Private debt	78.984			78.984
	LGPS Central Ltd	Infrastructure	66.105			66.105
	LGPS Central Ltd	Private equity	13.542			13.542
Cash deposits & other			26.649	26.649		
			<b>2622.355</b>	<b>962.704</b>	<b>1053.013</b>	<b>606.638</b>

Asset type <b>2023/24</b>	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 Ltd*	UK equities (unquoted)	1.315			1.315
Pooled investment vehicles	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	
	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 Ltd	Global equities	654.387	654.387		
	LGPS Central Ltd	Investment grade corporate bonds	254.025	254.025		
	LGPS Central Ltd	Private debt	67.330			67.330
	LGPS Central Ltd	Infrastructure	49.506			49.506
	LGPS Central Ltd	Private equity	4.744			4.744
Cash deposits and other			17.308	17.308		
			<b>2496.786</b>	<b>925.720</b>	<b>974.745</b>	<b>596.321</b>

\* Share capital investment in LGPS Central Ltd has been carried at cost

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

	Value as at 1 April 2024	Transfers into Level 3	Transfers out of Level 3	Purchases at cost and derivative payments £m	Sale proceeds and derivative receipts £m	Other cash transactions £m	Unrealised gains and losses £m	Realised gains and losses £m	Value as at 31 March 2025
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Equities (unquoted)	1,315			0.000	0.000	0.000	0.000	0.000	1,315
Private equity	200,502			17,898	(24,970)	(5,011)	(8,524)	19,721	199,616
Infrastructure	161,957			21,125	(34,747)	(3,447)	(5,529)	18,556	157,915
Hedge fund	103,225			0.000	0.000	(1,290)	10,863	1,290	114,088
Insurance-linked securities	39,770			0.000	0.000	(0,478)	4,506	0,505	44,303
Property debt	22,222			0.000	(10,218)	(0,169)	(1,587)	0,169	10,417
Private debt	67,330			24,194	(15,513)	(1,735)	2,973	1,735	78,984
	<b>596,321</b>	<b>0.000</b>	<b>0.000</b>	<b>63,217</b>	<b>(85,448)</b>	<b>(12,130)</b>	<b>2,702</b>	<b>41,976</b>	<b>606,638</b>

## 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 2024			31 March 2025		
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
<b>Financial assets</b>					
1,331			Equities	1,333	
2478,163			Pooled investment vehicles - other managed funds	2594,391	
	0,685		Other investment balances - loans		0,685
	16,607		Cash		25,992
<b>2479,494</b>	<b>17,292</b>	<b>0.000</b>		<b>2595,724</b>	<b>0.000</b>
<b>Non-financial instruments</b>					
	11,202		Debtors		10,240
		(4,812)	Creditors		(6,242)
<b>2,479,494</b>	<b>28,494</b>	<b>(4,812)</b>		<b>2,595,724</b>	<b>(6,242)</b>

Previous year has been restated to reflect current year format

### Note 15b: Net gains and losses on financial instruments

2023/24 £m	Financial instruments	2024/25 £m
<b>Financial assets</b>		
271,230	Fair value through profit and loss	146,611
0.000	Loans and receivables	0.000
0.000	Financial liabilities measured at amortised cost	0.000
<b>Financial liabilities</b>		
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
<b>271,230</b>		<b>146,611</b>

## 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 because 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's investment strategy.

### Other price risk – sensitivity analysis

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

Asset type	Potential market movements (+/-)
Global unconstrained equities	20.7%
Global equities (passive)	19.5%
Investment grade bonds	7.8%
Unconstrained bonds	5.9%
UK property	12.5%
Private equity	23.9%
Hedge funds	5.1%
Infrastructure	20.5%
Property debt	10.1%
Insurance-linked securities	4.8%
Private debt	10.6%

Should the market price of the fund investments increase or 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 2025 £m	Potential market movement £m	Value on increase £m	Value on decrease £m
<b>Net assets including cash and other</b>	31,990	0.000	31,990	31,990
<b>Investment portfolio assets</b>				
Global equities (unconstrained)	669,516	138,590	808,106	530,926
Global equities (passive)	838,683	163,543	1,002,226	675,140
Investment grade bonds	266,557	20,791	287,348	245,766
Unconstrained bonds	96,944	5,720	102,664	91,224
Property	117,386	14,673	132,059	102,713
Private equity	199,616	47,708	247,324	151,908
Hedge funds	114,088	5,819	119,907	108,269
Infrastructure	157,915	32,373	190,288	125,542
Property debt	10,417	1,052	11,469	9,365
Insurance-linked securities	44,303	2,127	46,430	42,176
Private debt	78,984	8,372	87,356	70,612
<b>Total assets available to pay benefits</b>	<b>2,626,399</b>	<b>440,768</b>	<b>3,067,167</b>	<b>2,185,631</b>

Asset type	Value as at 31 March 2024 £m	Potential market movement £m	Value on increase £m	Value on decrease £m
<b>Net assets including cash and other</b>	24,998	0.000	24,998	24,998
<b>Investment portfolio assets</b>				
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
<b>Total assets available to pay benefits</b>	<b>2,503,176</b>	<b>416,378</b>	<b>2,919,554</b>	<b>2,086,798</b>

### 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 2025 and 31 March 2024 is set out below:

Asset type	As at 31 March 2025 £m	As at 31 March 2024 £m
Cash and cash equivalents	25,946	16,607
Cash balances*	0.046	(0.040)
Fixed income	363,501	354,383
<b>Total</b>	<b>389,493</b>	<b>370,950</b>

\* overdrawn cash balance as at 31 March 2024

The following analysis shows the annual effect 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
<b>As at 31 March 2025</b>				
Cash and cash equivalents	25,946	0.000	25,946	25,946
Cash balances	0.046	0.000	0.046	0.046
Fixed income	363,501	3,635	367,136	359,866
<b>Total</b>	<b>389,493</b>	<b>3,635</b>	<b>393,128</b>	<b>385,858</b>

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
<b>As at 31 March 2024</b>				
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
<b>Total</b>	<b>370,950</b>	<b>3,544</b>	<b>374,494</b>	<b>367,406</b>

During 2024/25 the fund received £0.267m (2023/24 £0.120m) in interest from surplus pension fund revenue cash. This was either invested in call accounts (including insight money market fund) which are classified as a variable rate investment or a fixed term deposit. A 1% change in interest rates throughout the year would have increased or decreased the amount of interest earned on these investments by £0.059m. In addition, the fund

earned £0.065m (2023/24 £0.066m) in interest on its loan to LGPS Central Ltd. 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 2025 £m	Potential market movement £m 10%	Value on increase £m 10%	Value on decrease £m 10%
Overseas equities	627,244	62,724	689,968	564,520
Overseas private equity	199,002	19,900	218,902	179,102
Overseas private debt	31,645	3,165	34,810	28,480
Overseas infrastructure	125,065	12,507	137,572	112,558
Cash balances	13,563	1,356	14,919	12,207
<b>Total change in assets available to pay benefits</b>	<b>996,519</b>	<b>99,652</b>	<b>1096,171</b>	<b>896,867</b>

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 infrastructure	140,711	14,071	154,782	126,640
Cash balances	7,893	0,789	8,682	7,104
<b>Total change in assets available to pay benefits</b>	<b>981,106</b>	<b>98,111</b>	<b>1079,217</b>	<b>882,995</b>

### 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 2025 and 31 March 2024 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 Ltd asset pool on commercial rates, repayable in 2027. LGPS Central Ltd have not defaulted on any annual loan interest repayments to date. The credit risk at 31 March 2025 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 £5,000,000. With security of capital being the main priority, lending continues to be restricted to highly credit rated institutions including money market funds, part

nationalised institutions and other local authorities. In addition to credit ratings the administering authority continually monitors the financial press and removes institutions from its approved lending list immediately if appropriate.

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

	Rating	As at 31 March 2025 £	As at 31 March 2024 £
Lloyds	AA-	3,000,000	0
Insight GBP Liquidity Fund	AAA <sub>m</sub>	2,700,000	0
Handelsbanken Instant Access Account	AA	0	1,650,000
<b>TOTAL</b>		<b>5,700,000</b>	<b>1,650,000</b>

### 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 2025 was £5.70m (31 March 2024 £1.65m).

The fund has immediate access to cash through two instant access accounts and one instant access money market account, which at any one time could have up to £13 million available in total. The fund can also access immediate cash held by Northern Trust, which as at 31 March 2025 was £16.617m (31 March 2024 £12.373m). 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 2025 is shown below.

2023/24 £m	Long-term debtors	2024/25 £m
1.724	*Lifetime and annual tax allowances	1.857
<b>1.724</b>		<b>1.857</b>

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

### Note 18b: Analysis of debtors

Provision has been made for debtors known to be outstanding as at 31 March 2025. An analysis of debtors outstanding as at 31 March 2025 is shown below.

2023/24 £m	Debtors	2024/25 £m
1.561	Contributions due - employees	1.626
5.610	Contributions due - employers	5.636
2.307	Other entities and individuals	1.121
<b>9.478</b>		<b>8.383</b>

### Note 19: Analysis of creditors

Provision has also been made for creditors known to be outstanding at 31 March 2025. An analysis of creditors outstanding as at 31 March 2025 is shown below.

2023/24 £m	Creditors	2024/25 £m
1.023	Central government bodies	1.310
2.306	Other local authorities	2.420
1.443	Other entities and individuals	2.512
<b>4.772</b>		<b>6.242</b>

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

During 2024/25 contributions to schemes amounted to £1.176m (2023/24 £1.078m). The combined value of the AVC funds as at 31 March 2025 was £5.342m (31 March 2024 £5.669m).

### Note 21: Related party transactions

#### Shropshire Council

The Shropshire County Pension Fund is administered by Shropshire Council. Shropshire Council incurred costs of £2.411m (2023/24 £2.299m) in relation to the administration and management of the fund and all these costs are recharged to the pension fund.

Shropshire Council is also the single largest employer of members of the pension fund. At the year end, a balance of £3.487m (2023/24 £2.798m) 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 & Responsible Investment Manager, the Pension Fund Accountant, the Pensions Investment Analyst 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 Ltd

LGPS Central Ltd (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 2025. The fund was owed interest of £0.065m (31 March 2024 £0.065m) on the loan to LGPSC at 31 March 2025. 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 £8.942m in respect of investments held with LGPSC of which £0.032m was payable to LGPSC at 31 March 2025.

The fund incurred costs totalling £0.703m (2023/24 £0.645m) in respect of governance, operator running and product development in connection with LGPSC in 2024/25 of which £0.168m (31 March 2024 £0.159m) was payable to LGPSC at 31 March 2025.

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 Ltd 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 Ltd.

As at 31 March 2025 LGPS Central Ltd IAS 19 figure was a surplus of £1.68m. As the figure is in surplus, no amount would be due from the fund.

The guarantee only comes into effect following certain events which (directly or indirectly) cause LGPS Central Ltd to cease to be a scheme employer or fail to pay amounts due. This is not anticipated to be a likely event. The amount of any liability calculated under IAS 19 is subject to the specific assumptions required for the calculation of such a figure under accounting standards. In the event of an exit payment being required, this would be calculated by the actuary based on the best estimates of the actual liability at the time.

### Note 21a: Key management personnel

The posts of Executive Director of Resources (£151k Officer) and Head of Pensions (LGPS Senior Officer) are deemed to be key management personnel with regards to the fund. The financial value of the relationship with the fund (in accordance with IAS24) is set out below.

2023/24 £m	Key management personnel	2024/25 £m
0.124	Short-term benefits*	0.145
0.173	Post-employment benefits**	0.061
<b>0.297</b>		<b>0.206</b>

\* 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% (~£590 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 six months and be subsumed by the private debt allocation. It is necessary to over commit the strategic asset allocation because some of these investments will mature and be repaid before the committed capital is fully invested.

As at 31 March 2025 £338m has been committed to investments in private equity via a fund of funds manager, HarbourVest Partners (£278m) and a separate investment through LGPS Central Ltd (£60m). Investment in this asset class will be made as opportunities arise over the next two to three years. As at 31 March 2025 the fund's private equity investments totalled £199.616m (31 March 2024 £200.502m). Commitments outstanding at 31 March 2025 were £94.6m.

As at 31 March 2025 £220m has been committed to investment in infrastructure via global infrastructure partners (£135m) and LGPS Central Ltd Core/Opportunistic Infrastructure Partnership (£85m). The outstanding commitments at 31 March 2025 were £42.4m (global infrastructure partners £20.2m and LGPS Central Ltd Core/Opportunistic Infrastructure Partnership £22.2m). Investment in this asset class will be made as opportunities arise over the next two to three years. As at 31 March 2025 the fund's infrastructure investments totalled £157.915m (31 March 2024 £161.956m).

As at 31 March 2025, £47m has been committed to investment in property debt via DRC & £210m committed to investment in private debt via LGPS Central Ltd. The property debt portfolio is a legacy asset and will mature over the next six months. As at 31 March 2025 there were outstanding commitments of £136.9m, private debt via LGPS Central Ltd £131.6m and property debt via DRC £5.3m. The commitment of £210m to LGPS Central Ltd includes £90m commitment to the LGPS Central Ltd 2024 Private Debt Scheme to allow further commitments in line with the strategic asset allocation. No drawdown against this commitment had been made at 31 March 2025. Investments in the private debt portfolio will be made as opportunities arise over the next two to three years. As at 31 March 2025 the fund's property debt and private debt investments totalled £10.417m & £78.984m (31 March 2024 £22.222m & £67.330m) respectively.

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## Note 23: Contingent assets

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15 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.

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## Note 24: Value added tax

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The fund is reimbursed VAT by HM Revenue and Customs. The accounts are shown exclusive of VAT.

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## Note 25: Custody of investments

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Custodial services are provided to the fund by Northern Trust. This includes the safekeeping of assets, the collection of income and the monitoring and execution of corporate actions in conjunction with investment managers. The custodian also provides independent confirmation of the assets, and their value held by the fund. Securities are held on a segregated basis via a nominee account and are clearly separated from the custodian's own assets.

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## Note 26: Fund auditors

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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.

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## Note 27: Pension fund bank account

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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 2025 £5.70 million was invested (31 March 2024 £1.65m). The cash balance in the pension fund account as at the same date was in hand by £0.05 million (31 March 2024 £0.04m overdrawn).

## 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 and continued in 2024/25. Allocation changes in respect of public markets (equity and investment grade corporate bonds) were all completed in 2023/24. 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 Ltd 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. At 31 March 2025 approximately 42% of total global equities were being protected at this time. The equity protection strategy remained constant during 2024/25 at c.£640 million (notional). Geopolitical tensions and uncertainty in economic forecasts led to a full review of the equity protection options on several occasions during 2024/25. At 31 March 2025, the fund held equity protection options with Legal and General which had expiry dates of June 2025 and December 2025. The June 2025 equity protection policy was removed in April 2025 after the year end. The December 2025 protection on the S&P only remains in place covering a notional value of £420m. Full updates are provided to Pensions Committee each quarter on the equity protection strategy.

During the financial year the fund made additional commitments of £90m to the LGPS Central Ltd Private Debt 2024 vintage to achieve the target allocation of 7.5%. The fund also made increased investments with Aberdeen to increase the property allocation towards the 5% allocation. The committee also agreed to a slight amendment to the targeted return allocation of 7.5% with insurance-linked securities being retained at an allocation of 1.5% and absolute bonds reduced from 3.75% allocation to 2.25% to accommodate.

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 six months and proceeds will be used to meet existing commitments to the LGPS Central Ltd Private Debt Fund. The total proportion of the fund to debt investments remains at 7.5% but this is now reflected as private debt in the strategic asset allocation.

# > Pooling report

The information request set out below reflects the information required by partner funds to meet the CIPFA Annual Report Pooling Disclosures in 2024/25. Please note that the information request reflects the start-up nature of LGPS Central (LGPSC), and the level and complexity of the disclosures required will increase in later years.

The provision of the information by LGPSC to each partner fund should ensure consistent reporting across partner funds, and allow LGPSC to aggregate, and reconcile back the individual partner fund disclosures, to the company's financial statements.

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

£000	1 April-24	Charges in year	Settled in year	31 March-25
Governance Costs	-	283	-	-
Operator Costs	-	331	-	-
IMMC (*)	-	235	-	-
Product Development Costs	-	27	-	-
<b>Total</b>	<b>227</b>	<b>875</b>	<b>-644</b>	<b>458</b>

(\*) 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.

## 2. Other transactions between partner funds and LGPSC

£000	1 April-24	Charges in year	Settled in year	31 March-25
Interest payable	65	65	(65)	65
<b>Total</b>	<b>65</b>	<b>65</b>	<b>(65)</b>	<b>65</b>

## 3. LGPSC Investment Management Expenses Charged to Partner Funds

	£000	Direct	Indirect	Total	BPS charge
1	Ad Valorem	2,768		2,768	29.45
2	Performance	-		-	-
3	Research	-		-	-
4	PRIPS Compliance	-		-	-
5	Other (provide details)	-		-	-
	<b>Management Fees</b>	<b>2,768</b>	<b>-</b>	<b>2,768</b>	<b>29.45</b>
6	Commissions	138		138	1.47
7	Acquisition/issue costs	-		-	-
8	Disposal costs	-		-	-
9	Registration/filing fees	-		-	-
10	Taxes and Stamp Duty	220		220	2.34
11	Other (provide details)	-		-	-
	Implicit Costs	1,785		1,785	18.99
	<b>Transaction Costs</b>	<b>2,143</b>	<b>0</b>	<b>2,143</b>	<b>22.80</b>
12	<b>Custody/Depository</b>	<b>87</b>		<b>87</b>	<b>0.93</b>
13	<b>Other (provide details)</b>				-
	Fund Accounting	15		15	0.16
	Transfer Agent	1		1	0.01
	External Audit	6		6	0.06
	Performance Reporting	8		8	0.09
	Transaction Charges	14		14	0.15
	MACS Fees	0		0	0.00
	<b>Total Costs</b>	<b>5,042</b>	<b>0</b>	<b>5,042</b>	<b>53.64</b>

## 4. Investment Management Expenses By Product / Service

£000	1	2	3	4	5	6	7	8	9	10	11	12	13	Total 2024/25 costs	AUM at 31 March 2025 £m	2024/25 BPS charge
Global Multi-Manager	1006	0	0	0	0	118	0	0	0	168	929	44	16	2,281	463	49.05
Global Active Corporate bonds	265	0	0	0	0	0	0	0	0	0	803	23	7	1,098	267	42.07
Sustainable Broad	437	0	0	0	0	9	0	0	0	32	8	15	16	517	162	30.96
Sustainable Target	162	0	0	0	0	11	0	0	0	20	45	5	5	248	45	52.77
<b>ACS Sub-Funds</b>	<b>1,870</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>138</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>220</b>	<b>1,785</b>	<b>87</b>	<b>44</b>	<b>4,144</b>	<b>937</b>	
Private Equity 2018 V'tage	0													0	0	0.00
Private Equity 2021 V'tage	11													11	30	3.82
Private Equity 2023 V'tage	27													27	30	8.85
Private Debt	17													17	120	1.41
Infrastructure	18													18	86	2.09
Indirect Property	15													15	90	1.65
<b>Alternative Vehicles</b>	<b>88</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>88</b>	<b>356</b>	
Discretionary Mandate 1														-		
Discretionary Mandate 2														-		
<b>Discretionary Mandates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
LGIM Passive Funds Oversight and Stewardship	811													811	839	9.66
<b>Advisory Mandates</b>	<b>811</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>811</b>	<b>839</b>	
Execution Only 1														-		
<b>Execution Only</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
Other 1														-		
<b>Other</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total</b>	<b>2,768</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>138</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>220</b>	<b>1,785</b>	<b>87</b>	<b>44</b>	<b>5,042</b>	<b>2,132</b>	<b>53.64</b>

Items 1 - 13 relate to the categories in tab 3.

## 5. Assets under management and performance by product/service

£000	AUM at 1 April 24 £m	AUM at 31 March 25 £m	One year gross performance %	One year net performance %	Passive benchmark used	One year passive index %
Global Multi-Manager	445	463	4.17%	3.94%	FTSE All World Index	5.46%
Global Active Corporate Bonds	254	267	5.00%	4.90%	ICE BofAML Sterling Non-Gilt Index 50%; ICE BofAML Global Corporate Index 50%	3.82%
Sustainable Broad	162	162	-0.16%	-0.43%	FTSE All World Index	5.46%
Sustainable Target	47	45	-4.02%	-4.38%	FTSE All World Index	5.46%
<b>ACS Sub-Funds</b>	<b>908</b>	<b>937</b>				
Private Equity 2018 Vintage	0	0				
Private Equity 2021 V'tage	30	30				
Private Equity 2023 V'tage	30	30				
Private Debt	120	120				
Infrastructure	85	86				
Private Credit Direct Lending 2024	0	90				
<b>Alternative Vehicles *</b>	<b>265</b>	<b>356</b>				
Discretionary Mandate 1						
Discretionary Mandate 2						
<b>Discretionary Mandates</b>	<b>-</b>	<b>-</b>				
LGIM Passive Funds Oversight and Stewardship	-	839				
<b>Advisory Mandates</b>	<b>-</b>	<b>839</b>				
Execution Only 1						
<b>Execution Only</b>	<b>-</b>	<b>-</b>				
Other 1						
<b>Other</b>	<b>-</b>	<b>-</b>				
<b>Total</b>	<b>1,173</b>	<b>2,132</b>				

\* The AUM figures for Alternative Vehicles are the commitments made by Shropshire County Pension Fund to each vehicle.

## 6. 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.

## 7. Savings projections

The below table covers savings achieved as a result of pooling assets.

Product	April 24 - March 25	April 18 - March 25
Gross Savings	2,986	11,443
Total Costs	(972)	(5,463)
Net Savings	2,014	5,980

## 8. Asset Table

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
<b>Equities (including convertible shares)</b>	670	839	-	1,509	
<b>Bonds</b>				364	
Investment Grade Credit	267	-	-		
Diversified Growth Bonds	-	-	97		Product not offered by the pool at this time*
<b>Property</b>	-	-	117	117	Specialist UK only Funds
<b>Hedge funds</b>	-	-	114	114	Product not offered by the pool at this time*
<b>Diversified Growth Funds (including multi-asset funds)</b>	-	-	-	-	
<b>Private equity</b>				199	
In Pooled Funds	13	-	-		
Private Equity - Legacy asset	-	-	186		Legacy asset which will wind down over time
Undrawn commitments (Excluded from Total)	47	-			
<b>Private debt</b>				89	
In Pooled Funds	79	-	-		
Property Debt - Legacy Asset	-	-	10		Legacy asset that will mature in 25/26
Undrawn commitments (Excluded from Total)	131	-			
<b>Infrastructure</b>				158	
In Pooled Funds	66	-	-		
Infrastructure - Legacy Asset	-	-	92		Legacy asset which will wind down over time
Undrawn commitments (Excluded from Total)	20	-			
<b>Derivatives</b>	-	-	-	-	
<b>Cash and net current assets</b>	2	-	30	32	Outside scope of Pooling
<b>Other</b>				44	
Insurance Linked Securities	-	-	44		Product not offered by the pool at this time*
<b>Total</b>	<b>1,293</b>	<b>839</b>	<b>-</b>	<b>2,626</b>	

\* LGPS central considered a targeted return fund that would cover these products 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. UK Investment

The below table provides additional information on investment in the UK.

£m Asset values as at 31 March 2025	Pooled £m	Under pool management £m	Not Pooled £m	Total £m
UK Listed Equities	34	33	0	67
UK Government Bonds	9	0	5	14
UK Hedge Funds	0	0	6	6
UK Property	0	0	117	117
UK Infrastructure *	41	0	3	44
UK Private Debt	14	0	0	14
UK Property Debt *	0	0	10	10
UK Private Equity *	2	0	14	16
<b>TOTAL</b>	<b>100</b>	<b>33</b>	<b>155</b>	<b>288</b>

\* No value has been assigned to undrawn commitments in private market assets

The figure of £288m in UK investments represents 11% of the funds assets at 31st March 2025

# Audit opinion and certificate

## Independent auditor's statement to the members of Shropshire Council on the pension fund financial statements of Shropshire County Pension Fund included in the pension fund annual report

### Opinion

We have examined the financial statements of Shropshire County Pension Fund (the 'pension fund') for the year ended 31 March 2024 included within the pension fund annual report, which comprises the Pension Fund Narrative and the Pension Fund Financial Statements, including accounting policies.

In our opinion, the pension fund financial statements included within the pension fund annual report are consistent, in all material respects, with the pension fund financial statements of Shropshire Council for the year ended 31 March 2024 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We have not considered the effects of any events between 18 February 2025, being the date we signed our report on the audited financial statements of Shropshire Council, and the date of this statement.

### Executive Director

Executive Director of Resources  
The pension fund is in compliance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

The members of Shropshire Council have considered the consistency of the pension fund financial statements within the pension fund annual report with the financial statements of Shropshire Council.

We have also read the other information contained in the pension fund annual report and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information comprises the information included in the pension fund annual report, other than the pension fund financial statements and our auditor's statement thereon.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the financial statements of Shropshire Council describes the basis of our opinion on those financial statements.



### Use of this auditor's statement

This statement is made solely for the purpose of Shropshire Council, as a body, in connection with Part 5 of the Local Audit and Accountability Regulations 2015. Our work has been undertaken in accordance with the requirements of the Regulations. We state to the members of Shropshire Council that, in connection with matters we are required to audit, we have not identified any matters of other purpose. To the fullest extent permitted by law, we do not accept or assume any liability for the statement, or for the opinions we have expressed, other than Shropshire Council, as a body, for the purposes of the statement, or for the opinions we have expressed.

# 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 19 September 2025.

### Chair of Pensions Committee

*19 September 2025*

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 2025 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)

*19 September 2025*

# Fund policies

**All fund policies can be found on our website  
[www.shropshirecountypensionfund.co.uk](http://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/ortp45nz/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/ogvfem2t/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 Funding Strategy Statement will next be updated following the 2025 valuation.

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

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

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## Investment Strategy Statement

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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/cq0cxqku/investment-strategy-statement-june-2023.pdf>

## Business Plan 2024-2026

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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/utzlpc3f/scpf-business-plan.pdf>

## Climate Change Strategy

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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/brijzlkbc/climate-change-strategy-september-2024.pdf>

## Climate Stewardship Plan

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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/b4go5l5c/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 principal activity is investing in other investment funds. Investors in funds of funds can increase their level of diversification and take advantage of the experience and research capability of the fund of fund's manager.

**Futures:** A contract made to purchase or sell an asset at an agreed price on a specified date.

**Hedge funds:** An investment fund that uses sophisticated investment strategies to profit from opportunities on financial markets around the world. These strategies include borrowing money to make investment, borrowing shares in order to sell them and profiting from company mergers.

**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](http://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](mailto:pensions@shropshire.gov.uk)