



Pensions Committee

5 December 2025

10.00 a.m.

MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 19 SEPTEMBER 2025

10.00 A.M. - 12.55 P.M.

Responsible Officer: Sarah Townsend

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

Present:

Members of the Committee:

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

Co-Opted Members (Voting):

Councillors Paul Davis and Fiona Doran (Substitute) (substitute for Zona Hannington)

Co-Opted Members (Non-Voting):

Byron Cooke (remotely via MS Teams)

Others Present:

Shropshire Council Officers:

Peter Chadderton (Pensions Investment and Responsible Investment Manager), Vicky Jenks (Pensions Administration Manager), James Walton (Executive Director of Resources (Section 151 Officer)) and Adam Williams (Principal Auditor) (remotely via MS Teams)

Aon:

Colin Cartwright and Luke Hammond

Grant Thornton:

Grant Patterson

Independent Advisor to the Committee:

Philip Hebson

Pensions Board Members:

John Hall (in person) and Rebecca Summerlin (remotely via MS Teams)

18 Apologies and Substitutions

Apologies for absence were received from Councillor Zona Hannington, Councillor Alan Holford, and Mr Paul Griffiths.

Councillor Fiona Doran was in attendance as Councillor Zona Hannington's substitute and it was noted that Mr Byron Cooke was in attendance remotely.

19 Disclosable Interests

None were declared.

20 Minutes of the Previous Meeting

RESOLVED:

That the minutes of the meeting held on 20th June 2025 be approved and signed by the Chairman as a correct record.

21 Public Questions

Two questions had been received from members of the public and both questioners were in attendance to ask their questions in person. The responses to each question were read out by the Pensions Investment and Responsible Investment Manager. A full copy of the questions and responses provided are attached to the web page for the meeting.

Prior to considering the various agenda items and reports, Committee Members commented on the volume of information that had been provided to them, noting that the 538 page agenda was difficult to fully digest in the time available and made it challenging to thoroughly scrutinise the reports effectively. The necessity of receiving such extensive information was questioned and it was also commented that some of the reports contained errors which meant that at least one Committee Member felt that they would be unable to endorse some of the reports. In responding, the Chairman stated that these comments would be taken on board and that he too had concerns regarding the length of the agenda.

The Chairman explained that with regard to the following three agenda items, he was proposing to take them all together as one item and then revisit all the of the various report recommendations at the end. There was no objection to this.

22 Third Line of Assurance - Internal Audit Outturn Report for Shropshire County Pension Fund 2024/25

The Committee received the report of the Head of Policy and Governance which was presented to them by Mr Adam Williams, Principal Auditor. It provided them with a summary of the work undertaken by Internal Audit for the year ended 31 March 2025 and reported on progress against the annual audit plan agreed with the Head of Pensions – LGPS Senior Officer. It also provided the Chief Audit Executive's opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and control processes when considering the Public Sector Internal Audit Standards or Guidance, as required by the Accounts and Audit Regulations 2015.

It was noted that based on the work undertaken and Pension Fund management responses received, the Pension Fund's governance, risk management and internal control processes are sound and working effectively and the Chief Audit Executive can deliver a substantial year end opinion on the Fund's internal control environment for 2024/25. This was the highest opinion that could be given.

Committee Members were informed that there were a couple of typos in the report as follows:

- Audit opinion and recommendations made on 2024/25 audits table and paragraph 7.17 (Pages 12 and 13 of the agenda document pack) – it was confirmed that the total number of recommendations that had been made was eight, as had been shown in the previous columns and not, ten.
- Customer Feedback Survey Forms – percentage of excellent and good responses and paragraph 7.22 (Page 14 of the agenda document pack) – it was confirmed that three survey forms had been returned and not, five.

In responding to a question regarding the customer feedback survey forms that were sent out with all audits completed, the Principal Auditor confirmed that a total of six forms had been sent out for completion and three had been returned, all of which had been scored positively. The reasons why three forms had not been returned was unknown but this would be looked at as part of the 2025/26 audit to ensure that there is a higher return rate.

23 External Audit - The Audit Findings for Shropshire County Pension Fund 2024/25

The Committee received the report of the External Auditor, Grant Thornton, which summarised the key findings and other matters arising from the statutory audit of Shropshire County Pension Fund and the preparation of the Pension Fund's financial statements for the year ended 31 March 2025 for the attention of the Audit Committee as those charged with governance and the Pensions Committee who have oversight of the operation of the Pension Fund and preparation of the Annual Report. It was noted that Grant Thornton would be presenting the Audit Finding Report to the Audit Committee at their 26 September 2025 meeting.

Mr Grant Patterson, Key Audit Partner for Grant Thornton, was in attendance to present the report, the headlines of which were detailed on pages 26 to 29 of the agenda document pack. He confirmed that their work was substantially complete and there were currently no matters of which they were aware that would require modification of their audit opinion, subject to the outstanding matters concerning L3 investments and LGPS Central as detailed within the report. It was therefore anticipated that subject to satisfactory completion of this, an unqualified audit opinion on the Pension Fund financial statements and an unqualified consistency opinion for the Pension Fund Annual Report would be issued.

With regard to L3 investments, it was commented that whilst the outstanding audited financial statements as at 31 March 2025 from LGPS Central was currently a minor issue, it could become more significant as LGPS Central's role grows. It was felt that this potential weakness would also be relevant for the other partner funds as well and needed to be addressed.

Members' attention was drawn to the identification of £4.5m of unadjusted differences in the valuation of the Fund's investments disclosed in the financial statements at 31 March 2025 and the valuation statements received from the third-party investment managers. This was largely attributed to timing differences on closing down the financial statements and receipt of valuation statements. It was noted that management were proposing not to amend the financial statements on the basis that the differences are not material both quantitatively and qualitatively and both the Audit Committee and Pensions Committee would be asked to confirm their agreement to this through the Letter of Representation.

Questions were asked regarding the two significant audit risks namely, management override of controls and Level 3 Investments and it was explained that these risks were unable to be eliminated, only managed and tended to remain stable year on year due to the nature of the fund. The three levels of assurance were also outlined.

Regarding how the Committee could be confident in the work of Grant Thornton, it was noted that the firm was subject to Financial Reporting Council quality reviews meaning that its audit processes were also subject to review to ensure that they were robust.

24 Pension Fund Annual Accounts 2024/25

The Committee received the report of the Executive Director of Resources (Section 151 Officer) which provided Members with the Shropshire County Pension Fund Annual Report 2024/25 and an update on the annual audit. It was noted that Grant Thornton had substantially completed its annual audit and it was expected that an unqualified opinion would be given.

It was reported that in the year to the end of March 2025, the Fund increased in value by £123 million to £2.626 billion.

Questions were asked regarding why the Fund had slightly underperformed against its benchmark by 0.14%.

It was noted that within the Pension Fund Annual Accounts 2024/25 (Appendix A to the report), where there were pages with large blue circles on them, this was because the final audit certificate still needed to be inserted into these pages once issued.

RESOLVED:

1. That performance against the Audit Plan for the year ended 31 March 2025 be endorsed. (Agenda Item 5: Third Line of Assurance – Internal Audit Outturn Report for Shropshire County Pension Fund 2024/25).
2. That the Chief Audit Executive's substantial year end opinion on the Fund's internal control environment for 2024/25 is based on the work undertaken, and Pension Fund management responses received, be endorsed.
(Agenda Item 5: Third Line of Assurance – Internal Audit Outturn Report for Shropshire County Pension Fund 2024/25).
3. That the Pension Fund Annual Report 2024/25 be approved and authority be delegated to officers to make any minor changes required.

(Agenda Item 7: Pension Fund Annual Accounts 2024/25).

4. That approval be given to the Chair and Executive Director to sign the letter of representation (Appendix C to the report) for Grant Thornton once the audit has been finalised.

(Agenda Item 7: Pension Fund Annual Accounts 2024/25)

25 Corporate Governance Monitoring

The Committee received the report of the Pensions Investment and Responsible Investment Manager which informed them of corporate governance changes including the government's "LGPS - Fit for the Future" consultation response, since the last committee and socially responsible investment issues arising in the quarter period 1st April 2025 to 30th June 2025. The report also updated the Committee on a letter received from the Palestine Solidarity Campaign after the quarter end.

The Pensions Investment and Responsible Investment Manager acknowledged that the report contained several appendices, which had contributed to the length of the agenda document pack. This would be reviewed and he would consider replacing some of the appendices with links embedded into the actual report.

Members' attention was drawn to the Fund's position regarding investments in companies in conflict affected and high-risk areas (CAHRAs) as set out in the Fund's statement (Appendix D of the report) which was backed by legal opinion obtained by the Scheme Advisory Board on behalf of the Local Government Pension Scheme. The Pensions Investment and Responsible Investment Manager explained that a conflicting legal opinion provided by the Palestine Solidarity Campaign (PSC) had recently been received which conflicted with the legal opinion that had previously been given in November 2024. This impacted the whole of the Local Government Pension Scheme and not just Shropshire as a Fund and it was felt that the position was best handled by central government. It was reported that an update on the latest position had been received yesterday from the Scheme Advisory Board stating that they are still awaiting a response from central government and considering whether additional legal advice was required. It was noted that the position would be kept under review and in the meantime, in order to enhance transparency and make the Fund's position clear, its statement on investments in companies in conflict affected and high-risk areas would be published on the Fund's website. Members commented that should the current position change, they would like an update at the next meeting and questions were asked regarding the legal basis for the government's advice in November 2024 and whether the views of Fund Members had been taken into account.

RESOLVED:

1. That the position as set out in the report of the Pensions Investment and Responsible Investment Manager in respect of voting and engagement activity be noted and accepted:
 - LGPS Central at Appendix A/A1;
 - Columbia Threadneedle Investments Responsible Engagement Overlay Activity Report at Appendix B; and
 - LAPFF Engagement Report at Appendix C.

2. That the Funds statement upon investments in companies in conflict affected and high risk areas at Appendix D be noted and accepted.
3. That the government's Local Government Pension Scheme (England and Wales): Fit for the future consultation response be noted and accepted.

26 Pensions Administration Monitoring

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

In responding to a question on Appendix C of the report and specifically the key risks and issues concerning the Pension Dashboards and 'what to use for Find Data and how AVC information will be accessed', the Pensions Administration Manager explained that when individuals log into the dashboard, it relies on clean and up to date information to ensure smooth matching. If details did not exactly match, this would result in additional work for the Pensions Administration Team and therefore, annual address tracing would be undertaken to ensure that data was as clean and as up to date as possible.

A question was asked regarding whether members were regularly contacted via email reminding them to update their personal details and the Pensions Administration Manager confirmed that such a process was in place with a system called 'Gov Delivery' that was used to regularly send communications to members using the email addresses on record.

Regarding the KPI table for the period April 2025 to June 2025 (Appendix A of the report) and specifically 'communication issued with deferred benefit options', the Pensions Administration Manager explained the various reasons as to why this was below 50% of the legal target and commented that an improvement in this KPI should hopefully start to be seen as the year progressed.

RESOLVED:

1. That the progress and completion of key activities from the business plan 2024-25 (Appendix B) be noted.
2. That the progress of the Pension Dashboard implementation which is provided in the update report (Appendix C) be noted.

27 Exclusion of Press and Public

RESOLVED:

That under paragraph 10.2 of the Council's Access to Information Procedure Rules, the proceedings of the Committee in relation to Agenda Items 11 to 18, be not conducted in public on the grounds that they might involve the likely disclosure of exempt information as defined by the categories specified against them.

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

RESOLVED:

That the exempt minutes of the meeting held on 20th June 2025 be approved and signed by the Chairman as a correct record.

29 Governance (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager which provided them with information regarding regulatory breaches arising from 1st April 2025 to 30th June 2025 (Quarter 1) and any stage one or stage two appeals that had been received under the internal dispute resolution procedure (IDRP). Fund policies that had been reviewed in the last quarter and required approval by the committee were also included within the report.

RESOLVED:

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

30 New Employers (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager which provided them with full details regarding new school admissions to the Fund under Schedule 2, Part 1 (20) of the LGPS regulations 2013, that became an academy during the last quarter.

The report also provided the Committee with full details regarding new employer admissions to the Fund under Schedule 2 Part 3 Regulation 1(d) (i) of the Local Government Pension Scheme Regulations 2013.

RESOLVED:

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

31 Aon Market Update (Exempted by Category 3)

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

32 Investment Strategy Implementation Update (Exempted by Category 3)

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

RESOLVED:

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

33 Investment Monitoring - Quarter to 30 June 2025 (Exempted by Category 3)

The Committee received the exempt report of the Pensions Investment and Responsible Investment Manager which provided them with monitoring information on investment performance and managers for the quarter period to 30 June 2025 and reported on the technical meetings held with managers since the quarter end.

RESOLVED:

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

34 Fit for the Future Update (Exempted by Category 3)

The Committee received the exempt report of the Pensions Investment and Responsible Investment Manager which provided them with a Fit for the Future update.

RESOLVED:

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

35 Stewardship Code (Exempted by Category 3)

The Committee received the exempt report of the Pensions Investment and Responsible Investment Manager which provided them with a Stewardship Code update.

RESOLVED:

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

Signed (Chairman)

Date: