



**Pension Board**

**Date 20 March 2026**

Item

Public

## Governance Report

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<b>Cabinet Member (Portfolio Holder):</b>			

### 1. Synopsis

- 1.1. This report provides information regarding regulatory breaches arising from 1 April 2025 to 30 December 2025 (Q3) that have been recorded in the breaches log.
- 1.2. This report will also inform the Board of any stage 1 or stage 2 appeals which have been received under the internal dispute resolution procedure (IDRP).
- 1.3. Fund officers have a review cycle for fund policies, policies that have been reviewed in the last quarter and have been approved by Committee with also be included in this report.

### 2. Executive Summary

- 2.1. There have been no breaches recorded this quarter which the fund has deemed 'materially significant' to require reporting to the Pensions Regulator.
- 2.2. 4 IDRP cases have been received and completed up to quarter Q3.
- 2.3. Fund Officers have reviewed and updated the following documents; Funding Strategy Statement as part of the 2025 valuation and the Medium-Term Business Plan 2026-29.

### **3. Recommendations**

- 3.1. Members are asked to note the content of Appendix A; breaches recorded from 1 April 2025 to 30 September 2025.
- 3.2. Approve the final draft of the Funding Strategy Statement (FSS)
- 3.3. Approve the funds medium term Business plan for 2026-29.

## **Report**

### **4. Risk Assessment and Opportunities Appraisal**

- 4.1. Risk Management  
By ensuring the policies and legislation mentioned in this report are followed and adhered to, the risks to the fund are minimised. A reporting breaches document is in place which explains the procedure to report any breaches deemed 'materially significant,' to the Pensions Regulator. Members should refer to this policy which can be found on the fund's website.
- 4.2. Human Rights Act Appraisal  
The recommendations contained in this report are compatible with the Human Rights Act 1998.
- 4.3. Environmental Appraisal  
There is no direct environmental, equalities or climate change consequences of this report.

### **5. Financial Implications**

- 5.1. By ensuring good internal controls are in place to monitor when the regulatory requirements are not met by either the fund or employers, the risk of being fined by the Pensions Regulator is minimised.

### **6. Climate Change Appraisal**

- 6.1. Energy and fuel consumption: No effect  
Renewable energy generation: No effect  
Carbon offsetting or mitigation: No effect  
Climate Change adaptation: No effect

## 7. Recording Breaches

- 7.1. Section 70 of the Pensions Act 2004 imposes a requirement on the following persons to report a breach of law:
- a trustee or manager of an occupational or personal pension scheme
  - a member of the pension Board of a public service pension scheme
  - a person who is otherwise involved in the administration of such an occupational or personal pension scheme
  - the employer in relation to an occupational pension scheme
  - a professional adviser in relation to such a scheme; and
  - a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.
- 7.2. A breach must be reported to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that a legal duty relating to the administration of the scheme has not been/or is not being complied with, and where the failure to comply is likely to be of material significance to the Pensions Regulator.
- 7.3. Breaches recorded for scheme employers from 1 April 2025 to 30 December 2025 are detailed in Appendix A. The majority of these breaches concern late data submissions, predominantly from employers transitioning to new payroll providers. We have been actively collaborating with the affected employers to facilitate satisfactory data submissions following these changes; however, delays have arisen due to challenges with data received from previous payroll providers.
- 7.4. No breaches have been recorded for the fund for 1 April 2025 to 30 December 2025.
- 7.5. No breaches have been recorded on behalf of the Pension Committee and Pension Board in the period 1 April 2025 to 30 December 2025.

## 8. Internal Dispute Resolution Procedure

- 8.1. Regulations 72 to 79 of the Local Government Pension Scheme Regulations 2013 set out the formal dispute procedure. The complaints procedures official name is the Internal Dispute Resolution Procedure (IDRP).
- 8.2. The fund has received notification from an employer of 4 stage one appeals under IDRP up to the end of Q3. These have all been upheld and relate to the decision to not pay pension benefits on ill health grounds by an employer in the fund.

## 9. Funding Strategy Statement (FSS)

- 9.1. The draft Funding Strategy Statement was shared with the Department of Education (DofE) and employers involved in the Fund for consultation. All employers received a survey asking them to confirm receipt of the document and provide feedback; we received positive comments supporting the introduction of the sustainability reserve.
- 9.2. The DofE and one fund employer did submit comments, which were reviewed by Fund Officers and the Actuary. After considering this feedback, it was decided that the Strategy did not need any changes. Both parties have since been informed that their input was reviewed and why the Strategy remained unchanged.
- 9.3. It is recommended that the committee give approval to the Strategy and in doing so sign off on the 2025 Valuation.

## 10. Fund Medium Term Business Plan 2026-29

- 10.1. The Business Plan outlines the operational framework of the Shropshire County Pension Fund, a constituent of the Local Government Pension Scheme (LGPS), comprising over 51,400 members, with 15,976 individuals currently receiving pension benefits. The plan provides information regarding the objectives and initiatives to be undertaken over the next three years.
- 10.2. The Fund's investment approach is structured to ensure sufficient resources are available to meet pension payment requirements upon retirement. Its core objectives include delivering accurate and prompt pension benefits to members, alongside maintaining robust funding levels to support these commitments.
- 10.3. It is recommended that the committee give approval to the Plan.

## 11. Fit for the Future – New Governance Requirements

- 11.1. Closed consultation on fund governance guidance  
The Local Government Pensions Committee (LGPC) submitted comments to the Ministry of Housing, Communities and Local Government's (MHCLG) as part of its closed consultation on draft statutory guidance for fund governance.
- 11.2. The 'Fit for the Future' Consultation came up with several recommendations relating to the governance of Local Government Pension Funds. The regulations governing these recommendations are due to come into force from 1 April 2026.
- 11.3. Fund Officers has been working on meeting these recommendations and an update on its progress is detailed below:

- Requirement to appoint a senior LGPS officer with overall delegated responsibility for the management and administration of the Fund.

*Mr Justin Bridges as Head of Pensions at the Fund is the LGPS Senior Officer on behalf of the Fund.*

- Requirement to prepare and publish an administration strategy.

*The Fund has held an Administration Strategy for several years and this document is reviewed on a regular basis to ensure that it correctly reflects the working practices of the Fund and its expectations of its employers.*

- Changes to the way in which strategies on governance and training, funding and investments are published.

*The Fund currently has a 'Governance Compliance Statement', this document will be reviewed later in the year and published as our 'Governance Strategy'.*

*The Fund has a (Knowledge) and Training Policy, which is reviewed annually. At its next update it will illustrate how the Fund will ensure that the Committee, Board, and officers will meet the new knowledge requirements within a reasonable period from appointment.*

*A new Investment Strategy is being formulated to meet new national guidelines, and this will be presented to Committee in due course.*

*The Committee should also be aware that there is a requirement for the Fund to create a 'Conflict of Interest' Policy. This document has been created by Fund officers and will be brought to Committee later in the year.*

- Requirement for pension committee members, the senior LGPS officer, and officers to have the appropriate level of knowledge and understanding for their roles, with requirements for pension committee members and local pension board members aligned.

*The Fund will continue to promote the learning opportunities available to both Committee and Board members and an item covering training will be included in papers, that officers deliver.*

- Requirement for the Fund to participate in an independent governance review and, if applicable, produce an improvement plan to address any issues identified.

*This independent governance review should take place once in every three-year period. This will align the reviews with the valuation cycle.*

*The Fund is in the process of determining how to carry out this review. Officers currently are considering approaching an independent organisation such as an actuary to carry out the review.*

- Requirement for the Fund to have an independent advisor without voting rights, on the committee.

*The Fund is currently consulting with advisers in relation to how best to implement this recommendation. Unfortunately, we have not been made aware what LGPS knowledge and experience will be required.*

*The Fund understands that this provision is likely to appear on the LGPS Frameworks in the future in order to assist with the appointment of individuals with experience in administration, governance and investment issues.*

## 12. Committee and Board Vacancies

- 12.1. Interviews for the vacancy on the Committee for a Pensioner representative were held on 16 January. 3 applicants were interviewed. We are pleased to inform the Board that Tom Biggins has been appointed, Tom was previously the Chair of the committee and brings a wealth of valuable knowledge and expertise.
- 12.2. Interviews for the vacancy for a member representative on the Board were held on 7 January; we are delighted to inform you that we have appointed Nick James. Nick has over 40 years' experience as an architect and previously worked for Shropshire Council.
- 12.3. Unfortunately, Madeline Murphy who was an employer representative on the Board has had to step down as she has left Wrekin Housing Group. An advert has gone out to employers in the fund to recruit a replacement and we have received 2 expressions of interest. These are currently assessed and interviews will take place shortly to appoint to this role.
- 12.4. The Board will need to consider nominating a representative to take on the position of Chair, which is currently being covered by John Hall.

## 13. Training

- 13.1. A survey was issued to both Committee and Board members on the 24 February 2026 to gather information on the level of knowledge across administration, investments and governance. The closing date for completing the survey was the 6 March 2026, Fund Officers will review the training needs for this year and will plan training accordingly to support both the Board and Committee on topics where approval will be needed in future meetings.
- 13.2. It is extremely important that all members of the Committee and Board attend the training that is provided to them, as this is essential to support in the understanding and decision-making process. Fund Officers record attendance and completion of training and this is reported in the fund's annual report and to both Chairs so that any issues with attendance can be addressed.

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

Governance Report December 2025

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**Local Member:**

**Appendices**

Appendix A - Record of Breaches April 2025 to November 2025

Appendix B - Funding Strategy Statement 2026

Appendix C - Fund Medium Term Business Plan 2026-29

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