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Local Pension Board	Pensions
Date and Time	11 September 2026
	Public

Governance update
LGPS

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1. Purpose of Report

1.1. This report provides information regarding regulatory breaches arising from 1 April 2026 to 30 June 2026 (Q1) 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. Recommendations

The Board is asked to:

2.1 note the content of Appendix A; breaches recorded from 1 April 2025 to 30 February 2026. (Appendix A)

2.2 The Board is asked to note and comment on the following fund policies:

- Workforce Strategy (NEW)

2.3 Note the extensive work for additional governance requirements that have been created from the fit for the Future legislative changes.

3. Key risks and Opportunities

3.1. Poor monitoring of breaches may result in inaccurate data from scheme employers, affecting the correct payment of member benefits.

3.2. Delays in receiving contributions owed to the fund may affect investment activity and benefit payments, potentially reducing confidence in the service.

3.3. Regular monitoring of the breaches log helps identify emerging trends and employer training needs.

4. Financial Implications

4.1. Robust internal controls are in place to monitor compliance with regulatory requirements by both the fund and employers, minimising the risk of breaches and any associated fines from The Pensions Regulator.

5. Legal and HR implications

5.1 The Pension Fund must comply with LGPS Regulations and all other requirements governing pension scheme administration. Non-compliance could result in regulatory fines and damage confidence in the service.

5.2 People and Workforce Resilience -The strategy recognises that people are the fund's most critical asset. Sustained investment in workforce planning, development and succession planning is essential to maintaining service quality and managing risk.

6. Equality and Diversity Implications

6.1. The Workforce Strategy includes several areas that support equality, diversity and inclusion.

6.2. The strategy promotes fair access to learning and development, including professional qualifications, structured learning pathways, technical training and peer support.

6.3. The focus on defined career pathways and progression routes supports transparency and consistency in workforce development, helping to promote equal access to opportunities.

6.4. The inclusion of mentoring, acting-up opportunities, development plans and succession planning supports the development of internal talent and helps ensure progression opportunities are available across the workforce.

6.5. The strategy recognises the value of flexible working, career progression and development opportunities as part of the wider employment offer, which can support inclusion and workforce accessibility.

6.6. The document includes an accessibility statement, confirming that information can be provided in a more suitable format where required.

7. Climate Change, Biodiversity and Environmental Implications

7.1. Climate Change, Biodiveristy and Environmental implications are not included in this report.

8. Recording Breaches

8.1. 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.

8.2. 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.

8.3. 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.

8.4. Breaches recorded for scheme employers from 1 April 2026 to 30 June 2026 (Q1) are detailed in Appendix A. Most of these breaches concern late data submissions, or payment on contributions. Each breach is monitored per employer on a monthly basis and persistent breaches are escalated accordingly.

8.5. We have seen significant impacts on the data quality and time taken to receive data when an employer changes payroll provider. 18 employers changed their payroll provider with effect from 1 April 2026 and this has led to the team having to spend time training and correcting issues with submissions. Reminders are sent to employers on the importance of advance notice for payroll provider changes and to ensure it is clear in their contract with the provider the requirements for the fund.

8.6. No breaches have been recorded for the fund for 1 April 2026 to 30 June 2026.

8.7. No breaches have been recorded on behalf of the Pension Committee and Pension Board in the period 1 April 2026 to June 2026.

9. Internal Dispute Resolution Procedure

9.1. 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).

9.2. The fund has not received notification of any stage one appeals under IDRP for the period 1 April 2026 to 30 June 2026

10. Workforce Strategy 2026-29

10.1. Fund officers have created a Workforce Strategy. This explains how Shropshire County Pension Fund will ensure it has the capacity, capability and resilience needed to deliver its statutory and strategic objectives during the period 2026–2029.

10.2. The strategy supports delivery of the fund’s Medium Term Business Plan and responds to the growing complexity of the LGPS environment, including:

- increasing demands on pension administration;
- strengthened governance and regulatory requirements;
- ongoing regulatory change; and
- technological transformation across pension services.

10.3. The strategy recognises that people are the fund’s most critical asset. Sustained investment in workforce planning, development and succession planning will be essential to maintaining service quality, strengthening resilience and managing risk.

10.4. The Board are asked to note and comment on the strategy

11. Fit for the Future – Good Governance Requirements

11.1. Based on the Government's Good Governance reforms, LGPS administering authorities must implement a range of new governance requirements from 2026. The reforms stem from the Scheme Advisory Board's Good Governance Review and have now been incorporated into the Local Government Pension Scheme governance framework.

11.2. The Chart below breaks down the requirements for the fund to implement and suggested actions that need to be taken.

LGPS Good Governance Requirements

Key Actions Required by Administering Authorities

Requirement	What Funds Need to Do	Suggested Actions
Appoint an LGPS Senior Officer	Designate a senior officer with overall responsibility for the administration, governance and investment functions of the fund.	• Update governance documents, delegations and reporting arrangements. • Ensure the role is reflected in the fund's constitution and governance framework.
Update Constitution and Governance Arrangements	Governance structures must clearly define the responsibilities of the Pension Committee, Local Pension Board, Section 151 Officer and LGPS Senior Officer.	• Amend the constitution and terms of reference. • Review Schemes of Delegation. • Update governance policies and committee reporting lines.
Appoint an Independent Person	Funds that delegate pension functions to a committee or officer must appoint an Independent Person to provide professional challenge and oversight.	• Develop role specification. • Undertake recruitment process. • Amend Committee Terms of Reference to include the appointment. • Establish remuneration and tenure arrangements.
Undertake Independent Governance Reviews (IGR)	Each fund must participate in an independent governance review at least once during each valuation cycle (effectively every three years).	• Procure an independent reviewer. • Complete first governance review. • Publish findings and improvement plan where required. • Establish periodic review timetable.
Governance Strategy	Replace the existing Governance Compliance Statement with a Governance Strategy.	• Review existing governance documents. • Develop and publish Governance Strategy. • Include governance structure, responsibilities

Requirement	What Funds Need to Do	Suggested Actions
		and decision-making arrangements.
Training Strategy and Knowledge Requirements	Pension Committee members, Local Pension Board members, LGPS Senior Officer and relevant officers must demonstrate appropriate knowledge and understanding.	• Create or update Training Strategy. • Establish training plans and training logs. • Assess competency gaps.
Conflicts of Interest Policy	Funds must maintain a formal conflicts policy covering all governance participants.	• Review current arrangements. • Develop conflict declaration procedures. • Include monitoring and escalation processes.
Administration Strategy	Every administering authority must maintain a Pension Administration Strategy.	• Review existing strategy. • Ensure compliance with new guidance. • Update employer responsibilities and performance standards.

The Three Most Significant Governance Changes

1. LGPS Senior Officer

11.3. The LGPS Senior Officer becomes the accountable senior officer responsible for ensuring the fund is properly managed, governed and resourced. The role must be clearly recognised within the administering authority's governance arrangements and constitutional framework. For many funds, this will require amendments to committee terms of reference, schemes of delegation and governance policies

2. Independent Person

11.4. The Independent Person is intended to provide professional and objective challenge to Pension Committees, similar to a Non-Executive Director or Professional Trustee. The individual supports the Chair, Pension Committee and LGPS Senior Officer but does not replace existing decision-makers. Their role extends across investment, governance and administration matters.

Typical implementation work will include:

- Developing a role description
- Creating appointment criteria
- Running a recruitment exercise
- Establishing remuneration arrangements
- Incorporating the role into governance documents
- Updating committee procedures and reporting arrangements

3. Independent Governance Review

11.5. Funds are required to commission an Independent Governance Review (IGR) at least once every valuation period, typically every three years. The review must assess governance effectiveness and compliance with legislative requirements and identify improvement actions where necessary.

A review should consider:

- Governance structures
- Committee effectiveness
- Decision-making processes
- Knowledge and skills compliance
- Risk management arrangements
- Conflicts management
- Effectiveness of fund policies

Implementation Plan for LGPS Funds

11.6. Below is a brief summary of when actions will be taken to deliver the new requirements.

Phase 1: Governance Review (Immediate)

- Gap analysis against statutory guidance.
- Confirm LGPS Senior Officer arrangements.
- Identify constitutional changes required.
- Review governance policies.

Phase 2: Constitutional Changes (by end of December)

- Update constitution.
- Recruit or appoint Independent Person.
- Formalise LGPS Senior Officer responsibilities.
- Establish reporting arrangements

Phase 3: Policy Updates (by March 2027)

- Adopt Governance Strategy.
- Adopt Training Strategy.
- Adopt Conflict of Interest Policy.
- Update Committee and Board terms of reference.

Phase 4: Governance Assurance (before 31 March 2028)

- Commission Independent Governance Review.
- Produce improvement plan.
- Monitor progress through Committee and Local Pension Board.

12. Background Papers

1. Governance Report May 2026

13. Appendices

Appendix A – Breaches Q1 April to Jun 2026
Appendix B – Workforce Strategy 2026-29