



Pension Board

Date 1 May 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 28 February 2026 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 are listed for the Board's consideration before being approved by Pensions Committee.

### 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. (Appendix A)
- 2.2. 4 IDRPs cases have been received from an employer in the fund and completed in the quarter, up to 31 March 2026.
- 2.3. The Fund has created its Medium-Term Business Plan for the period 2026-2029, (Appendix B), which looks at work and resources required to deliver the service for this period.
- 2.4. The Funding Strategy Statement has now been approved by Pensions Committee and has been published to the Fund's website.
- 2.5. Fund Officers have reviewed and updated several Policies examined the Conflicts of Interest Policy (Appendix C) and have incorporated references to members of the Pensions Committee. This inclusion aligns with good governance

recommendations, which require that funds establish their own policy instead of relying solely on the Administering Authority's policy.

- 2.6. The Fund has established a specific retention policy for data that is maintained for the purpose of providing pension benefits. (Appendix D)
- 2.7. Fund Officers have revised the data improvement strategy and work plan and policy for 2025-2027, considering the tasks needed to update member addresses in preparation for the pensions dashboard. (Appendix E)
- 2.8. Fund Officers have reviewed the Communications Policy and updated the document to reflect new and current practices. (Appendix F)
- 2.9. As part of the annual review process, the Reporting Breaches Policy has been reviewed and no updates were required.

### 3. Recommendations

- 3.1. Members are asked to note the content of Appendix A; breaches recorded from 1 April 2025 to 30 February 2026. (Appendix A)
- 3.2. The Board is asked to note and comment on the Medium-Term Business Plan 2026-29. (Appendix B)
- 3.3. The Board is asked to note and comment on the following fund policies:
  - Conflicts of Interest Policy before it goes to Committee for approval (updated) (Appendix C)
  - Data Retention Policy before it goes to committee for approval (new) (Appendix D)
  - Data improvement Strategy and workplan 2025-27 (updated) (Appendix E)
  - Communication Policy (updated) (Appendix F)

## 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.

4.4. The Fund's risk register has been reviewed and updated

### 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. Any breaches of the Local Government Pension Scheme (LGPS) or other relevant legislation by either the fund or a scheme employer is recorded in a breaches log.

7.4. Breaches recorded for scheme employers from 1 April 2025 to 28 February 2026 are detailed in Appendix A. Most 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.

- 7.5. Recently, we learned that 18 employers in the Fund will be changing their payroll providers starting in April. This impacts our team, as we need to verify submissions from these new providers before accepting them. It also takes time to train the new providers and grant them authorized access to our data transfer platform, i-Connect. Given the number of changes, we may see an increase in breaches while supporting transitions to the new payroll providers.
- 7.6. No breaches have been recorded for the fund for 1 April 2025 to 28 February 2026.
- 7.7. No breaches have been recorded on behalf of the Pension Committee and Pension Board in the period 1 April 2025 to 28 February 2026.
- 7.8. The fund has completed its annual review of the Reporting Breaches Policy, and no revisions were necessary.

## 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 for the period 1 April 2025 to 31 March 2026. 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. This received Committee approval in the March committee meeting and is now available the fund's website.

## 10. Valuation Report

- 10.1. The fund valuation report has now been posted online, providing detailed information for stakeholders. This report is addressed to the Administering Authority of the Shropshire County Pension Fund ("the Administering Authority") to fulfil Regulation 62 of the Local Government Pension Scheme Regulations 2013 (as amended). It outlines the factors considered during the actuarial

valuation as of 31 March 2025 and explains the decisions that were made. The purpose of the actuarial valuation is to allow the Administering Authority to:

- Assess the expected cost of benefits earned by members up to the valuation date (“liabilities”) and compare this to the assets held by the Fund.
- Decide the contributions needed to pay for future benefits being built up by active members and other running costs (the “Primary Contribution Rate”).
- Develop a suitable strategy to achieve and maintain full funding, 100% solvency—if the Fund’s assets do not match its liabilities. This includes specifying the amounts needed (the “Secondary Contribution Rate”) and the period over which these payments will be made (the “Recovery Period”).

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

- 11.1. The Business Plan sets out how the Shropshire County Pension Fund, part of the LGPS with over 51,400 members and 15,976 pensioners, will operate over the next three years. It defines strategic objectives, resource allocation, and aims to deliver pensions accurately and on time while maintaining healthy funding. The committee approved the plan in March.

## 12. Policy updates

### 12.1. Communication Policy

- 12.1.1. The Communication Policy has been reviewed and updated. Changes have been made to reflect advances in our communication methods. These include increased use of email communications and online training. There have also been developments to the member online platform and general improvements in making the policy clearer to follow by all our stakeholders.

### 12.2. Conflicts of Interest Policy

- 12.2.1. Local Government Pension Scheme (LGPS) administering authorities, as well as advisers to LGPS funds, have always faced conflicts of interest. This is because many individuals involved in managing or advising LGPS funds hold various other positions, such as being a Scheme member, serving as an Elected Member of an employer within the LGPS, or acting as an adviser to multiple LGPS authorities. Additionally, any of these people may have personal, business, or other interests that could potentially conflict—or appear to conflict—with their responsibilities regarding LGPS funds.
- 12.2.2. The policy was revised based on the Good Governance review's recommendations to include the responsibilities of Pension Committee members within the Fund's specific policy, instead of relying solely on the Council Constitutions.
- 12.2.3. This policy will go to June Pensions Committee for approval.

## 12.3. Data Improvement Strategy and Workplan

- 12.3.1. This document summarises the key issues from the fund's 2025 Data Quality review and the planned actions for the next two years. The objectives are to improve member record accuracy, boost data quality scores, and prepare for the Pensions Dashboard launch. Steps include ensuring correct member records, filling data gaps like missing addresses, and minimising historical Deferred Refund records.
- 12.3.2. The plan will be reviewed on a regular basis to monitor progress and completion of improvements.

## 13. New Policies

### 13.1. Data Retention Policy

- 13.1.1. The Fund, as a data controller, is required to adhere to data minimisation and storage limitation principles in accordance with data protection laws. Personal data must be adequate, relevant, and restricted to what is absolutely necessary, and should only be kept for as long as it serves its intended purpose. Some records are retained either due to legal requirements or because they may be needed later, such as for calculating benefits or handling possible legal claims within the statutory time limit. This policy provides an overview of how the Fund manages personal data in compliance with these standards, rather than relying exclusively on the Council's policy.
- 13.1.2. This policy will go to June Pensions Committee for approval.

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

- 14.1. 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.
- 14.2. The 'Fit for the Future' Consultation produced 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.
- 14.3. 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 June.*

*The Board 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 presented to Committee for approval in June.*

- Requirement for pension committee and Board 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 to assist with the appointment of individuals with experience in administration, governance, and investment issues.*

## 15. Committee and Board Vacancies

- 15.1. Unfortunately, Madeline Murphy who was an employer representative on the Board has had to step down as she has left Wrekin Housing Group and Rebecca

Summerlin has stepped down as member representative due to work commitments.

- 15.2. Two applications have been received, and interviews took place on 22 April, a verbal update on the appointment of representatives will be provided in the meeting.
- 15.3. The Board will need to consider nominating a representative to take on the position of Chair, which is currently being covered by John Hall.

## 16. Training

- 16.1. A survey has been issued to both Committee and Board members to gather information on the level of knowledge across administration, investments, and governance. Fund Officers have reviewed 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.
- 16.2. 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 January 2026

**Local Member:**

### **Appendices**

Appendix A - Record of Breaches April 2025 to February 2026

Appendix B – Medium-term Business Plan 2026-2029

Appendix C – Conflicts of Interest Policy

Appendix D – Data Retention Policy

Appendix E – Data Improvement Strategy and Workplan 2025-2027

Appendix F – Communications Policy

