Shropshire County Pension Fund

Annual Report 2025/26





Contents

Introduction

04. Welcome

Section A: Management and financial performance

09. Scheme management and advisors
10. Risk management
14. Financial performance

Section B: Investment policy and performance

19. Investment of funds
23. Spread of assets between fund managers
24. Major shareholdings
25. Investment performance
28. Corporate governance

Section C: Scheme administration

35. Scheme administration report
46. Internal dispute resolution procedure (IDRP)
47. Conflicts of interest

Section D: Actuarial report on funds

48. Statement by the consulting actuary

Section E: Governance arrangements

52. Governance structure
54. Pensions Board report
57. Pensions Committee report
60. LGPS Governance Update
62. Training policy

Section F: Statement of accounts and notes

64. Pension Fund accounts
65. Net assets statement
66. Notes to the accounts
84. Pooling report
88. Audit opinion and certificate
90. Statement of responsibilities for the statement of accounts

Section G: Other fund policies

92. Pensions Administration Strategy
92. Governance Compliance Statement
92. Funding Strategy Statement
93. Investment Strategy Statement
93. Climate Stewardship Plan
93. Climate Change Strategy
93. Business Plan 2024-2026

Section H: Glossary

94. Glossary





Introduction

Welcome...

...to the 2025/26 annual report and accounts of the **Shropshire County Pension Fund.**

This year's fund information:

£169 million fund value increase

£2.795 billion total fund value

6.4 % fund value increase

2.5% below benchmark

Shropshire County Pension Fund ("the fund") increased in value by £169 million in 2025/26, a percentage increase of 6.4%, to be valued at £2.795 billion at the end of the year. The total fund value increased by 6.4% over the year but investment performance was 2.5% below benchmark.

The main underperformance was on active equity investments. LGPS Central Limited's global equity mandate returned 5.6%, which was 10.5% below the benchmark and LGPS Central Limited's sustainable equity mandate returned 7.5%, which was 8.8% below the benchmark. Whilst all equity markets were lower on the 31 March as a result of market falls in reaction to the Middle East conflict, this fall was fully recovered after the year-end. The underperformance of the active equity portfolios has more to do with stock positioning across the year than geopolitical events, with the Legal & General Investment Management (LGIM) passive equity portfolio returning 11.3% in line with benchmark for the year. The majority of asset classes performed positively, with strong returns from hedge funds and insurance linked securities. 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 the T.Rowe Price Bond Fund after a difficult final quarter. Overall, despite the difficult trading conditions seen in the final quarter of 2025/26 due to the impact of the conflict in the Middle East on markets at year-end, the portfolio has held up well.

The strongest absolute returns were generated in insurance linked securities, managed by Twelve Securis, which generated excellent returns of 12.16%, helped by recoveries from the US wildfire losses seen in the final quarter of 2024/25. Passive equity, managed by Legal & General Investment Managers, generated returns of 11.3% and hedge funds managed by BlackRock generated returns of 9.2%.

Equities, which make up the majority of the fund's investments, had a mixed year and were pegged back in the final quarter by uncertainty over the Middle East conflict which impacted year-end valuation. This fall has since been fully recovered by markets in the first quarter of 2026/27. The passive equity managed by Legal & General Investment Managers returned 11.3%, which was in line with its benchmark but this was held back by the equity protection which was in place until December 2025. Whilst both the active equity portfolios managed by LGPS Central Limited produced positive performance, this was below benchmark. Equity performance in the first 9 months of the financial year was strong, with equities representing 60% of the fund's value against the strategic benchmark of 55%. The Pensions Committee, following advice from advisors and officers, trimmed the position back to 55% in January 2026 by investing 5% in long-term (15 year plus) UK Government bonds. This is a partial de-risking strategy

as gilt yields better reflect the fund's liabilities but offer lower opportunities for capital growth.

The Pensions Committee

The Pensions Committee is responsible for determining 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 important decision that the Committee will make because it has the biggest impact on the long-term returns of the fund. The Committee has started the triannual review of the strategic asset allocation following receipt of the March 2025 valuation results. The Investment Strategy Statement, which incorporates the strategic asset allocation, will be finalised in 2026 following consultation.

Strategic asset allocation

The strategic asset allocation covering the 2025/26 financial year was agreed in June 2023. As noted, the strategy was changed slightly to allow the purchase of 5% in UK Government bonds. Private market investments remain below the strategic levels, which has allowed this 5% allocation to be achieved without the need for any further changes. Private markets can have a very long lead time between commitment of funds and investments actually appearing in the fund's balance sheet. The fund has outstanding commitments to allow it to reach agreed levels across private equity, private credit and infrastructure. These commitments will be drawn down over the next two/three years as suitable opportunities arise. Additional commitments were completed in respect of private market allocations to private equity managed by LGPS Central Limited for £30m in respect of their primary 2025 vintage. The Committee also gave its support to a £30m secondary private equity commitment to LGPS Central Limited, but this product was not launched at the end of the financial year. Many of the LGPS Central Limited private market funds are in the early capital raising stages and will take a few years for capital to be fully deployed.

Independent actuarial valuation

The fund undergoes an independent actuarial valuation every 3 years. The last actuarial valuation was undertaken at the end of March 2025 and signed off in March 2026, identifying that the fund had a funding level (the relationship between estimated future pension payments and the funds held to pay for these pensions) of 115%, using the fund's standard assumptions, which was an increase from 100% at the previous valuation in March 2022. This was the first time for over 26 years that the funding level has been over 100% at the valuation date, which is really positive news. The increased funding level has allowed the fund to reduce employer contribution levels and set up a sustainability reserve to help protect employers from contribution changes caused by changes in valuation moving forward.

Responsible investment

The fund continues to make good progress in 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 12 months from 1 April 2024 to 31 March 2025. The FRC confirmed the application was successful in February 2026. This is a great achievement and confirms how seriously the fund continues to take responsible investment and environmental, social and governance issues.

Since 2020, the fund has commissioned its pooling company, LGPS Central Limited, 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 2025 showing a 64.8% 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 significant progress which has been made during the year with regards to 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.

LGPS Central Limited

During 2025/26 the fund continued to operate inside its pooling company LGPS Central Limited, which was 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 were 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 Limited are as follows:

- 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.
- Ensure good governance.

LGPS Central Limited manages 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), which is 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 the 14 November 2024, the Chancellor's Mansion House speech set out a proposed consultation on LGPS "Fit for the Future", which was published the following day.

The consultation covered three key areas:

- Reform of asset pooling.
- Boosting UK and local investment.
- Strengthening the governance of both administering authorities and LGPS pooling companies.

The Government's response to the consultation was issued on the 29 May 2025. As part of the actions under item 1, the Government decided to close the Brunel and Access Pooling companies and recommended the 21 pension funds involved to join LGPS Central Limited, Borders to Coast, or Local Pension Partnership Investments (LPPI) by 31 March 2026.

As a result of the reform of asset pooling, LGPS Central Limited received formal expressions of interest from three former Brunel Funds; Gloucestershire, Oxfordshire and Wiltshire and four former Access funds; Norfolk, Suffolk, Hampshire and Isle of Wight.

This has resulted in considerable work to review the governance of the pool, prevent any transition issues and ensure appropriate resources were in place for 31 March 2026. All legal agreements were completed by the deadline, with LGPS Central Limited becoming the manager of 14 funds from 1 April 2026. The revised company will have 14 equal shareholders with the final position of the Isle of Wight still to be confirmed.

The expansion will see the company move to having approximately £100bn of assets under management from 1 April 2026.

The pooling company will also become responsible for all investment implementation decisions from 1 April 2026, and the fund will give the company power of attorney in respect of those legacy assets not already under the Company's control to facilitate this in the immediate term.

Pensions administration team

The pensions administration team have continued to ensure that over the past twelve months the service they deliver is both efficient and effective for all stakeholders and that all benefits are paid accurately, on time and in line with scheme regulations.

Employer data

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

Training days for all team members are held twice a year, providing opportunities for the team to 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 2025/26, including issuing Annual Benefit Statements, P60 documents, Pension Savings Statements and publishing the Annual Report.

McCloud

During the year, the team continued to work on implementing the McCloud ruling and ensuring the underpin is applied to protected members with all work targeted for completion by 31 August 2026.

Pension Dashboards

Work continues for the implementation of Pension Dashboards with the fund having successfully established a secure connection to the platform. The expectation is that the dashboard will go live in 2027.

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

Full details of the administration work can be found in the administration report on page 35.

Certain aspects of the Scheme Advisory Board's Good Governance recommendations have been introduced as part of the Government's "Fit for the Future" consultation under the Pensions Bill which came into force in April 2026. We await formal regulations and guidance in respect of this to take the final steps in ensuring full compliance.

Business plan
The fund's Business Plan for 2026-2029 can be found on the website and progress against this is reported to and regularly reviewed by both Board and Committee members.

Meetings
The annual meeting for Scheme employers is run as a hybrid event each November and the Pensions Committee and Board meetings continue to be live-streamed. Committee meetings must be held in person; however, Board members are invited and can choose to attend virtually, this has proved particularly useful when holding training sessions for Board and Committee members.

We hope you find this report interesting and informative. As always, we welcome your feedback on both this and any aspect of the fund's activities. If you wish to make a comment or if you have any questions, our contact details are provided at the end of this Report.



Justin Bridges
Head of Pensions - LGPS Senior Officer
Shropshire Council



Cllr Gary Groves
Chair of Pensions Committee
Shropshire Council

Scheme management and advisors

Administering authority

Shropshire Council
Guildhall
Frankwell Quay
SHREWSBURY
SY3 8HQ

Scheme administrator

Justin Bridges
LGPS Senior Officer

Shropshire Council officers

Duncan Whitfield
Executive Director (Section 151 Officer)
Justin Bridges
Head of Pensions - LGPS Senior Officer
Peter Chadderton
Pensions Investment and Responsible Investment Manager
Vicky Jenks
Pensions Administration Manager
Ed Roberts
Fund Accountant

Investment managers

Aberdeen PLC
1 George Street
EDINBURGH
EH2 2LL

BlackRock
12 Throgmorton Avenue
LONDON EC2N 2DL

DRC Savills Investment Management
33 Margaret Street
LONDON W1G 0JD

Global Infrastructure Partners
The Peak
5 Wilton Road
LONDON SW1V 1AN

HarbourVest Partners (U.K.) Limited
2nd Floor
20 Air Street
LONDON W1B 5AN

Legal & General
One Coleman Street
LONDON EC2R 5AA

LGPS Central Limited
First Floor i9
Wolverhampton Interchange
WOLVERHAMPTON WV1 1LD

Twelve Securis
110 Bishopsgate
LONDON EC2N 4AY

T.Rowe Price
60 Queen Victoria Street
LONDON EC4N 4TZ

Custodian

Northern Trust
50 Bank Street
Canary Wharf
LONDON E14 5NT

Independent advisors

AON
The AON Centre
The Leadenhall Building
122 Leadenhall Street
LONDON EC3V 4AN

Philip Hebson

Banker

NatWest Bank
Corporate and Commercial Banking
3rd Floor
2 St Phillips Place
BIRMINGHAM B3 2RB

Auditor

Grant Thornton UK LLP
17th Floor
103 Colmore Row
BIRMINGHAM B3 3AG

Legal advisor

Shropshire Council
Legal Services
The Guildhall, Frankwell Quay,
SHREWSBURY SY3 8HQ

Eversheds Sutherland
(International) LLP
115 Colmore Row
BIRMINGHAM B3 3AL

Actuary

Mercer
No 4 St Paul's Square
Old Hall Street
LIVERPOOL L3 9SJ

AVC providers

Prudential Assurance Company Ltd
LANCING BN15 8GB

Utmost Life and Pensions
Walton Street
AYLESBURY HP21 7QW

Responsible engagement advisors

Columbia Threadneedle Investments
Canon Place
78 Canon Street
LONDON EC4N 6AG

Local Authority Pension Fund Forum

c/o PIRC Ltd
8th Floor
Exchange Tower
2 Harbour Exchange Square
LONDON E14 9GE

LGPS Central Limited
First Floor i9
Wolverhampton Interchange
WOLVERHAMPTON WV1 1LD

Performance measurement

Northern Trust
50 Bank Street
Canary Wharf
LONDON E14 5NT



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 which includes risk registers for Pension Fund Investment, Investment Pooling and Pension Administration. **The following table shows a summary of the Pension Fund's key risks which were identified for 2025/26.**

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. • 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. • Information protection training undertaken by all staff. • Secure working environment in place. • Memorandum of understanding in place with employers. • Privacy notices added to all relevant correspondence. • Fund has its own Cyber Security Policy. • Training provided to Officers, Committee and Board members.
The insolvency of an employer places additional liabilities on the fund and 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, incorporating employer events policy which provides information on process for changes to employer rates, employers exiting the fund. • Annual employer covenant check for high-risk employers.
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 reviewed as part of valuation cycle. • Compliance with LGPS regulations. • Audit of investment managers.

Risks	Controls in Place
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. • Active monitoring of bond investments with advisors and managers to ensure most effective positioning.
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 for all fund activities documented and reviewed annually. • Business plan provides information on management controls over resources to manage workloads. • Training Policy in place. • Skills matrix established for each post. • 1:1 and Appraisals capture training requirements and training completed. • Workforce strategy being created which will document succession planning and career path for progression.
Failure to deliver value for money.	• Continued focus on value for money when 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 Limited not delivering the required investment return which could result in the need for increased employer contributions.	• Investment performance regularly reported to and monitored by the Pensions Committee and appropriate action taken. • Concerns reported via the Joint Committee and Shareholders Forum.
Insufficient range of asset classes or investment styles being available through the investment pool.	• Investment workstream set up to create sub-funds to implement participating funds investment strategies. • Participating fund data gathered and analysed in detail at Officer Practitioner Advisory Forum meetings. • Product development plan agreed by the partner funds/LGPS Central Limited.
Inappropriate Investment Strategy.	• Investment Strategy Statement reviewed and updated as part of valuation cycle. • Funding Strategy Statement published following consultation with Scheme employers outlining how the fund plans to meet its liabilities. • External advice from independent advisors.
Economic recession impacting on investment returns.	• Diversified investment strategy to spread risk across several different markets through the asset allocation. • Regular reviews of investment strategy with independent advisors.
Pay and price inflation significantly higher than expected 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. • Inflation rates continually monitored due to cost-of-living crisis and international conflicts. • Inflation expected to stay higher for longer which will impact on future investment returns.

Risks	Controls in Place
Incorrect information/benefits provided to members of the scheme.	• Benefit calculations are checked and verified before payment issued. • All supporting calculations are provided to the member. • Data quality monitored and Data improvement workplan in place. • Team training. • Employer training. • 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 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 Pensions Committee and Board.
Failure of employers to provide accurate data leading to incorrect benefit statement/payments or fund valuations.	• Administration Strategy Statement. • Team and employer training. • Internal controls and procedures documented. • i-Connect implemented for all employers for monthly data collection and monitoring.
Policies or strategies of the Administering Authority adversely impacting on the work of the Shropshire County Pension Fund team.	• Delegated decision making to Pensions Committee and Head of Pensions (LGPS Senior Officer). • Pensions team exempt from spend or workforce board approvals of the Council. • Review of recruitment policies to ensure the Pension Fund can attract and retain key staff.
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 with procedure for escalation. • Log of breaches monitored monthly. • Breaches reported to Committee, Board on a quarterly basis.
Non-compliance with the law around LGPS benefit administration leading to fines by the Pensions Regulator.	• Administration software solution. • Staff training. • Access to training for Board and Committee members. • Policies and Procedures documents in place.
Failure of support systems: Business World, CIVICA, Pay360 which will result in incorrect data collection, payment of benefits and incorrect accounting.	• Key systems are regularly reviewed and updated. • Support provided by Council ICT teams.
Regulatory change occurs which impacts either LGPS Central Limited or partner funds. Government changing stance on pooling such that the model no longer meets requirements.	• Regulatory intelligence and working collaboratively with partner funds & pool project. • Successful integration of changes required under the proposed Pensions Scheme Bill. • 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 Limited 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 2029. It also shows the 2025/26 actuals against the 2025/26 budget.

Forecast v actual report on fund cash flows

Pension fund account	2025-26 Budget £m	2025-26 Actual £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m
Contributions (employees and employers)	95.900	93.568	75.100	77.400	79.800
Transfers in	8.500	11.250	10.000	10.100	10.200
Pensions paid	(94.000)	(93.113)	(101.300)	(109.400)	(118.200)
Lump sums paid	(22.000)	(17.582)	(18.000)	(18.500)	(19.000)
Lump sum death benefits	(2.600)	(3.028)	(3.000)	(3.200)	(3.400)
Refund of contributions	(0.300)	(0.280)	(0.300)	(0.350)	(0.400)
Transfers to other Funds	(8.500)	(9.165)	(10.000)	(10.100)	(10.200)
Net additions/(withdrawals) from dealings with Scheme Members	**(23.000)**	**(18.350)**	**(47.500)**	**(54.050)**	**(61.200)**
Management expenses	(25.076)	(25.497)	(26.408)	(27.403)	(28.549)
Investment income	14.000	13.698	14.000	14.500	15.000
Gain/(loss) on cash and currency hedging	0.000	(0.514)	0.000	0.000	0.000
Taxes on income	(0.150)	(0.036)	(0.100)	(0.110)	(0.120)
Change in market value	202.127	199.172	216.136	232.063	249.869
Net increase/(decrease) in net assets during the year	**167.901**	**168.473**	**156.128**	**165.000**	**175.000**
Opening net assets of the scheme	**2,626.399**	**2,626.399**	**2,794.872**	**2,951.000**	**3,116.000**
Closing net assets of the scheme	**2,794.300**	**2,794.872**	**2,951.000**	**3,116.000**	**3,291.000**

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	2025-26 Budget £m	2025-26 Actual £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m
Global equities - unconstrained	725.800	711.124	771.600	837.200	908.300
Global equities - passive	898.200	800.022	856.800	917.700	982.800
Unconstrained bonds	103.200	81.632	87.100	92.900	99.200
Investment grade bonds	281.500	282.756	299.400	317.100	335.800
Conventional gilts (15 years duration)	0.000	66.653	70.700	75.000	79.600
Index-linked gilts (15 years duration)	0.000	69.092	72.300	75.600	79.100
Hedge funds	118.800	124.610	130.100	135.800	141.800
Private equity	220.400	207.443	229.000	252.800	279.100
Infrastructure	172.400	154.355	168.600	184.100	201.000
Property	124.900	129.994	138.400	147.400	157.000
Property debt	11.200	2.427	2.600	2.800	3.000
Private debt	84.800	88.972	95.900	103.400	111.500
Insurance linked securities	47.500	49.689	53.500	57.500	61.900
Other (including cash and net current assets)	5.600	26.103	(25.000)	(83.300)	(149.100)
Total investment assets	**2,794.300**	**2,794.872**	**2,951.000**	**3,116.000**	**3,291.000**

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 forecast for total investment assets are based on actual allocations at 31 March 2026 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.

The long term forecasts are as follows:

Asset class	Return
Global equities - unconstrained	8.5%
Global equities - passive	7.1%
Unconstrained bonds	6.7%
Investment grade bonds	5.9%
Conventional gilts (15 years duration)	6.1%
Index-linked gilts (15 years duration)	4.6%
Hedge funds	4.4%
Private equity	10.4%
Infrastructure	9.2%
Property	6.5%
Property debt	7.9%
Private debt	7.8%
Insurance linked securities	7.6%
Cash	2.2%

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 2026/27 to 2028/2029 have been revised and are based on the 2025/26 actual costs which are analysed to agree with the CIPFA guidance on management costs. **(see note 8)**

Operational expenses	2025-26 Budget £m	2025-26 Actual £m	2026-27 Budget £m	2027-28 Budget £m	2028-29 Budget £m
Administrative costs					
Employee costs	1.450	1.398	1.450	1.520	1.560
IT costs	0.420	0.503	0.520	0.530	0.550
Office accommodation	0.040	0.013	0.020	0.022	0.024
Consultants	0.085	0.086	0.090	0.092	0.094
Printing, postage and design	0.062	0.042	0.044	0.046	0.048
Subscriptions	0.020	0.007	0.010	0.012	0.014
Other costs	0.035	(0.066)	0.020	0.020	0.020
Total	**2.112**	**1.983**	**2.154**	**2.242**	**2.310**
Investment management expenses					
Management fees	12.400	12.667	13.200	13.700	14.200
Performance fees	0.670	0.661	0.690	0.710	0.740
Other fees	4.500	4.652	4.800	5.000	5.200
Transaction costs	3.400	3.488	3.600	3.700	3.800
Custody fees	0.020	0.006	0.010	0.012	0.014
Total	**20.990**	**21.474**	**22.300**	**23.122**	**23.954**
Oversight and governance costs					
Investment advice	0.280	0.236	0.240	0.250	0.260
Employee costs (pensions investment)	0.410	0.448	0.460	0.480	0.500
Actuarial advice	0.270	0.246	0.100	0.105	0.270
Responsible engagement overlay	0.053	0.052	0.053	0.054	0.055
LGPS Central Limited pooling costs	0.730	0.866	0.900	0.940	0.980
External audit	0.105	0.101	0.105	0.109	0.114
Performance analysis	0.028	0.012	0.013	0.014	0.015
Internal audit	0.026	0.019	0.020	0.021	0.022
Legal and Committee	0.024	0.014	0.015	0.016	0.017
Other costs	0.048	0.046	0.048	0.050	0.052
Total	**1.974**	**2.040**	**1.954**	**2.039**	**2.285**
Total management expenses	**25.076**	**25.497**	**26.408**	**27.403**	**28.549**

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 when they are received no later than the 19th day of the month, following the month it was deducted.
The percentage of contributions received on time for 2025/26 was 98%, the same as the previous year.

The total amount of interest charged to employers was £780.26. This related to 5 different employers where interest was due on both employee and employer contributions for late payment. There were 21 instances of late payment, but interest was not charged due to the amounts being insignificant.

Pension overpayments

During the 2025/26 period, pension overpayments amounted to £44,984.78, of which £28,973.42 was successfully recovered and £10,301.70 was written off. Additionally, invoices issued to recover outstanding overpayments currently total £5,709.66. The fund has established an Overpayment Policy that outlines the procedures for recovery. As part of our ongoing review, we have raised the threshold for write-offs from £100 to £250 in line with HMRC limits.

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		
Albrighton Primary School & Nursery	25,286.17	81,249.54
Alveley Primary School	8,941.79	41,004.26
Apley Wood Primary School	29,088.20	98,408.68
Aqueduct Primary School	17,696.33	51,756.48
Barrow 1618 Free School	8,562.32	31,208.93
Beckbury C.E Primary School & Nursery	4,983.43	15,732.28
Belvidere School	44,933.71	238,080.72
Bicton C.E Primary School & Nursery	12,753.27	44,561.03
Bishops Castle Primary School	12,078.76	56,034.14
Bitterley C.E Primary School	11,586.11	58,075.15
Bomere Heath C.E Primary School	9,667.62	33,847.07
Burford Primary School	14,381.15	60,516.73
Castlefields Primary School	17,383.20	92,889.29
Cheswardine Primary School & Nursery	7,647.61	26,368.29
Christ Church C.E Primary School	18,030.31	56,113.57
Church Stretton School	24,366.84	135,954.03
Clee Hill Community Academy	10,982.20	51,141.10
Cleobury Mortimer Primary School	31,072.25	124,957.43
Community Academies Trust	179,538.76	716,802.27
Condover CE Primary School	9,650.41	58,512.03
Corbet School (Academy)	65,766.81	261,787.94
Crowmoor Primary School	15,312.27	47,312.52
Dawley C.E Primary Academy	17,272.57	84,589.68
Diocese of Hereford Multi-Academy Trust	46,997.41	91,640.84
Ellesmere Primary School	40,716.83	190,703.95
Empower Trust	252,377.12	1,134,518.82
Fields Multi-Academy Trust	46,618.20	223,270.70
Haberdashers Abraham Darby Academy	85,409.04	195,083.70
Haberdashers Adams School	86,289.52	351,515.19
Hinstock Primary School	13,122.68	43,721.74
Holy Trinity Academy	52,975.26	159,576.95
Holy Trinity Primary Academy	25,453.66	127,430.40
Keystone Academy	42,400.75	117,146.59
Lacon Childe School	53,925.72	219,062.78
Lakelands Academy	57,625.57	201,546.30
Lawley Village Academy	25,761.28	75,751.93
Learning Community Trust	824,523.32	3,067,053.37
Ludlow CE School	40,175.21	222,562.69
Ludlow Primary School	35,403.81	195,924.42
Lydbury North Primary School	7,575.94	22,539.17
Madeley Academy Trust	79,934.15	242,691.14
Marches Academy Trust	538,293.47	2,020,107.84
Mary Webb School and Science College	35,513.59	166,354.90
Meadows Primary School & Nursery	20,657.39	61,531.24
Meole Brace C.E Primary School & Nursery	46,945.39	154,588.38
Meole Brace School	74,807.78	391,408.33
Mereside CE Primary School	28,027.20	105,122.22
Millbrook Primary School & Nursery	33,746.30	94,441.13
Mighty Oaks Academy Trust	39,821.89	123,017.72
Moorfield Primary School	25,627.97	80,508.64
Morville C.E Primary School	3,881.92	16,024.45

Employer name	Employees contributions £	Employers contributions £
Newport Girls High School Academy Trust	38,859.56	141,192.04
Oldbury Wells School	57,911.87	243,387.66
Onny C.E Primary School	9,062.99	28,053.40
Our Lady & St Oswald's Catholic Primary School	9,393.26	29,707.11
Redhill Primary School	33,983.73	151,536.00
Severn Bridges MAT	186,827.21	750,787.83
Shrewsbury Cathedral Catholic Primary School	14,818.86	45,322.50
Shrewsbury Colleges Group	509,756.14	1,532,207.19
Shropshire & Wrekin Fire Authority	274,050.10	714,561.33
Shropshire Council	7,627,949.96	20,584,525.01
SS Peter & Paul Catholic Primary School	9,627.05	39,267.46
St Edward's C.E. School	5,486.40	27,110.53
St George's CE Primary School, Clun	8,261.83	45,493.46
St John the Baptist C.E Primary School & Nursery	9,703.84	31,558.50
St John's Catholic Primary School	13,374.74	43,467.98
St Lawrence C.E Primary School	1,897.74	5,873.52
St Leonards C.E School	18,194.91	100,587.89
St Luke's Catholic Primary School	13,268.77	46,311.97
St Mary's Bluecoat C.E Primary School	16,376.51	49,460.12
St Patrick's Primary School	18,210.86	60,437.74
St Peters Bratton C.E Primary School	26,592.76	107,703.23
Stokesay Primary School	12,983.18	53,978.72
Stottesdon C.E Primary School	11,332.49	44,191.97
Telford & Wrekin Council	6,559,691.71	18,905,441.25
Telford College	393,478.81	311,502.71
Telford Park School	48,690.55	208,711.11
The Martin Wilson School	12,981.86	40,235.64
Thomas Telford MAT Head Office	18,687.39	20,416.04
Thomas Telford Primary Free School	4,938.01	17,138.24
Tibberton Primary School	1,598.45	4,903.81
West Mercia Energy	64,986.21	0.00
Whitchurch Infant and Nursery School	27,068.40	145,005.03
Whitchurch Junior School	18,932.10	104,586.99
William Reynolds Primary School	29,521.13	88,532.95
Woodside Primary School	47,557.36	210,663.61
Woore Primary School & Nursery	12,218.06	40,679.82
Worfield Endowed C.E Primary School	10,758.59	37,792.34
3-18 Education Trust	412,075.38	1,577,812.87
Admission Bodies		
ABM Catering Ltd (Marches MAT)	8,111.68	25,274.50
ABM Catering Ltd (Millbrook Primary School)	1,090.88	3,411.47
Accuro Facilities Management (Idsall School)	2,135.48	6,966.52
Age UK Shropshire, Telford & Wrekin	2,389.00	0.00
Aramark (Idsall School)	842.09	3,643.84
Aspens Services Ltd (Corbet School)	2,053.43	7,701.03
Aspens Services Ltd (St Martins)	1,237.05	3,988.52
Aspens Services Ltd (St Patrick's School)	467.38	1,555.08
Association of Local Councils	5,304.05	24,226.65
Balfour Beatty	4,650.53	13,021.54
Bethphage (Assisted Living)	1,131.86	5,990.07
Bethphage (Ellesmere Day Service and Library)	5,241.53	16,042.25
Bethphage (Oak Farm and Innage Grange Day)	4,421.83	13,828.21
Caterlink (Learning Community Trust)	1,676.33	11,556.71
Caterlink (TrustEd CSAT Alliance)	15,668.00	63,165.49
Churchill Contract Services (St Bart's MAT)	2,457.64	8,993.04
Cleantec (3-18 Education Trust)*	0.00	-47,300.00
Cleantec (Marches MAT)	6,105.00	26,862.37
Compass (Hadley Learning Community)	1,132.61	5,468.09
Coverage Care Crowmoor House	7,008.30	0.00
Coverage Care Ltd	434.01	0.00
Crystal Services (Community Academies Trust)	2,592.69	8,301.68
Fidelis	289.57	1,552.42

Employer name	Employees contributions £	Employers contributions £
Halo Leisure Services Ltd	5,425.93	2,893.33
Harper Adams University	449,403.75	1,389,986.36
Housing Plus	98,456.73	352,160.55
IDVerde Ltd	12,071.07	13,217.13
IDVerde (Shropshire Council)	22,120.19	101,859.57
Innovate Service Ltd (Bridgnorth Endowed School)	1,658.16	5,728.00
Kier Highways Ltd	34,280.18	34,910.12
Miquill (Holy Trinity School)*	729.56	-4,679.55
Miquill (St Bart's MAT)	2,244.46	8,587.07
NIC Services (TrustEd CSAT Alliance)	3,239.09	12,897.44
NIC Services (TrustEd Mary Webb School)	7,382.32	25,365.80
NIC Services (3-18 Education Trust)	11,470.23	39,488.52
No 92 Coffee - Severn Valley	349.45	1,150.09
OCS Food Co Ltd (Coleham School)	1,304.14	5,904.52
OCS Food Co Ltd (Empower Trust)	893.51	3,346.46
OCS Food Co Ltd (Woodside Primary School)	1,192.10	5,136.86
OCS Food Co Ltd (3-18 Education Trust)	4,658.65	16,093.79
Odd Pals Street Food	612.21	1,837.01
Perthyn	1,163.69	0.00
Prime Facilities (Brown Clee School)*	0.00	-3,000.00
Prime Facilities (CAT)*	0.00	-17,400.00
Prime Facilities (Mighty Oaks)*	98.86	-1,409.99
Prime Faciliites (St Mary's)	415.18	2,249.61
Sanctuary Group	9,894.95	18,590.00
Severn Gorge Countryside Trust	10,644.85	24,246.90
Shropshire County Leisure Trust	26,327.38	44,413.03
South Shropshire Leisure Ltd	14,405.26	11,835.98
Taylor Shaw (Marches MAT)	10,206.22	38,498.98
The Forward Trust	3,103.68	7,356.30
Veolia Environmental Services (UK) Plc	61,138.32	0.00
Veolia TWC	15,704.88	48,046.95
We Are With You (Addaction)	6,020.60	2,955.45
Westgrove Facilities Ltd (SC Market Hall)	2,369.36	7,473.31
Wrekin Housing Trust	796,127.38	2,401,775.59
WSP UK Ltd	2,722.43	2,400.09
Designated Bodies		
Albrighton Parish Council	6,309.48	17,837.35
Bayston Hill Parish Council	5,852.14	25,734.90
Bishops Castle Town Council	3,173.60	14,832.17
Bridgnorth Town Council	24,986.96	84,881.22
Broseley Town Council	6,634.64	0.00
Church Aston Parish Council	201.90	675.45
Church Stretton Town Council	10,317.77	64,829.48
Cockshutt cum Petton Parish Council	318.32	1,064.89
Cressage, Harley and Sheinton Parish Council*	0.00	2,202.00
Dawley Hamlets Parish Council	1,208.53	4,917.37
Ditton Priors Parish Council	524.83	2,547.66
Donnington and Muxton Parish Council	5,853.72	21,172.68
Ellesmere Town Council	7,658.07	29,938.47
Ford Parish Council	803.31	2,495.17
Great Dawley Parish Council	17,229.20	39,387.29
Great Hanwood Parish Council	970.30	2,993.18
Great Ness and Little Ness Parish Council	1,115.83	3,255.02
Hadley & Leegomery Parish Council	11,408.18	40,185.61
Highley Parish Council	2,182.15	6,479.20
Hollinswood & Randlay Parish Council	9,149.64	30,240.92
Ketley Parish Council	7,376.52	20,200.51
Lilleshall Parish Council	1,123.42	2,346.86
Little Wenlock Parish Council	524.80	2,547.71
Ludlow Town Council	28,991.68	103,395.49
Madeley Town Council	14,973.36	52,537.59
Market Drayton Town Council	10,925.46	36,189.30

Employer name	Employees contributions £	Employers contributions £
Much Wenlock Town Council	4,846.83	24,169.44
Newport Town Council	15,977.03	42,917.24
Oakengates Town Council	15,800.61	55,415.21
Oswestry Rural Parish Council	1,227.49	4,804.04
Oswestry Town Council	47,958.64	151,090.21
Pontesbury Parish Council	6,213.43	22,864.82
Rodington Parish Council	532.00	1,063.92
Shifnal Town Council	9,643.36	30,109.43
Shrewsbury Town Council	126,525.01	359,519.32
Shropshire Towns & Rural Housing	398,188.82	1,073,362.41
St Georges and Priorslee Parish Council	3,438.53	15,289.70
Wellington Town Council	19,219.84	77,227.62
Wem Town Council	6,786.12	20,215.69
Whitchurch Town Council	15,812.41	41,846.44
Worfield & Rudge Parish Council*	281.56	2,163.10
Wrockwardine Parish Council	1,615.01	6,429.09
Wrockwardine Wood & Trench Parish Council	1,247.40	4,017.78
	22,402,102.84	**66,505,451.96**

* 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 2025; the results of which were communicated to employers in November 2025 and new contribution rates were set for the next three financial years commencing 1 April 2026. The March 2025 valuation showed an increase in the funding level to 115% (100% 2022) and is available on the fund's website.

The fund's strategic asset allocation for 2025/26



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 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 Limited and the fund's independent advisor. This strategic allocation has remained constant for most of 2025/26. In the final quarter of 2025/26, 5% of the fund was switched from equity to long-term UK Government gilts.

This allocation was outside the strategy agreed in 2023. Strong equity performance across the first nine months of the year meant that equities reached the upper limit of 60% of the fund's assets in December 2025. The Committee, on the advice of officers and advisors, agreed to reduce the equity allocation back down to 55% in line with the strategy and place 5% in UK Government long-term gilts.

The fund had a number of underweight positions against the strategy in respect of private markets at this time, but it is not possible to immediately invest into private markets. The decision to invest into UK gilts therefore retained liquidity in the fund and de risked the portfolio by closely matching the new investments to those used to determine liability values.

Following the 2025 valuation results the fund has commenced training and a review of the strategic asset allocation. Any changes to the strategy will be formally agreed in 2026.

The 2025/26 financial year has seen continued progress to meet the Governments "LGPS – Fit for the Future Requirements" as set out in the draft Pension Schemes Bill 2026, which became legislation on the 29 April 2026. There are a number of investment and governance reforms that will take place as a result of this Act with guidance due out by 30 June 2026.

During the year the fund has worked closely with LGPS Central Limited to understand how the proposed changes to both governance and investments would impact both parties. On the investment side, arrangements were agreed for LGPS Central Limited to take oversight and control of the fund's assets from 1 April 2026. On the governance side, work was undertaken to ensure appropriate governance documentation was in place to allow new funds to join LGPS Central Limited following the announced closure of the Brunel Pension Partnership and the Access Fund. These changes saw a further 6 funds join the existing eight member authorities within LGPS Central Limited from 1 April 2026 with one further fund still working upon the terms of joining.

LGPS Central Limited, as the fund's main investment manager and given the changes taking place from 1 April 2026, had an open invite to all committee meetings in 2025/26 of which they attended three of the four. In addition to attendance at Committee meetings, further training sessions were held during the year with presentations received by LGPS Central Limited and advisors on various topics which were split into the following areas:

- 2025 climate risk reports/carbon footprint analysis (new features and what they mean).
- Taskforce on Climate-Related Financial Disclosures (TCFD) report.
- Climate Stewardship Plan.
- Stewardship and voting.
- Asset Classes.
- Strategic Asset Allocation.

In addition to the above investment training, Mercers also delivered specific training around the valuation process and the outcomes of the valuation.

The Pensions Committee reviewed the fund's climate 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. The 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 & General and LGPS Central Limited with the final third in standard global equity investments through LGPS Central Limited. The fund's equity investments are managed on a passive basis by Legal & General and on an active basis by LGPS Central Limited.

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. There was an equity protection strategy in place for part of this portfolio which expired in December 2025. The fund had no equity protection in place as at year-end.

Further commitments were made during the year to LGPS Central Limited in respect of private equity with a £30 million commitment to the 2025 primary vintage. The Committee did agree a further £30 million commitment to LGPS Central Limited secondary private equity, but this product was not launched in 2025/26. Under the changes from the Pensions Bill 2026 the decision to accept this commitment in 2026/27 will fall under the jurisdiction of LGPS Central Limited.

The fund has worked closely with LGPS Central Limited on plans to transfer the remaining legacy assets to the pool control in line with the indicative timeline of the 31 March 2026 for LGPS Central Limited to have oversight of all assets. This timeline was confirmed by the Pensions Bill 2026. The fund will continue to work with LGPS Central Limited to monitor legacy positions. The fund had the following legacy investments as at the 31 March 2026 which will pass to LGPS Central Limited control on 1 April 2026.

Manager	Asset class	Value at 31 March (£000)
HarbourVest	Private equity	£180,738
Global Infrastructure Partners	Infrastructure	£84,956
Aberdeen	UK property	£129,994
T.Rowe Price	Absolute return bonds	£81,632
Twelve Securis	Insurance linked securities	£49,689
BlackRock	Hedge fund	£124,610
DRC Property	Property debt	£2,427
Total		**£654,046**

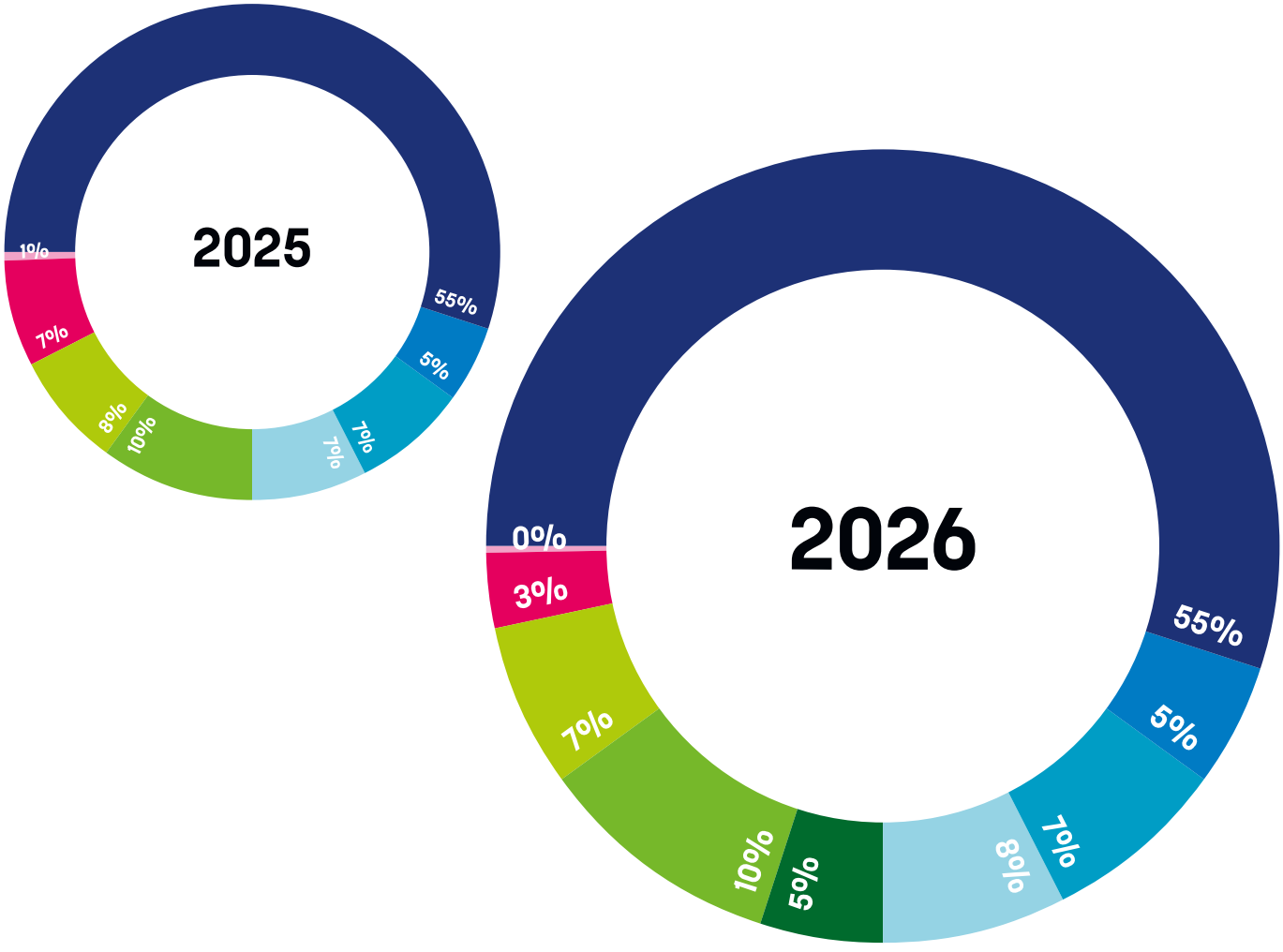
LGPS Central Limited was jointly owned on an equal share basis by eight pension funds and as a Collective Portfolio Management Investment Firm (CPMI) regulated by the Financial Conduct Authority (FCA). during

2025/26. 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 Limited is a multi-asset manager, investing, approximately £50 billion at 31 March 2026 of assets on behalf of its member funds. The aims of LGPS Central Limited are to deliver cost savings and 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 Limited will expand to cover 14 partner funds from 1 April 2026 on an equal share basis with one additional fund still considering the terms of entry.

LGPS Central Limited are responsible for some advisory and discretionary mandates on behalf of its partner funds. Together, these funds and mandates see LGPS Central Limited being responsible for £50 billion of assets (71% of total assets) as at 31 March 2026. From 1 April 2026 LGPS Central Limited became responsible for all assets of funds and all investment decisions in respect of those assets.

The fund's strategic asset allocation for 2025/26



- **Equities** (Global, active and passive)
- **Property**
- **Private equity** (Illiquid growth)
- **Targeted return** (Hedge funds, unconstrained bonds, and insurance linked securities)
- **Gilts**
- **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 2026

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 2025			Fund Manager	Portfolios held	Share of fund as at 31 March 2026	
£m	%				£m	%
			Investments managed by LGPS Central Limited			
462.844	17.62		LGPS Central Limited	Global equities	488.872	17.49
206.654	7.87			Global sustainable equities	222.224	7.95
78.984	3.01			Private debt	88.972	3.18
13.542	0.52			Private equity	26.705	0.96
66.105	2.52			Infrastructure	69.399	2.48
266.557	10.15			Investment grade corporate bonds	282.756	10.12
1.315	0.05			UK equities (unquoted)	1.315	0.05
0.685	0.03			Loan	0.685	0.02
1,096.686	**41.76**				**1,180.928**	**42.25**
			Investments managed outside LGPS Central Limited			
838.683	31.93		Legal & General	Global equities	800.022	28.62
114.088	4.34		Blackrock	Hedge fund	124.610	4.46
117.386	4.47		Aberdeen Property Investors	Property unit trusts	129.994	4.65
186.074	7.08		HarbourVest Partners Ltd	Private equity	180.738	6.47
91.810	3.50		Global Infrastructure Partners	Infrastructure	84.956	3.04
10.417	0.40		DRC Capital	Property debt	2.427	0.09
44.303	1.69		Securis Investment Partners	Insurance linked securities	49.689	1.78
96.944	3.69		T.Rowe Price	Global dynamic bonds	81.632	2.92
0.000	0.00		Legal & General	Conventional gilts	66.653	2.38
0.000	0.00		Legal & General	Index Linked gilts	69.092	2.47
0.018	0.00		Other	Other	0.028	0.00
1,499.723	57.10				1,589.841	56.88
2,596.409	**98.86**		**Total assets held by fund managers**		**2,770.769**	**99.13**
29.990	**1.14**		**Cash deposits and other balances**		**24.103**	**0.87**
2,626.399	**100.00**		**Total fund**		**2,794.872**	**100.00**

Major shareholdings as at 31 March 2026

			Value £m	% of fund
UK equities		**Sector**		
	Astrazeneca	Health care	15.776	0.56
	HSBC	Financials	5.958	0.21
	Relx	Analytics	3.434	0.12
	Unilever	Consumer staples	3.280	0.12
	Lloyds	Financials	2.703	0.10
	Compass Group	Foodservice	2.614	0.09
	GSK	Health care	2.578	0.09
	BAE Systems	Industrials	2.404	0.09
	Reckitt Benckiser Group	Consumer staples	2.394	0.09
	Diageo	Consumer staples	2.356	0.08
Overseas equities		**Country**		
	Nvidia Corp	United States	72.189	2.58
	Alphabet	United States	53.106	1.90
	Apple Inc	United States	52.810	1.89
	Microsoft Corp	United States	52.424	1.88
	Broadcom	United States	28.757	1.03
	Amazon	United States	28.148	1.01
	Meta Platforms	United States	20.159	0.72
	Tesla	United States	18.644	0.67
	ASML	Netherlands	16.938	0.61
	ADR Taiwan Semiconductor	Taiwan	15.978	0.57
Total fund value			**2794.872**	



Investment Performance

During the year, **the Shropshire fund increased in value by £169 million to be valued at £2.795 billion at the end of the year.** The fund increased in value by 6.4% over the year but underperformed its benchmark by 2.5%.

This year's performance:

£169 million fund value increase

12.2% return insurance linked securities

11.3% return Legal & General global passive equity

9.2% return hedge funds

Global equity markets struggled in the final quarter of the financial year following conflict in the Middle East which led to increased volatility in March. This volatility had an impact on the fund's overall value with equity markets seeing a large sell off in the period 30 March to 2 April. This volatility wiped between 4.7% and 5% off the value of equities in the final quarter of 2025/26.

The fund also had long-term equity protection in place to December 2025 which cost the fund 7.7% in lost performance. Since December 2025 there has been no equity protection in place on the fund.

The fund invests in a range of asset classes to diversify risk and provide more stable returns. The fund had positive investment returns in the majority of asset classes during the year despite the year-end volatility. The strongest absolute returns were generated in insurance linked securities managed by Twelve Securis where the fund's investments increased in value by 12.2% following a strong renewal period after the US wildfires in early 2025 and recovery of losses occurred in those fires.

The Legal & General global equity fund increased in line with its benchmark by 11.3%, despite a 4.7% drop in the final quarter. The funds hedge fund investments managed by BlackRock rose by 9.2%. The graph at table 2 shows that the majority of the fund's investments had a positive year. The two exceptions were the DRC property debt portfolio and the T.Rowe Price bond investment.

The DRC portfolio is a very small (£2.4m at year-end) residual portfolio that is undergoing final redemption. Difficult market conditions have resulted in write-downs on the final investments which have reflected in negative performance figures in 2025/26. The small overall value of the portfolio means that any change has a large percentage effect on performance. The other negative performance was T. Rowe Price returning -0.6% for the year. This investment was positive for the first nine months of the year but suffered with volatility on the markets as a result of the Middle East conflict and the timing of some trades in the final quarter.

The fund changed its investment grade credit mandate with LGPS Central Limited from 50% UK and 50% Global to 100% Global in January 2026. We had not held the new account for a full quarter at year-end, so the figures shown are an amalgamation of the two funds.

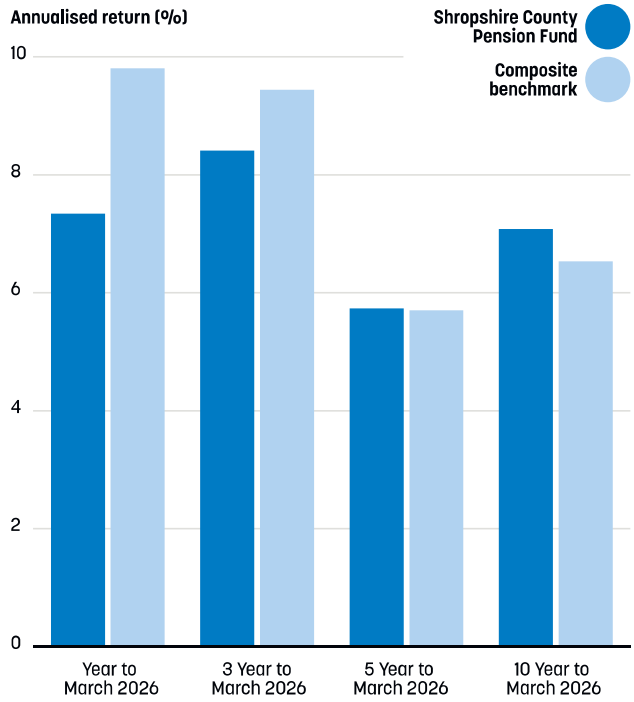
In January 2026 the funds equity investments exceeded the 60% upper limit and as a result the Committee agreed to transfer 5% of the value into UK long-term treasury stocks, split 50% conventional stocks and 50% index linked stocks. This change was completed in January 2026 and is outside the 2023 agreed strategic asset allocation. No performance is quoted for these stocks as they had been held less than a quarter at year-end, but the initial investments were impacted by the volatility seen in markets in March 2026.

Graph 01: Whole fund performance

Graph 01 shows the total fund investment returns compared with the benchmark. The short-term one-year and three-year performance figures are both below benchmark, primarily due to comparatively poor performance on both the LGPS Central Limited active equity products. Whilst global equity increased 5.6% and sustainable equity 7.5%, these where both well below the benchmark of 18% for equities.

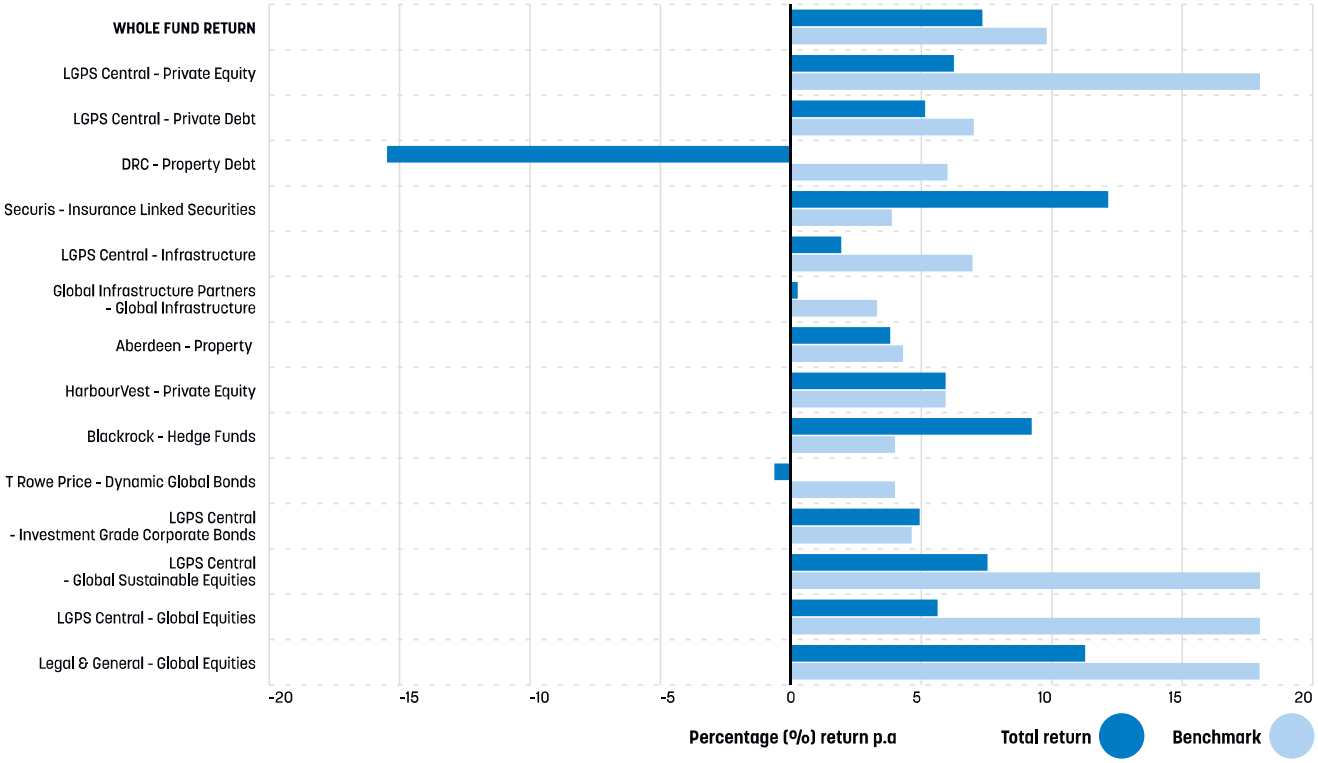
These products were also weak in 2024/25 and the two-year weak performance has dragged the three-year average down despite a strong year in 2023/24. Over the five-year and since inception, the fund's performance remains in line with benchmark.

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. It should be noted that one-year performance figures on private market assets can often be volatile due to the investment profiles of these products and the time to deploy capital.





Corporate governance and socially responsible engagement

The Shropshire County Pension 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 Limited

Climate risk reporting

In 2025 the fund received its fifth commissioned Climate Risk Report from its pooling company, LGPS Central Limited. 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 2025, 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 has fully aligned the report with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) in one single report saving the need for two separate reports provided in previous years and creating a single point of reference.

Climate strategy

The fund produced its updated Climate Strategy in September 2024 which built on the original 2021 version by reflecting the increased data now available to the fund and setting interim targets for monitoring 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 be net zero by 2050 in line with the Paris Treaty on climate change. The fund continues to work with LGPS Central Limited 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 strategy will be updated again in 2027. The Climate Stewardship Plan was updated at the March 2026 Pensions Committee to reflect the recommendations made in the December 2025 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 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 Pensions 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 an 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 reports are presented to the Committee.

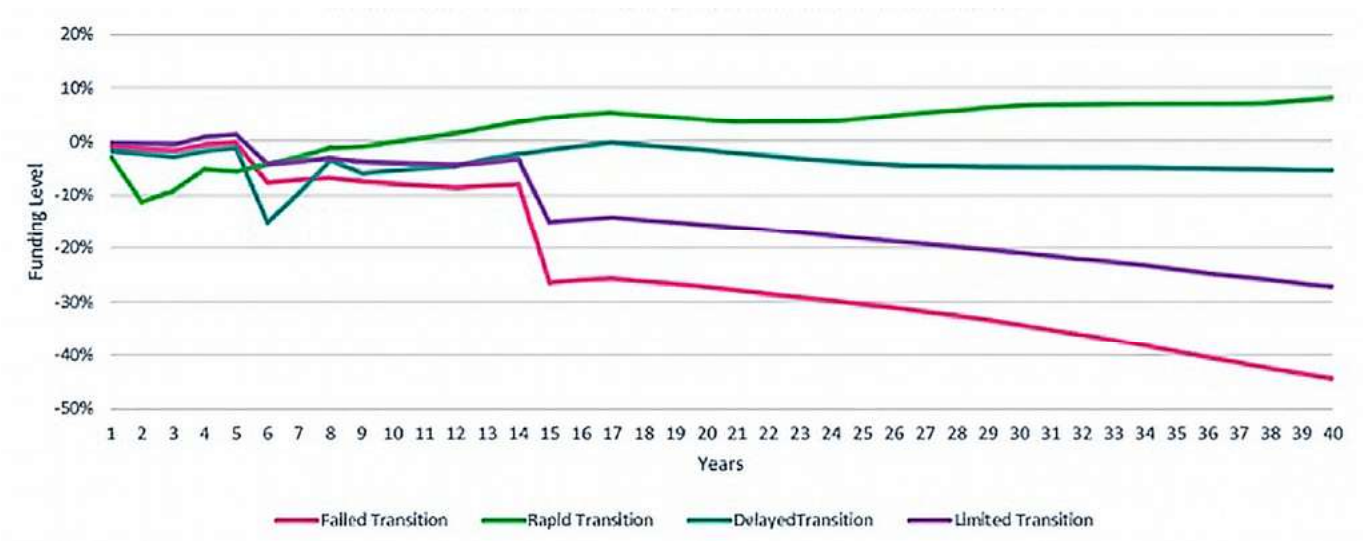
Strategy

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 as part of the 2025 valuation. The 2025 analysis covered all asset classes across four climate scenarios: transition (1.6°C), Delayed transition (1.9°C), Limited transition (2.9°C) and Failed transition (3.7°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

Funding level relative impact: Alternative asset allocation



expected to be the key driver of climate impacts.

The report revealed three key conclusions:

1. A successful transition is imperative for long-term investors.
2. Not all physical risks and their indirect impacts are captured and so physical damage could be understated.
3. Be aware of future pricing shocks and the impact upon the portfolio.

A consistent finding of Mercer's climate scenario analysis is that a successful transition is an imperative for long-term investors such as the fund. This leads to support for limiting global warming in line with the goals of the Paris Agreement (well below 2 degrees Celsius and to pursue efforts to limit warming to 1.5 degrees Celsius). The report recognises however, that based on existing policies and actions and given the current warming trajectory, a Paris-aligned pathway may represent a short-term shock to investment portfolios. The fund therefore has to consider its portfolios in line with their objectives whilst also understanding the potential impact of transition risks and physical damages.

Risk Management

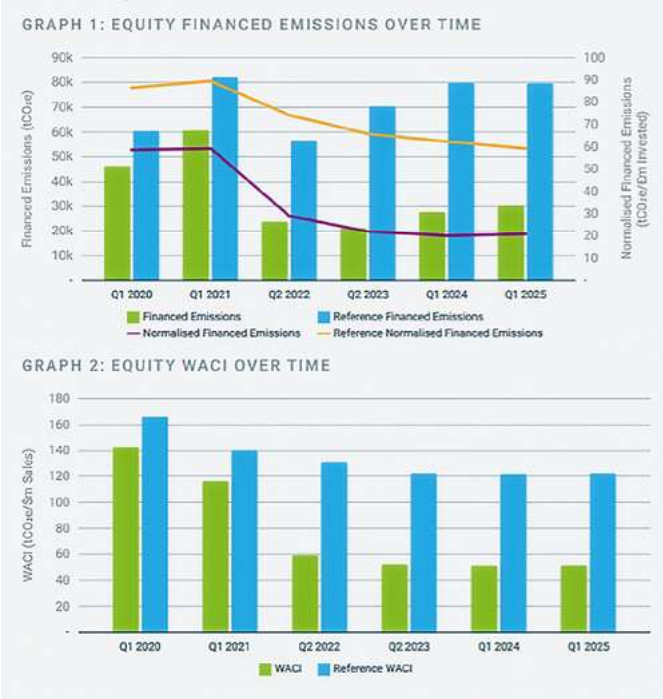
The fund seeks to identify and assess climate-related risks at the total fund level and at the individual asset level. Engagement activity is conducted with investee companies through selected stewardship partners including LGPS Central Limited, EOS at Federated Hermes, Columbia Threadneedle Investments (CTI) and LAPFF (Local Authority Pension Fund Forum). 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 2026 climate stewardship plan includes six companies across four sectors: energy, industrials, materials and mining. 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 which supplies a number of critical materials required for the energy transition. This engagement continues in 2026.

Metrics and targets

The fund's carbon risk metrics cover its listed equities portfolios (55%), together with its investment grade credit portfolio (10%), representing 65% of the fund's strategic asset allocation. The scope of the analysis comprises the total equities portfolios as at 31 March 2025, covers all four of the fund's equity strategies and approximately £1.5 billion of the fund's assets at that date. The carbon footprints are provided on the next page.

Between 31 March 2020 and 31 March 2025 the carbon footprint of the total equities' portfolio, measured by financed emissions, has reduced by 34.5% and the normalised financial emissions, which account for changes in net asset value (NAV), have fallen by 64.8% over the same period. The fund also measures weighted average carbon intensity which provides a measure of

Carbon footprint metrics



the portfolio's exposure to carbon intensive companies. This figure has reduced by 64.3% 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 Limited global sustainable equity funds. As a result of market movements and investments the fund's equity value increased significantly between March 2020 and March 2025 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.

Climate risk training

Throughout the year, the Pensions Committee and fund officers have received training from LGPS Central Limited on climate change and investment stewardship. Alongside the Pensions Board, they have also responded to various public questions and freedom of information requests on fossil fuel divestment, climate change and investments in conflict affected areas.

During 2025/26 the fund has received and responded to 32 freedom of information requests.

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. Since 1 January 2025 all voting has been undertaken by LGPS Central Limited 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 align 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 considered to be 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 2026 the fund successfully retained signatory status at renewal for the 2024/25 financial year. Status has to 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.

The FRC updated the stewardship code in 2026 and the fund will submit its next application in line with the updated principles of the 2026 code.

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 into 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 into 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 682 engagement meetings in 2025 with 450 companies. This resulted in the achievement of 89 key milestones at companies with which they were engaged. Examples of some of the themes reviewed in 2025 are shown below.

Environmental: Climate change remained a key component of CTI's environmental engagement during 2025. Specific areas of focus included coal phase out and deforestation. A sizeable portion of environmental stewardship engagement focused on natural resources and the sustainable supply and demand of critical minerals. Responsible water stewardship, emissions and plastic waste 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 2025, engagement on social issues was largely focused on human rights and public health. Topics of engagement included responsible governance of Artificial intelligence diversity in clinical trials and sustainable food systems in the public health arena.

- **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 GHG 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 2025, with a particular focus on gender diversity, board effectiveness and independent evaluation.

Board gender diversity in Asia: CTI continued to engage 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 Limited and Legal & General.

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, seven pooled companies and is the UK's leading collaborative shareholder engagement group with combined assets of over £400 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:

Climate and Strategic Resilience: 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. In the fossil fuel sector LAPFF's focus has been on research to identify unsound claims which delay decarbonisation consistent with a Paris Aligned 1.5C scenario.

This approach includes engaging companies regarding decarbonisation strategies that LAPFF considers inconsistent with the Paris Accord and escalating via the issuance of voting alerts to members and attending relevant annual general meetings (AGMs) to ask questions of the board.

A major focus of LAPFF's work is improving company approaches to climate change to reduce the related financial risks. Engagement is often a multiyear process to achieve desired aims as illustrated by long-term multiyear engagements with Shell and BP. To strengthen the approach, LAPFF issued 52 voting alerts covering climate resolutions in 2025. Proposals are assessed on whether companies are meeting the expectations LAPFF has, including those within LAPFF's responsible investment policy guide.

LAPFF treats decarbonisation in hard-to-abate sectors as a financial and governance issue. Hard-to-abate refers to industries for which emissions are difficult or costly to eliminate due to process chemistry and high heat/energy requirements. These include aviation, cement and steel, all of which are sectors of focus for LAPFF.

In the Aviation Sector LAPFF have had success with both Wizz air and IAG reaffirming commitments to net zero by 2050 and setting out net zero road maps of how they will achieve this position. Cement is among the hardest sectors to decarbonise. Cement's CO_2 comes from two main sources; process emissions and energy use. In 2025 LAPFF has been engaging with Heidelberg and CRH on potential levers to reduce direct emissions. Whilst progress has been made, LAPFF have set out their requirement for companies to issue time bound road maps for reductions which have been independently verified. Steel is another area that is difficult to decarbonise because of the use of blast furnaces to make iron and basic oxygen furnaces to convert iron to steel. Again, LAPFF has been engaging with two large manufacturers in this sector; ArcelorMittal and ThyssenKrupp, to look at the options for decreasing carbon emissions. A number of the ambitions are similar to the cement sector but one of the biggest challenges for this sector is the availability of renewable power and grid capacity to allow development of cleaner electric arc furnaces. LAPFF will continue targeted engagement in these industries as reductions are critical to driving economy-wide emissions reductions and safeguarding long-term value for beneficiaries.

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.

In 2025 LAPFF increased focus on conflict affected and high-risk areas (CAHRA's). A study by Verisk Maplecroft in November 2024 highlighted that conflict areas

had increased by 65% since 2021 and encompassed 4.6% of the global landmass — even prior to the recent enlargement of hostilities in the Middle East.

LAPFF's expectation is that companies with exposure to these areas will undertake heightened human rights due diligence (hHRDD), including;

- Adopt and publicly disclose policies on hHRDD, including criteria for adopting, entering, remaining in, or
- Exiting a CAHRA and
- Conduct robust conflict and human rights impact assessments, integrating findings into their corporate strategy.

Governance risk: The forum's view is that without effective corporate governance, companies can neither mitigate risk nor maximize 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 2025 included work with Nature action 100 on biodiversity.

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 these areas.

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.





Section C: Scheme administration

Scheme administration report

Shropshire County Pension Fund administers the Local Government Pension Scheme (LGPS), which provides occupational pensions for employees (except 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 Pensions Board, participating employers and scheme members. The responsibilities for scheme administration are met in-house by the Pensions Administration Team 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.

Following the local elections in May 2025, the Pensions Committee was reconstituted with entirely new members representing Shropshire Councillors.

Access to online training and in person training sessions held with Committee/Board members included:

- Introduction to the LGPS/Shropshire County Pension Fund.
- Decision making and effectiveness.
- Stewardship and Voting.
- Valuation and Funding Strategy.
- Asset Class.
- Climate Strategy.
- Investment Strategy.

A comprehensive training plan for 2026-2027 has been developed based on feedback from both Committee and Board members to effectively identify key training needs.

Measures for ensuring effective and efficient administrative operations include:

- External and internal audits.
- Pensions Committee.
- Pensions Board.
- Reporting breaches policy.
- Quarterly performance reporting.
- The Pensions Regulator annual scheme return.
- The Pensions Regulator General Code of Practice.
- CIPFA Benchmarking

As of 31 March 2026, the Shropshire County Pension Fund had 17,007 active members, 18,356 deferred members, 16,776 pensioners and survivors and 190 employers all looked after by 40 (37FTE) members of staff in the Pensions Team.

Value for money statement

To ensure the effectiveness of the fund the administration service is monitored and reviewed through external and internal audits.

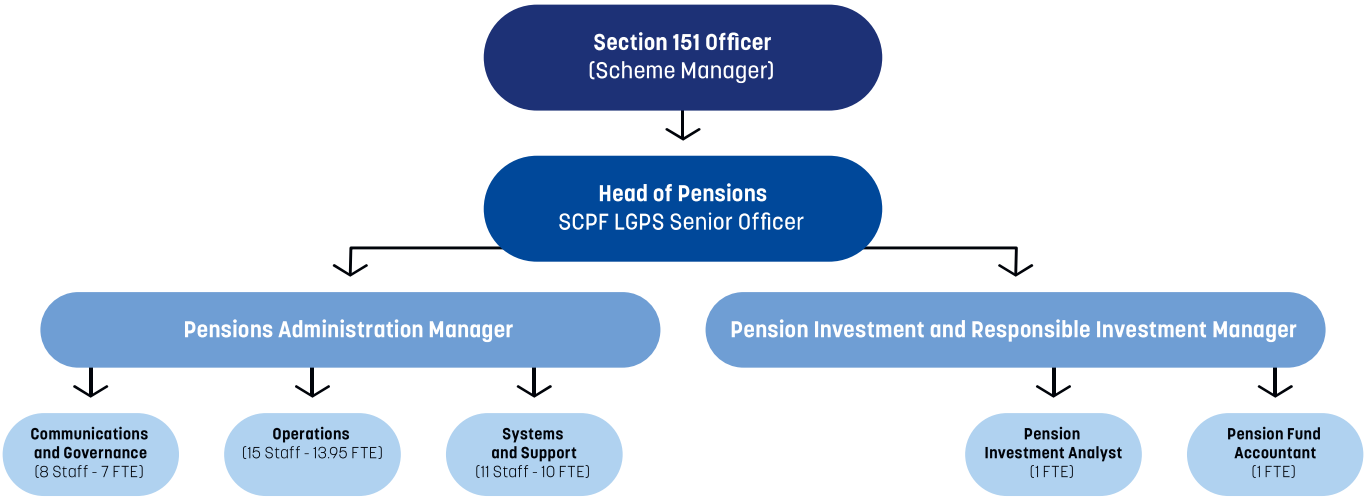
The fund has taken part in the 2025 CIPFA benchmarking exercise which looks to compare the cost for running the administration of LGPS funds across the country.

The table below shows the costs for Shropshire compared to the average of all administrators that completed the survey:

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	£30.34	£53,500	1,583	28.3%	30.4%	£6.35
Average	£40.52	£225,091	3,877	30.2%	28.2%	£6.58

The team is facing a substantial rise in workload due to new regulatory changes that add complexity and governance requirements. Additionally, increased efforts to communicate effectively with all stakeholders are raising costs as the fund continues investing in technology and staff training to deliver a high-quality service to scheme members and employers.

Shropshire County Pension Fund staff structure – High Level



Recruitment and retention

Recruiting and keeping staff is a major challenge for pension fund administrators nationwide. There are few people with the necessary qualifications and experience to fill roles that require prior expertise in administering the LGPS. Fund officers are developing a workforce strategy outlining steps to support succession planning and strengthen the team's resilience, which includes:

- A programme of enrolment for existing staff to take up the recently developed pension qualifications.
- Regular review of team skills matrix to establish training needs.
- Succession planning for key roles.
- Horizon scanning to set resources and budget at the correct level to maintain an excellent service.

During the past year, several members of the pension team have undertaken pension qualifications facilitated by the LGA.

Vacancy factor

Between 1 April 2025 and 31 March 2026, we successfully filled vacancies arising from maternity leave, staff departures and the creation of new positions.

	2023/2024	2024/25	2025/26
Staff in Pensions administration team (excluding investment team)	33	35	36
Scheme members	52,146	54,330	52,139
Scheme members to staff member	1,765	1,552	1,448
Average cases per member of staff. (Based on FTE of 13.31 from membership and benefits team)	1,728	913	731

Networking and Collaboration

Fund officers collaborate with colleagues from other funds to exchange best practices, share knowledge and offer expertise. LGPS administrators are well-regarded for their teamwork, which helps ensure a consistent service for all members nationally.

Officers attended in-person events run by the Local Government Association (LGA) and other external providers, these included:

- The LGA Governance Conference.
- CLASS AGM and User Groups (Heywood Pension Technologies).
- The LGC Investment Summit.
- The LGC Pension Symposium.
- The Pensions UK LG conference; and
- The LAPFF conference.

Officers also attended the following working groups:

- Northwest Pension Officers Group (previously Shrewsbury Pensions Officer Group).
- Joint communication meetings.
- LGPS live webinars.
- The LGPS Central Limited Strategic Admin Group.
- Employer Funding Working Group.
- Webinars on topics such as the Pensions Dashboard Programme, Good Governance and Cyber Security.

Summary of 2025/26

Activity in 2025/26
The pensions administration team consistently ensures that scheme members receive their benefits accurately, promptly and in line with scheme regulations. Additionally, the team collaborates closely with employers involved in the fund to collect data and pension contributions within statutory deadlines. The fund achieves its goals through robust controls, advanced technology and transparent stakeholder communication.

Beyond their regular daily tasks, the team has also completed several projects, though this is not a comprehensive list:

- Application of Pensions Increase to all pensions in payment.
- Annual Benefit Statements.
- Pension Saving Statements.
- Rectification work McCloud age discrimination remedy.
- Year-End closure and reconciliation.
- IAS19 reporting.
- Delivery of 4 new system releases.
- SF3 return.
- Policy reviews.
- Publication of regular newsletters to employers and scheme members.
- Review of tier 3 ill health pensions.

New Pensioners in year by type of retirement

Retirement type	Number of cases 2023/2024	Number of cases 2024/25	Number of cases 2025/26
Early	643	807	911
Ill	123	109	113
Late	30	36	24
Normal	170	226	236

Early pension payment allows members aged 55 or above to access their pension before the standard age due to resignation, redundancy, or efficiency grounds. In 2028, the normal minimum pension age of 55 will increase to age 57, with protections in place for certain groups of members who were in the scheme in 2021. We await confirmation of the change from MHCLG.

2025 Valuation
The 2025 valuation is complete and new employer contribution rates, agreed by all fund employers, will apply from 1 April 2026 to 31 March 2029. The Funding Strategy Statement (FSS) has been updated in line with Scheme Advisory Board guidance and now includes content from the revised Employer Events Policy.

This document has been under consultation with fund employers and the Department for Education, reflecting the guarantee for Academies. Due to higher funding levels for most employers, contributions have been reduced. A sustainability reserve has also been established to address potential major rate changes at the next valuation.

The Year of the Pension Consultation
In 2025, the government started several consultations that recommended modifications to pooling arrangements, governance and enhanced access, fairness and protections for members.

With changes scheduled to take effect from 1 April 2026, funds have had to evaluate the necessary requirements to facilitate compliance and determine appropriate resourcing strategies.

The fund will be mandated to conduct an Independent Governance Review (IGR) during each valuation cycle. These reviews aim to reinforce standards, promote high-quality administration and measure effectiveness following the “Good Governance” project, for which draft regulations have been finalised in June 2026.

McCloud – Age discrimination remedy
In last year’s report we provided information on the work required by the fund to implement the age discrimination remedy which came into effect from October 2023.

The team has identified all members affected by the McCloud remedy and an underpin check is performed during calculations to determine if final salary benefits exceed CARE benefits for the period from 1 April 2014 to 31 March 2022. Most software updates needed for processing underpin cases are complete, but a few manual calculations remain due to outstanding updates.

The administration team is also reviewing cases for members who left the scheme during this period. All work related to McCloud implementation is targeted for completion by 31 August 2026. Annual benefit statements now include details of the underpin.

Pensions Dashboard

Implementation of the Pensions Dashboard is underway, and the fund has successfully established a secure connection to the platform. This will enable scheme members to access information through the Dashboard for all pensions they hold in the UK.

The aim of this is to reunite individuals with lost pensions and help with the planning of finances in retirement. It is expected to go live sometime in 2027, once all pension schemes have established a connection to the Dashboard. The first Dashboard will be made available on the Government's MoneyHelper site with Dashboards by private companies following later.

Data Quality

The fund's data improvement plan has been carefully evaluated and revised to identify areas requiring further review and correction. Throughout the team's efforts, this analysis will help determine whether team members and employers may benefit from additional training where the received data does not meet expectations or processes do not result in the data being held as expected.

Every year, we report data scores to The Pensions Regulator to reflect the quality of the information we receive and maintain.

Data category	2024 score	2025 score	Aim
Common data	98%	99%	100%
Scheme specific data	99%	99%	100%

What's the difference between common and scheme specific data?

Common data includes information needed by every pension provider, such as your name, address, National Insurance number and date of birth. Scheme-specific data refers to details required by individual schemes to accurately calculate benefits; for example, a final salary scheme would need salary details and hours worked. Poor data quality on member records will directly impact team workloads after Dashboard launch. Inaccurate data can lead to increased enquiries about pension matches, while good data enables fast, accurate matching for members.

As part of that work, the fund will conduct annual address tracing for inactive contributors (deferred members) and implement new processes to manage Dashboard queries and meet upcoming reporting requirements.

Service delivery and staffing update

The pensions team is made up of 40 posts across four teams:

1. Membership and Benefits.
2. Communications and Governance.
3. Systems and Employer Relations.
4. Investment Team.

The team works remotely, with office space available which must be pre-booked. Quarterly meetings and two annual training days are held in person for updates and collaboration.

Ongoing remote work presents challenges, especially when introducing and training new team members. We are consistently adjusting our methods to meet the needs of everyone, making use of e-learning modules provided by external sources.

Even with these challenges the team continues to deliver an excellent service to all our stakeholders.

Policy updates 2025/26

The fund has a forward plan which lists the schedule for review of policies. The majority of policies are reviewed on an annual basis or when major changes require the policy to be updated.

In 2025/26 we have reviewed and updated the Funding Strategy Statement (FSS), newly incorporating the Employer Events Policy, together with the Investment Strategy as part of the 2025 valuation process.

The FSS went out for consultation to employers in the fund and the Department of Education due to the number of Academies now present in the fund as Scheme employers.

We received positive feedback on the policy which was approved by the Committee in March 2026.

Some of the other policies that have also been reviewed include:

- Administration Strategy.
- Breaches Policy.
- Communication Policy and
- Cyber Security Policy

New Policies introduced:

- Pension Overpayment Policy.

Cyber security and Business Continuity
The Pensions Regulator (TPR) has cyber security guidelines to help trustees and pension scheme managers assess risks, support robust controls and handle incidents effectively.

The fund has a Cyber Security Policy to complement the Service Impact Assessment and Business Recovery Plan. Regular exercises are conducted to evaluate our response and recovery capabilities during potential service disruptions.

Officers receive yearly training and frequent reminders to stay vigilant, especially as LGPS funds face growing cyber threats.

'My Pension Online'
The member online portal that provides access to individuals pension information has multi-factor authentication (MFA) login security with members receiving a one-time passcode (OTP) to their email address and for subsequent logins, their mobile number. We have also introduced Electronic Identification Verification (EIDV) as a further security feature and video annual benefits statements which will talk members through the figures shown on their statements.

Pensions Scams Pledge
The fund participates in The Pension Regulator's Scams Pledge and works to prevent pension scams. Robust procedures include strict checks on benefit transfer requests and regular scam warnings for scheme members. The fund is dedicated to stopping scammers. www.thepensionsregulator.gov.uk/en/pension-scams

Our ongoing commitment to digital transformation and operational resilience is reflected in the enhancements to our member services and internal processes. The team remains proactive in adapting to regulatory changes and emerging risks, ensuring compliance and the safeguarding of members' data.

Close collaboration with external organisations and continuous investment in staff training underpin our ability to meet service objectives while maintaining high standards of governance. As we look forward, we will prioritise further improvements to our communication channels and policy framework to support members and employers alike, aligning our practices with industry best standards.

Key Performance Indicators

Pension funds must report on the outcomes of the administration KPIs set out in Table A. These KPIs are designed to measure how effectively administrative services are delivered to members and employers. The team regularly monitors workloads and can reallocate resources to address any backlogs. We also continually review our processes and software functionality to ensure they remain efficient and support the team's work.

Ref	Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of cases created the year (1 April to 31 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	34	539	535	93.37%	559	93.4%
A2	New dependent member benefits	22	376	377	94.72%	366	92.9%
A3	Deferred member retirements	138	1878	1866	92.56%	1,188	83.2%
A4	Active member retirements	43	1099	1094	95.80%	574	93.9%
A5	Deferred benefits	509	1421	1333	69.07%	1,835	66.9%
A6	Transfers in (including interfunds in, club transfers)	83	329	276	66.99%	425	79.5%
A7	Transfers out (including interfunds out, club transfers)	33	293	274	84.05%	339	80.2%
A8	Refunds	22	325	338	97.41%	381	94.0%
A9	Divorce quotations issued	3	91	90	95.74%	100	96%
A10	Actual divorce cases	0	0	0	0	0	0
A11	Member estimates requested either by scheme member and employer	39	541	539	92.93%	100	96.0%
A12	New joiner notifications	5237	5237	5,237	100.0%	5,269	100.0%
A13	Aggregation cases	100	1497	1474	92.30%	1,349	91.0%
A14	Optants out received after 3 months membership	17	302	297	93.10%	247	88.7%

For Table B, the information highlights where the team is performing well and where processes may need to be adapted to improve the number of cases completed within KPI timescales.

Ref		Suggested fund target	% completed within fund target in year	% completed in previous year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5	58.69%	62.26%
B2	Communication issued confirming the amount of dependents pension	10	85.68%	84.71%
B3	Communication issued to deferred member with pension and lump sum options (quotation)	15	83.18%	89.82%
B4	Communication issued to active member with pension and lump sum options (quotation)	15	82.98%	91.50%
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15	47.24%	48.94%
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15	82.34%	90.72%
B7	Payment of lump sum (both actives and deferreds)	15	70.47%	76.16%
B8	Communication issued with deferred benefit options	30	27.46%	51.63%
B9	Communication issued to scheme member with completion of transfer in	15	29.71%	35.50%
B10	Communication issued to scheme member with completion of transfer out	15	48.54%	55.51%
B11	Payment of refund	10	84.91%	92.18%
B12	Divorce quotation	45	96.67%	83.33%
B13	Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order	15	#N/A	N/A
B14	Communication issued to new starters	40	#N/A	100.00%
B15	Member estimates requested by scheme member and employer	15	74.03%	90.66%

Communications

Regulation 61 of the LGPS Regulations 2013 requires funds to prepare, publish and maintain a written statement setting out policies concerning communications. This includes:

- The provision of information and publicity about the Scheme to members, employers and representatives of members participating in the fund.
- The promotion of the Scheme to prospective members and employers; and
- The format, frequency and method of distributing such information or publicity.

Throughout 2025/26, the pensions administration team made significant progress in delivering the objectives set out in the Communications Policy Statement.
We continued to use all established communication channels, including the website, helpdesk, events programme, contact forms, office visits and video calls. During the year, we also issued several newsletters to contributing members, pensioners and members with deferred benefits, keeping them informed and encouraging them to take action where needed.

The fund's **'InTouch'** newsletter is issued biannually to members that are receiving a pension. Sent in Spring and Autumn, the newsletter is a mixture of fund updates, notification of changes to pension benefits and a recently introduced section on Shropshire, showing our efforts to engage more in community support, such as by advertising 'what's on' locally.

InTouch: Spring edition 2025
www.shropshirecountypensionfund.co.uk/media/v3dkowtb/intouch-spring-2025-website-version.pdf

InTouch: Autumn edition 2025
www.shropshirecountypensionfund.co.uk/media/er4fxvxl/scpf_intouch_autumn_2025_web.pdf

All previous issues can be viewed and downloaded from the fund's website.





Pension Update
This newsletter issued annually is written for contributing members and produced jointly with other LGPS funds.
2025 Highlights:

- Cost of living adjustments.
- Benefits of staying in the LGPS.
- Normal Minimum Pension Age changes.
- McCloud.
- Pension Dashboards update.
- Retirement Living Standards.
- Pensions Awareness Week 2025.

www.shropshirecountypensionfund.co.uk/media/wkljdt2a/scpf_active_news_2025_web.pdf

Deferred Member News
This newsletter issued annually is written for deferred members and produced jointly with other LGPS funds. 2025 Highlights:

- Your questions answered.
- Guidance on your annual benefit statement.
- LGPS rule change- the McCloud remedy.
- The normal minimum pension age is changing.
- Retirement Living Standards.
- Pension dashboard updates.
- Scam awareness.
- Pensions Awareness Week 2025.

www.shropshirecountypensionfund.co.uk/media/fjmhgv4e/scpf_deferred_news_2025_web.pdf

Pensions Awareness Week 15-19 September 2025
Pensions Awareness Week is a national campaign featuring free, nationwide webinars and resources designed to boost retirement financial planning.

As part of this campaign, the fund teamed up with Clwyd and Oxfordshire Pension Funds, to create a series of free, live online presentations to help members better understand their pension and the Local Government Pension Scheme.

These webinars, tailored for members currently paying pension contributions into the LGPS, took place on Microsoft Teams. Eight presentations were held, with recordings made of each. From understanding the basics and benefits to planning for the future, there was something for every contributing member.

The materials produced were used by the LGPS' National Communications Committee and circulated to all funds.

Website
The fund commenced a project to redevelop the existing website. Work took place on defining how best the fund can use the site to communicate effectively to all scheme members and employers.

This will involve a move from segmenting the membership by their status to a more open site, structured by anticipating what a member wants to know at an individual level. We will also introduce a separate section for employers and Councillors.

As part of this exercise the fund's branding will adapt and change to aid future communication and engagement.

Employer communications
We have maintained all our channels of communication with employers, including the website, employer relations team and monthly update bulletins via email.

The annual Employer Meeting took place at the Guildhall, Shrewsbury on 24 November 2025. The meeting featured an insightful presentation from our actuary, Mercer, on the 2025 actuarial valuation results.

We also developed our new training programme which was launched with a Discretions Policy webinar on 20 March 2026.

During 2026, the fund plans to establish an Employer Focus Peer Group and issue regular surveys to gather feedback from employers on the support they need to provide the information required by the fund. This feedback will help us improve service delivery.

Annual Benefit Statements
The fund sent out the following number of benefit statements in 2025 with the majority being published to members 'My Pension Online' accounts:

- **Active members**
  16,197 statements issued
  (244 issued as paper statements) **100%**

- **Deferred members**
  18,468 statements issued
  (357 issued as paper statements) **100%**

Pension Saving Statements
Annual allowance is the amount of pension savings you can build up without having to pay a tax charge. If you go over these limits, you may have to pay tax.

The annual allowance is set by HMRC and in the LGPS, it is the maximum your pensions savings can increase by in a tax year before you receive a tax charge. The annual allowance is currently set at £60,000.

Each year the fund performs checks to ensure members do not exceed the annual allowance limit imposed by HMRC. For individuals who exceed the limit a statement must be issued.

Pension Savings Statements (PSS) were issued by the deadline of 6 October 2025 to 10 members, 1 of whom had incurred an annual allowance tax charge.

Key financial data

The Pension Fund categorises its expenditure for the management of the fund 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 & Governance:** The costs of accounting for and monitoring the Pension Fund, including any professional advice and support the fund requires.

The Budget is evaluated every year to ensure it covers the costs needed for managing the Pension Fund's legal duties, both in administering the scheme and handling investments. At present, the budget has enough resources to fulfil all regulatory obligations. Any new projects or changes outlined in the fund's business plan are accounted for in upcoming budgets.

Payments made to pensioners through the scheme are counted as expenses of the Pension Fund, rather than those of Shropshire Council, the Administering Authority. The Pension Fund administration budget should remain independent from Administering Authority policies, as such constraints could impede the fund's operations.

Operational expenses	2026-2027 Budget £m	2027-2028 Budget £m	2028-2029 Budget £m
Administrative costs			
Employee costs	1.450	1.520	1.560
IT costs	0.520	0.530	0.550
Office accommodation	0.020	0.022	0.024
Consultants	0.090	0.092	0.094
Printing, postage and design	0.044	0.046	0.048
Subscriptions	0.010	0.012	0.014
Other costs	0.020	0.020	0.020
Total	**2.154**	**2.242**	**2.310**
Investment management expenses			
Management fees	13.200	13.700	14.200
Performance fees	0.690	0.710	0.740
Other fees	4.800	5.000	5.200
Transaction costs	3.600	3.700	3.800
Custody fees	0.010	0.012	0.014
Total	**22.300**	**23.122**	**23.954**
Oversight and governance costs			
Investment advice	0.240	0.250	0.260
Employee costs (pensions investment)	0.460	0.480	0.500
Actuarial advice	0.100	0.105	0.270
Responsible engagement overlay	0.053	0.054	0.055
LGPS Central Limited pooling costs	0.900	0.940	0.980
External audit	0.105	0.109	0.114
Performance analysis	0.013	0.014	0.015
Internal audit	0.020	0.021	0.022
Legal and Committee	0.015	0.016	0.017
Other costs	0.048	0.050	0.052
Total	**1.954**	**2.039**	**2.285**
Total management expenses	**26.408**	**27.403**	**28.549**

Working with employers

Employer summary as at 31 March 2026

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 at 31 March 2026.

Overall numbers	Active (still contributing)	Ceased (not contributing but has outstanding liabilities)	Total
Scheme employers (Academies and Scheduled Bodies)	89	27	116
Admission Bodies	58	72	130
Resolution Bodies (formerly Designated Bodies)	43	6	49
Total	**190**	**105**	**295**

Accurate administration of the Local Government Pension Scheme relies on monthly employer data. Data quality is checked both monthly and at year-end, along with ongoing verification through data software, mortality screening and address checks to ensure member data is correct.

Every employer submits monthly data returns. They must pay contributions and submit data via i-Connect by the 19th of each month.

A summary of the amount of member data received during 2025/26 is below:

- **Address updates:** 5,420
- **Contributions postings:** 199,047
- **Pay data postings:** CARE 197,234
- **Notification of starters:** 5,237
- **Notification of leavers:** 5,717

Employers who did not meet the regulatory requirements, by either late payment of required contributions or failing to submit data on time, were classified as having breached scheme rules. If these were deemed particularly important, they could be reported to The Pensions Regulator.

There were 185 breaches recorded for 2025/26 while 128 breaches were recorded in 2024/25. As in previous years most of the breaches were for late submission of i-Connect data and late payment of monthly contributions. This has been a particular issue where an employer changes payroll provider and additional work is created from match up exercises, training for the new provider and time spent to ensure the final submission is accurate.

Feedback

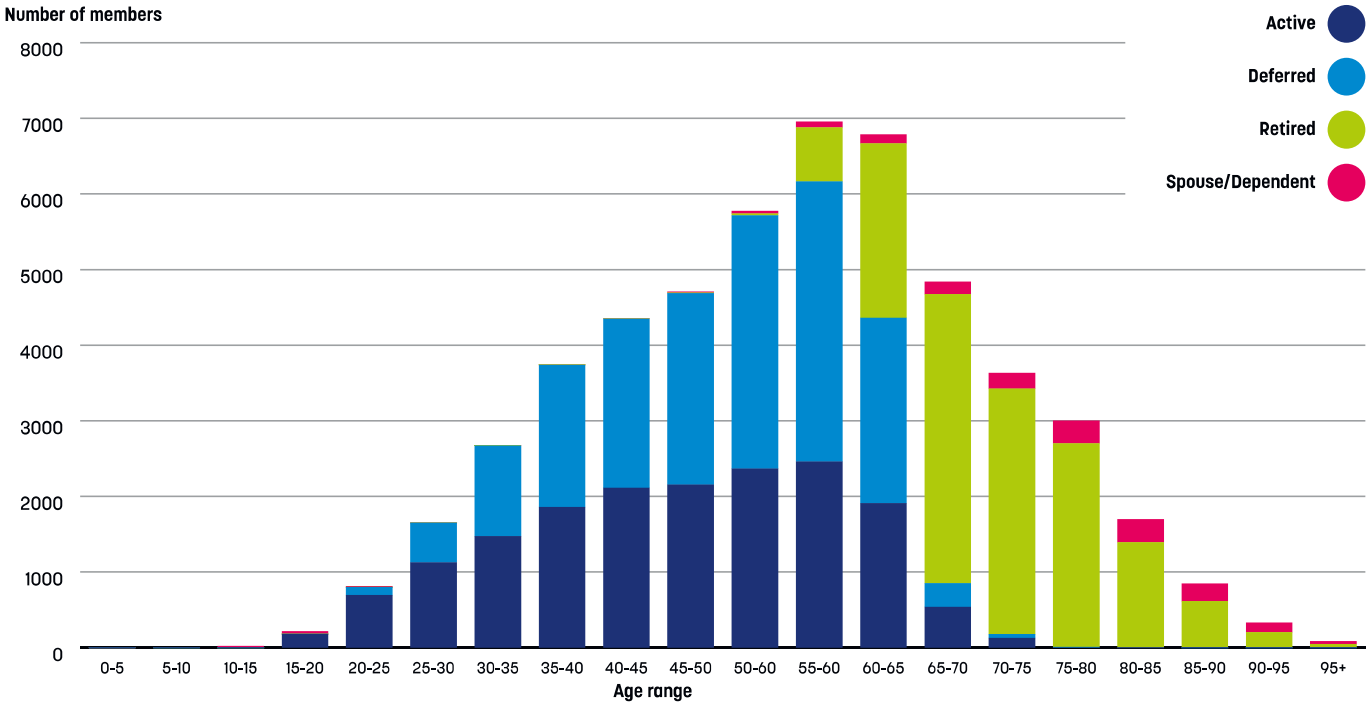
Feedback from members and employers

The fund welcomes feedback from stakeholders. In 2025/26 we received 15 compliments and 3 complaints, all of which were partially upheld.

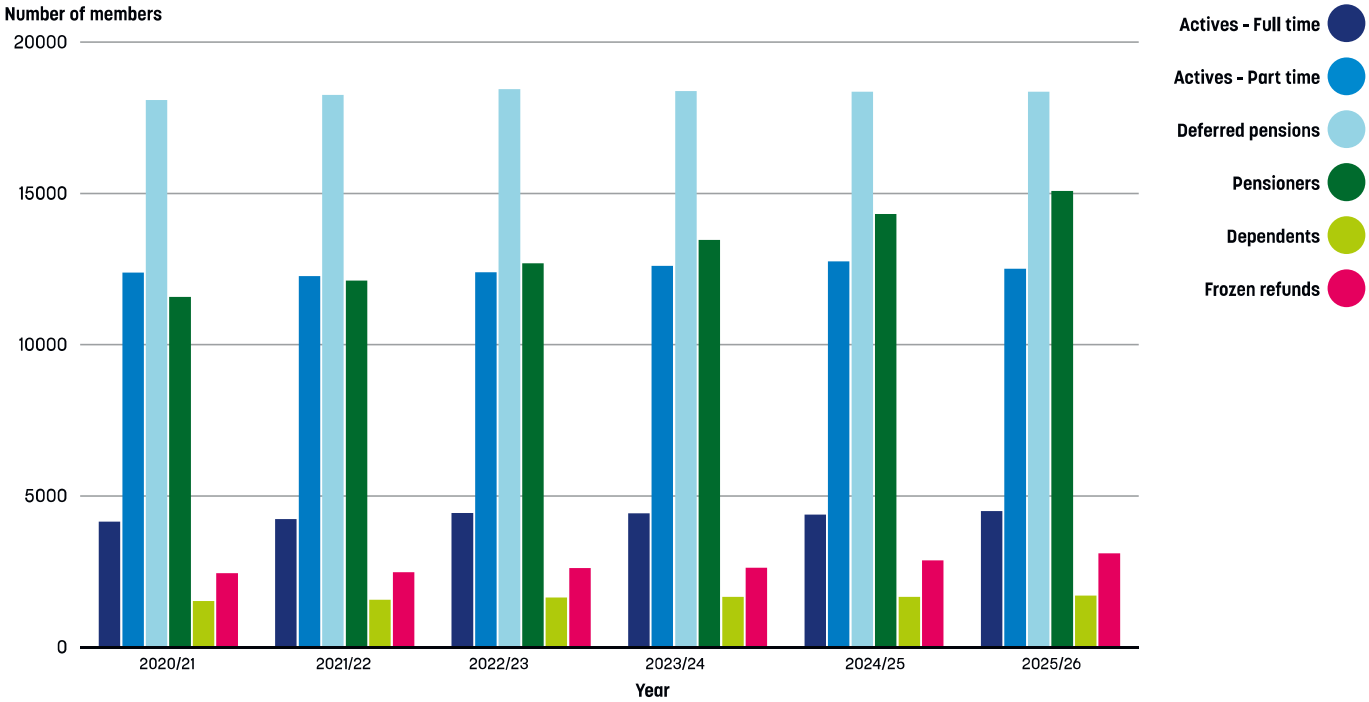
Examples of compliments received in 2025/26:

- *Mrs XXX said she was very grateful for the help the helpdesk team had given her regarding her pension options, mentioning in particular XXX who she described as "absolutely marvellous" and the female helpdesk member that she spoke to.*
- *Thank you so much, you are the calmest person I've ever spoke to, which has been so great during this complicated process.*
- *Thanks for letting me know, you and your team have been so good at helping me navigate all the pension side of things and I really appreciate it.*
- *Thank you very much for your help. It's always a pleasure talking to the Pension Team, you're all so helpful.*
- *Awesome thank you so much, form completed and uploaded, great job folks!*
- *Thank you XXXXX you're the best!*
- *Thank you for replying so promptly, as ever a great team in Shropshire. You are brilliant.*
- *I just want to send you and everyone a huge thank you for your help with my pension.*
- *I just wanted to take the time to thank you and the pensions team for expediting my pension payments and trying to ensure it was paid for this month.*
- *Thank you, that will make my life much easier. It always makes me happy when I am delt with by people like you who care. I hope the rest of the day goes well.*

Age profile of membership as at 31 March 2026



Membership numbers and trends as at 31 March 2026



Gender Pensions Gap

The above chart shows that there are a high number of active members who are part-time, female workers. Nationally there are over 6.68 million LGPS members – more than 75% of whom are women.

New reporting requirements for Gender Pension Gap have now come into force and several regulation changes have been introduced to help bridge the gap. The government is committed to gender equity and improving retirement outcomes.

Service delivery

How our service is delivered
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 scrutiny by the Pensions Board and then for approval to Pensions Committee and is published on the fund website.

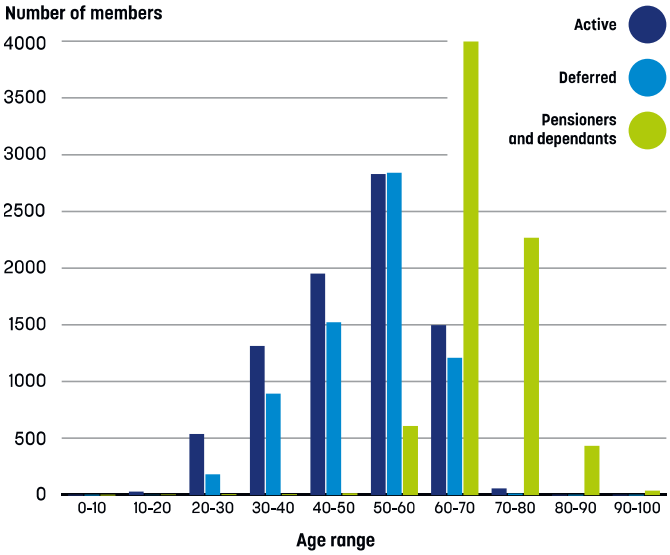
The fund's website is the main source of information for both current and prospective members, as well as fund employers. It provides scheme guides, forms and details that members and employers can access. Employer responsibilities are clearly outlined in the employer section, which all fund employers are encouraged to refer to this area to ensure they fulfil their obligations. Additionally, the website offers videos tailored for both members and employers.

The website address is:
www.shropshirecountypensionfund.co.uk

Pension administration system
The fund utilises Altair, the pension administration software from Heywood Pension Technologies Ltd, to manage all necessary information for processing member requests and benefit payments. Additionally, the fund uses i-Connect, a service enabling employers to transfer their data directly into member records after validation checks. Each month, the Systems and Employer Relations team reviews submitted returns and collaborates with employers to resolve any issues.

'My Pension Online'
My Pension Online' allows members to access their pension details, update information, generate estimates and upload documents at any time. This self-service platform also provides easy navigation and links to more pension information.

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



Recognising that some members may not be able to utilise the online facility, we maintain a helpdesk to ensure members can speak directly with a team member as needed.

As of 31 March 2026, the percentage of members accessing the platform are:

- 55% Active members.
- 47% Deferred members.
- 60% Pensioners and dependants.
- 54% Overall scheme total.

Internal Dispute Resolution Procedure
Even with our best efforts, we sometimes receive appeals from members who are dissatisfied with scheme decisions. Members can request a review of such decisions through the formal appeals procedure. They may also use this process if their employer or the fund fails to make a required decision. Details of this procedure are found in regulation 72 of the LGPS Regulations 2013.

Any active scheme member, pensioner, deferred pensioner, or potential beneficiary can appeal using the IDRP procedure. The IDRP consists of two stages: first, the dispute is sent to the body responsible for the original decision for review. If the member remains unsatisfied after stage one, they can apply to the administering authority for a stage two review, as long as it is within six months of the stage one outcome.

Should the member or beneficiary still be unhappy after the second stage, they can take their case to The Pensions Ombudsman. They have three years to send this application and the Ombudsman can investigate any complaint about a member's or beneficiary's pension. Before reaching out to the Ombudsman, members must complete both stages of the IDRP.

The following table is a summary of the IDRP cases the fund has received.

IDRP cases raised directly to the fund in 2025/26

Stage	Received	Dismissed	Upheld	Ongoing
1st	5	0	5	0
2nd	0	0	0	0

Conflicts of interest

The Assistant Director - Legal and Governance (Monitoring Officer) maintains a Council Members' register of interests. Committee 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 Pensions 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.

A fund specific Conflict-of-interest Policy is due to be developed during 2026/27.





Section D: Actuarial report on funds

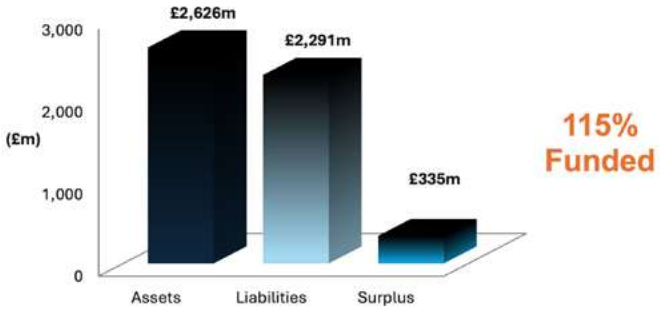
Statement by the consulting actuary

Accounts for the year-end as at
31 March 2026

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 2025 to determine the contribution rates with effect from 1 April 2026 to 31 March 2029.

On the basis of the assumptions adopted, the fund's assets of £2,626 million represented 115% of the fund's past service liabilities of £2,291 million (the "Solvency Funding Target") at the valuation date. The surplus at the valuation was therefore £335 million.



The valuation also showed that a Primary Contribution Rate of 15.7% 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 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 contributions in respect of any deficit / surplus for each employer. At the 2025 actuarial valuation the average recovery period adopted for employers in deficit was 13 years and the run off period for employers with a recoverable surplus was 15 years. The resulting total "Secondary Rate" for 2026/29 was, on average, a surplus offset of approximately £9m per annum (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 2026.

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 valuation was carried out using the projected unit actuarial method. Full yield curves were used in calculating the liabilities and the approximate single equivalent rates for the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary Contribution Rate, were as follows:

Rate of return on investments (discount rate):	For past service liabilities (Solvency Funding Target)	For future service liabilities (Primary rate of contribution)
Standard	5.60 % per annum	5.10 % per annum
Lower risk	5.35 % per annum	5.10 % per annum
Rate of pay increases (long-term)	3.85% per annum	3.85% per annum
Rate of increases in pensions in payment (in excess of GMP)	2.60% per annum	2.60% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the fund is due as at 31 March 2028. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2029.

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:

	£m
Start of period liabilities	2,248
Interest on liabilities	128
Net benefits accrued / paid over the period*	(44)
Actuarial (gains) / losses (see below)	6
End of period liabilities	2,338

*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 5.8% p.a. to 6.2% p.a. The long-term assumed CPI also increased over the year from 2.6% p.a. to 2.9% p.a. The net effect is a small reduction in liabilities.

Change in demographic assumptions: As noted in Appendix B, the mortality assumptions have been updated to reflect the latest mortality study carried out for the 2025 actuarial valuation. This acts to slightly reduce the liabilities.

Pension increases / inflation experience: The figures allow for the impact of actual CPI over the year compared to the start of period assumption (experience to September 2025 fed into the April 2026 pension increase of 3.8% and actual inflation from that point will feed into the 2027 increase). As inflation over the year was higher than the long-term assumption, this slightly increases the liabilities.

Allowance for 2025 actuarial valuation results: The figures allow for the now completed 2025 actuarial valuation of the fund. The effect of this is a small increase in liabilities.

Mark Wilson
FIA C.Act
Michelle Doman
FIA C.Act
Mercer Limited
May 2026

Appendix A
Additional Considerations

The "McCloud judgment": The figures above allow for the impact of the judgment based on the remedy and the data provided for the 2025 actuarial valuation.

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: There was significant volatility in markets both shortly before and after the accounting date. 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 2026 (the 31 March 2025 assumptions are included for comparison):

Financial assumptions

	31 March 2025	31 March 2026
Rate of return on investments (discount rate)	5.80% per annum	6.20% per annum
Rate of CPI Inflation / CARE benefit revaluation	2.60% per annum	2.90% per annum
Rate of pay increases	3.85% per annum	4.15% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.70% per annum	3.00% per annum

Post retirement mortality (normal health)

	31 March 2025 (M/F)	31 March 2026 (M/F)
Base mortality table	SAPS 4 / SAPS 4 middle	SAPS 4 / SAPS 4 middle
Future improvements	CMI 23 1.5%	CMI 24 1.5%
Other choices	S=7, A=0 W20=W21=0%, W22=W23=15%	Core Underlying
Non-retired members (currently age 45):		
Weightings	101% / 93%	108% / 98%
Life expectancies at age 65	23.1 / 26.0	22.9 / 25.7
Retired members (current age 65):		
Weightings	96% / 92%	103% / 95%
Life expectancies at age 65	21.8 / 24.3	21.6 / 24.2

The start of period assumption is set based on the most recent mortality analysis as at the previous accounting date (so from the 2022 actuarial valuation), but with:

- an update to the future improvement model (CMI 2023)

An update to the base tables (S4 tables, with a reweighting to maintain consistency with the underlying mortality analysis).

The end of period base tables are set based on the updated analysis undertaken as part of the 2025 actuarial valuation (note that the 1.5% improvement rate is still our best estimate assumption).

Other demographic assumptions

The other demographic assumptions as at the start of period 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. Those as at the end of period are the same as those used for 2025 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2026.





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, Pensions Board and how the Committee report to the council. The make-up of the Committee and the reasons for the current representation, is outlined. 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 Pensions 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 Pensions 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 September 2025 and can be read at: www.shropshirecountypensionfund.co.uk/media/gjobauns/governance-compliance-statement-september-2025.pdf



Pensions Board Report 2025/26

The Pensions Board plays a vital role in the overall governance of the **Shropshire County Pension Fund.**

About the Pensions Board

Pensions are important. We tend to take them for granted but, as the current difficulties with both the Teachers and Civil Service pension schemes demonstrate, things can go wrong. The overriding role of your Pensions Board is to ensure that they do not.

Shropshire's Local Pensions Board exists to keep an eye on how your pension is administered. Over the years pension schemes have been increasingly closely monitored by Central Government and The Pensions Regulator, with advice from a special committee of the Local Government Association, the Scheme Advisory Board. We meet three or four times a year to consider reports on the performance of the Scheme's administration ensuring that the contributions are received in a timely and accurate way and benefits are similarly correct. Very few things are perfect, and there are occasional breaches – failures to reach the statutory standards. If serious or protracted, these must be reported to the Pensions Regulator. These are extremely rare.

Pensions Boards were set up in 2015 – there is one for each of the 86 Schemes currently operating in England and Wales. They are not decision-making bodies but exist to "support the administering Authority in meeting its obligations". The Pensions Committee that is responsible for ensuring the scheme's management is properly resourced and that the funds are well and ethically invested. They have been highly successful in this in recent years, with the result that we are fully funded – that is, if the scheme closed tomorrow, there would be enough money in it to pay all the pensions due.

The Pensions Administration Team manage the considerable task of collecting the correct contributions each month from the 190 employers who are part of the scheme for the 17,007 workers who currently contribute to the scheme and maintain the records for 18,356 past contributors and 16,776 pensioners.

There are six members of the Board, three representing employers and three workers and pensioners. We look at both the day to day work of the Administration Team, the governance arrangements and the specific projects taking place. Over the past year we have been concerned with the McCloud remedy, which corrects unfairness in the treatment of some workers in the move from Final Salary to Career Average schemes, Cyber Security – a perennial issue for complex systems delivering essential services, and the introduction of a Pensions Dashboard, whereby you will be able to view all UK pensions due to you.

Change is the one constant in the world of pensions, and to keep us up to date regular training sessions take place.

Change of personnel are also inevitable, and we were sad to bid farewell to Dave Wright who has chaired the Board for the past three years. Having also served on the Pension Committee we will miss his knowledge, experience and leadership. We wish him a long and happy proper retirement from Local Government duties!

Who sits on the Pension Board



John Hall (Chair)

Member representative

Liz Furey

Employer representative

Paul Partridge

Employer representative

Rebecca Summerlin

Member representative

Nick James

Member representative

Vacant

Employer representative

Madeline Murphy

Employer representative

Tricia Slater

Employer representative

Dave Wright

Member representative

Sarah Leese

Employer representative
(May 2026)

Andrew Watkin

Member representative
(May 2026)

Madeline Murphy, Dave Wright, Tricia Slater and Rebecca Summerlin stood down from the Pensions Board at the end of the 2025/26 financial year and replacement representatives have been appointed.

Meetings

Member	24 January 2025	23 May 2025	3 October 2025	23 January 2026
John Hall	Cancelled	Present	Present	Present
Liz Furey	Cancelled	Present	Present (virtual)	Apologies
Paul Partridge	Cancelled	N/A	Present	Present
Rebecca Summerlin	Cancelled	Present	Present (virtual)	Present (virtual)
Nick James	Cancelled	N/A	N/A	Present
Madeline Murphy	Cancelled	Present	Apologies	N/A
Tricia Slater	Cancelled	Apologies	N/A	N/A
Dave Wright	Cancelled	Present	N/A	N/A

Recent changes in both Board and Committee membership have presented challenges for the fund. Ensuring that all members receive comprehensive training is crucial for helping informed decision-making. The Shropshire County Pension Fund has several strategies which address topics such as responsible investment, climate change, funding, investments, cyber incidents and administration. The Board must be familiar with these strategies and receive updates whenever changes occur.

Emerging LGPS governance requirements from the 'Fit for the Future' consultation, as well as changes to Access and Fairness and Access and Protections regulations, present new challenges. The Board will collaborate with officers to ensure that the team is properly resourced and equipped with the necessary tools to deliver on these obligations.



John Hall
Pensions Board Chair
18 September 2026

To gain a deeper understanding of the activities and responsibilities of your Pensions Committee or Pensions Board, you are invited to review the publicly accessible meeting agendas and documents available on Shropshire Council's website.



Section E: Governance arrangements

Pensions Committee Report

The Pensions Committee is responsible for **exercising all of the functions that are required as an Administering Authority** for a Local Government Pension Scheme under the Public Service Pensions Act 2013.

As well as adhering to the principles required by statutory guidance, The Pensions Regulator's (TPR) Code of Practice and performing the duties as set out in the Pensions Committee's Terms of Reference, detailed in the Council's Constitution.

Members of the Pensions Committee are responsible for the fund's activities, ensuring that the fund is managed in the best interest of all its members, employers and beneficiaries. Members of the Pensions Committee must therefore take a non-political approach to the decisions they take.



The key duties of the Pensions Committee as set out in the terms of reference are as follows:

- To exercise all those functions of Shropshire Council which are required to be performed by it in its role as Administering Authority for the Local Government Pension Scheme under the Public Service Pensions Act 2013 (and any associated legislation) adhering to the principles required by Statutory Guidance.
- To adhere to the principles set out in the Statutory Guidance and Codes of Practice, issued by the Scheme Advisory Board and the Pensions Regulator and undertake its duties in compliance with the obligations imposed on it as Scheme Manager.
- To approve the fund's operational budget and receive reports on matters of staffing and employment where significant budget implications occur.
- To represent the views of members in the management and administration of the fund.
- To determine the investment strategy, supporting responsible investment policy and framework of the fund in consideration of the long-term liabilities and duties to pay pension benefits.
- To monitor investment activity and the performance of the fund's investments.
- To take independent and specialist advice on matters to be determined, including advice from Senior Officers of the fund, adhering to the advice given when taking decisions.
- To ensure effective operational and financial risk management and to receive reports on actions identified in the fund's internal control framework.
- Reviewing and adopting the statutory policies of the fund, in accordance with the fund's policy framework.
- On an annual basis to receive and approve the Annual Report and Accounts.

Who sits on the Pensions Committee



Gary Groves (Chair)

Shropshire Council

Alan Holford

Shropshire Council

Malcolm Myles-Hook

Shropshire Council

Charles Shackerley-Bennett

Shropshire Council

Paul Davis

Telford & Wrekin Council

Zona Hannington

Telford & Wrekin Council

Thomas Biggins

Pensioner Representative

Vacancy

Substitute Pensioner Representative

David Burton

Employee Representative for Shropshire Council

Byron Cooke

Employee Representative for Telford & Wrekin Council

Vacancy

Substitute Employee Representative for Telford & Wrekin Council

Greg Ebbs

Shropshire Council (Substitute)

Benedict Jephcott

Shropshire Council (Substitute)

Carl Rowley

Shropshire Council (Substitute)

Beverley Waite

Shropshire Council (Substitute)

Fiona Doran

Telford & Wrekin Council (Substitute)

Stephen Reynolds

Telford & Wrekin Council (Substitute)

Sarah Sweeney

(Substitute)

Committee meeting attendance details 2025/26

In 2025/26, four Committee meetings were held. Attendance is recorded below:

Member	25 June 2025	19 September 2025	5 December 2025	20 March 2026
Gary Groves	Present	Present	Present	Present
Alan Holford	Apologies	Apologies	Present	Present
Malcolm Myles-Hook	Present	Present	Present	Present
Charles Shackerley-Bennett	Present	Present	Present	Present
Paul Davis	Apologies	Apologies	Apologies	Present
Zona Hannington	Present	Apologies	Present	Present
Paul Griffiths	Apologies	Apologies	N/A	N/A
Thomas Biggins	N/A	N/A	N/A	Present
David Burton	N/A	N/A	Present	Present
Byron Cooke	Present	Present (virtual)	Present	Present
Benedict Jephcott	Substitute	N/A		
Fiona Doran	Substitute	Present		



LGPS Governance Update

The Government has now consulted on making **changes to the Local Government Pension Scheme's governance arrangements** as part of the 'Fit for the Future' consultation.

The proposals themselves are largely in line with the 2021 recommendations of the Scheme Advisory Board (SAB) and include the following:

- **Governance and training strategy:** each administering authority should have a governance and training strategy, including a conflict-of-interest policy.
- **Senior LGPS officer:** each administering authority should have a senior LGPS officer, with specific roles and responsibilities relating to the pensions function.
- **Pension administration strategy:** each administering authority must have a pension administration strategy.
- **Annual reports:** funds will no longer be required to include the full texts of their policy documents within the annual report.
- **Regular governance reviews:** each administering authority will be required to participate in an independent governance review every three years, with the SAB to develop a peer support offer.
- **Knowledge and skills requirements:** Pension Committee members, senior LGPS officers and other officers must have knowledge and understanding of the LGPS to undertake their roles.
- **Independent adviser:** the Government has set out that it wishes to ensure that Pensions Committees have access to professional and independent expertise. This independent person should be able to advise on investment strategy, governance and administration.

The Shropshire County Pension Fund already meets many of these requirements and officers are currently working with external governance advisers to ensure that the fund complies with all the requirements within the prescribed timescales.

Policy Review and Development

Putting policies in place across all elements of the fund's management, followed by a review exercise of policies helps to ensure the right decisions are made, as;

- they are vital in setting out how the fund demonstrates effective systems of internal control, as required by the Pensions Regulator;
- they set out the decision-making framework;
- they set out how the fund achieves accountability and transparency;
- they set expectations of each party with an interest in your fund (be that elected members, officers, employers, advisors, etc.); and
- they form part of the defence against scrutiny, both internally (audit) and externally (audit, taxpayers, Pensions Regulator, Pensions Ombudsman, etc.).

A full list of the fund's policies can be found on our website. During the last 12 months many of these policies were reviewed and updated. Others we created in order to comply with new requirements.

The Shropshire County Pension Fund carries out the following:

- **Policy review:** making sure we have the right policies in place.
- **Accessibility:** this covers the use of plain English, as well as ensuring policies are readily available on the fund's website.
- **Pensions Committee and Board's involvement:** both Committee and Board are involved in viewing and signing off these policies. They are aware of the policies which the fund has in place and training is offered to cover these policies, their purpose and implications if required.
- **Maintaining a policy log:** with the ever-increasing focus on governance, having a policy log in place is a useful way to keep track of the policies we have and their planned review dates.

Training Policy (Members and Officers)

Shropshire County Pension Fund is committed to continuous improvement as a key part of its overall approach to service delivery.

As part of this, **elected members of the Pensions Committee and Board, as well as the Authority's officers, have an obligation to ensure that they have a level of knowledge and understanding of the issues with which they are dealing** to allow them to make properly informed decisions.

The purpose of this Training Policy developed by the fund is to provide a framework for members of the committee and board to access the support they need and enables the fund to manage the risk of failing to meet its objectives if members are not adequately trained and kept up to date on pensions and investment matters.

Separate but similar arrangements apply to the fund's staff. Our Training Policy has been produced with reference to CIPFA's framework for knowledge and understanding which represents a best practice standard in this area.

Learning programme

The fund's officers will each year develop an annual learning and development programme for the Committee and the Pensions Board based on an assessment of learning and development needs.

The programme will comprise of several elements:

- Access to online learning materials and background reading.
- Seminars organised specifically for the fund which will be held either virtually or in person (some of these will be targeted at members of either the Committee or the Pensions Board, although open to all).
- The opportunity to attend externally organised online events.
- The opportunity to attend a selected range of externally organised in-person events, such as the LGA 'Fundamentals Course'.

Over the last 12 months, specific training has been delivered on the Valuation and the subjects the Committee and Board need to consider in making decisions. For many Committee members this was the first time that they had dealt with this process and therefore the fund wanted to support them as much as possible.

The new role of Local Government Pension Scheme (LGPS) pools in England and Wales has involved a major shift towards higher centralisation, mandatory asset delegation and increased scale by March 2026. Under the government's "Fit for the Future" reforms, pools are transforming from passive investment managers into active, FCA-regulated "mega-pools" that direct the investment strategy, advice and local economic impact of partner funds.

This means that the Committee are taking a different role to one that they have held historically and training has been delivered on what is expected of them.

Hymans Learning Academy
In November 2022, the fund purchased this online learning platform for officers, Board and Committee members.

The platform covers a number of modules, including;

- Financial markets and product knowledge;
- Markets, investment vehicles and MiFIDS II;
- Actuarial methods, standards and practices;
- Pension administration;
- Pension governance;
- Pntroduction to funding strategy;
- LGPS actuarial valuations – process; and
- LGPS valuation – technical.

Hymans Robertson also carry out a knowledge assessment on behalf of funds in order for members of the Committee and Board to assess their own personal knowledge levels and identify gaps where training is needed.

Specific Officer Training Resources
Officers also have access to PENGuide (a specialist online resource for all aspects of both past and present LGPS regulations), which is used as both a training resource and to assist with member and employer queries.

Many fund officers have also undertaken training courses run by the LGA throughout the last 12 months.

Professional Development
Continued professional development is actively promoted for all officers, who are actively encouraged to collaborate and network across the wider LGPS community, recognising the value of sharing best practice, learning from the experiences of other funds, and identifying opportunities to enhance the service provided to LGPS members. This includes attendance at in-person events, conferences and joint working groups with other pension funds.

As the Head of Pensions, LGPS Senior Officer for Shropshire County Pension Fund, I confirm that the officers and committee members charged with the financial management 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
Head of Pensions - LGPS Senior Officer
18 September 2026

Pension fund accounts

Pension fund account for the year ended 31 March 2026

2024/25 £m		Notes pages 66-87	2025/26 £m	
	Contributions and benefits			
	Contributions			
73.017	Employers	7	71.166	
21.501	Employees	7	22.402	
11.061	Transfers in from other pension funds	3,7	11.250	
105.579	**Total income**			**104.818**
	Benefits payable			
(88.105)	Pensions	7	(93.113)	
(22.014)	Commutation of pensions and lump sum retirement benefits	7	(17.582)	
(2.591)	Lump sum death benefits	7	(3.028)	
	Payment to and on account of leavers			
(0.243)	Refund of contributions	7	(0.280)	
(5.634)	Transfer to other funds	3,7	(9.165)	
(118.587)	**Total expenditure**			**(123.168)**
(13.008)	**Net additions/(withdrawals) from dealings with scheme members**			**(18.350)**
(23.944)	**Management expenses**			**(25.497)**
(36.952)	**Net additions/(withdrawals) including fund management expenses**			**(43.847)**
	Returns on investments			
14.005	Investment income	3,9	13.698	
(0.329)	Gain/(loss) on cash and currency hedging		(0.514)	
(0.112)	Taxes on Income	10	(0.036)	
146.611	Profits and losses on disposal of investments and changes in value of investments	11a	199.172	
160.175	**Net return on investments**			**212.320**
123.223	**Net increase/(decrease) in the net assets available for benefits during the year**			**168.473**
2,503.176	**Opening net assets of the scheme**			**2,626.399**
2,626.399	**Closing net assets of the scheme**			**2,794.872**

Net assets statement

Net assets statement as at 31 March 2026

31/03/2025 £m		Notes pages 66-87	31/03/2026 £m	31/03/2026 %
	Long term Investments			
1.315	Equities	11	1.315	0.05
	Investment Assets			
0.018	Equities	11	0.027	0.00
	Pooled Investment Vehicles			
2594.391	Other Managed Funds	11	2768.742	99.06
	Other Investment Balances			
0.685	Loans	11	0.685	0.02
	Cash Deposits			
20.246	Deposits	11	17.686	0.63
5.700	Temporary Investments	27	1.340	0.05
2622.355	**Total Investment Assets**		**2789.795**	**99.81**
	Long Term Debtors			
1.857	Lifetime and Annual Tax Allowances	18a	1.877	0.07
	Current Assets			
7.262	Contributions due from Employers/Employees	18b	8.263	0.30
1.121	Other Current Assets	18b	0.991	0.04
0.046	Cash Balances	27	0.076	0.00
	Current Liabilities			
(1.418)	Unpaid Benefits	19	(1.051)	(0.04)
(4.824)	Other Current Liabilities	19	(5.079)	(0.18)
2626.399	**Net Assets of the Scheme - Available to Fund Benefits as at 31 March**		**2794.872**	**100.00**

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.

Notes

To the Shropshire County Pension Fund Accounts for the year ended 31 March 2026

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 and 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 fall under other national pension schemes. The fund is overseen by the Shropshire County Pension Fund's Pensions 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 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 and private contractors undertaking a local authority function following outsourcing to the private sector.

Shropshire County Pension Fund	31-Mar 2026	31-Mar 2025
No of employers	190	166
Number of employees in the scheme		
Shropshire Council	5,167	5,395
Other employers	11,840	11,738
Total	**17,007**	**17,133**
Number of pensioners in the scheme		
Shropshire Council	6,953	6,668
Other employers	8,124	7,644
Total	**15,077**	**14,312**
Number of deferred pensioners in the scheme		
Shropshire Council	8,047	8,250
Other employers	10,309	10,108
Total	**18,356**	**18,358**

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 2026. Employers' contributions are set based on triennial actuarial funding valuations. The valuation covering the contributions to 31 March 2026 was completed as at 31 March 2022.

Employer contribution rates from the 31 March 2022 range from 0% to 30% of pensionable pay. The 31 March 2025 valuation will impact employer contributions from 1 April 2026.

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 Prices 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 2025/26 financial year and its financial position at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("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 2025/26. There have been changes to IAS 8 (Changes in Accounting Estimates and Errors), IAS 16 (Property Plant and Equipment) and IAS 38 (Intangible Assets) during the year but these do not impact the fund accounts.

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 append 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's 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/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.

Expense	Disclosure
Administrative expenses	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.
Oversight and governance	All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the fund. 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 2025/26, £0.006m of fees is based on such estimates (2024/25 £0.175m)
Investment management expenses	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. 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. In addition, the fund has negotiated with BlackRock (Hedge Fund) that an element of their fee will be performance related. Total performance related fees for all managers in 2025/26 £0.661m (2024/25 £0.649m). 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 2025/26, £0.333m of fees is based on such estimates (2024/25 £0.225m).

Net Assets Statement

Financial assets

The Share Capital investment in LGPS Central Limited is valued at transaction price i.e. cost. LGPS Central Limited began to trade on 3 April 2018. The Pension Fund's view is that the market value of this investment at 31 March 2026 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 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 are recognised 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 at 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 Limited 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 Limited

The share capital investment has been valued at cost on the basis that fair value as at 31 March 2026 cannot be reliably estimated. Management have made this judgment because:

- LGPS Central Limited was set up for the specific purpose of LGPS Pooling.
- No dividend to shareholders has as 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
Private equity	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 £207.4 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 £20.7 million adjustment to the value of these assets.
Infrastructure	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 £154.4 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 £15.4 million adjustment to the value of these assets.
Property debt	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 £2.4 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 £0.2 million adjustment to the value of these assets.
Private debt	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 £89.0 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 an £8.9 million adjustment to the value of these assets.
Insurance linked securities	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 £49.7 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 £2.5 million adjustment to the value of these assets.
Hedge funds	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 £124.6 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 £6.2 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 2026 and when these accounts were authorised that require any adjustments to be made.

A Guaranteed minimum pensions (GMP) equalisation remedy in the 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 the LGPS came into force in 2023/2024 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.

The UK Pensions Schemes Act gained royal assent on 29 April 2026. Whilst this changes the governance of the scheme moving forward it does not impact any of the figures or statements presented here.

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 (unitary, town and parish councils), scheme employers 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
2025/26				
Contributions received				
Employees	7.628	1.694	13.080	22.402
Employers	24.623	5.081	41.462	71.166
Transfers in	6.182	0.305	4.763	11.250
Total income	**38.433**	**7.080**	**59.305**	**104.818**
Payments made				
Pensions	49.449	12.442	31.222	93.113
Lump sums	6.935	2.647	8.000	17.582
Death benefits	1.376	0.222	1.430	3.028
Refunds	0.069	0.001	0.210	0.280
Transfers out	4.560	0.168	4.437	9.165
Total expenditure	**62.389**	**15.480**	**45.299**	**123.168**
2024/25				
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
Total income	**43.332**	**5.368**	**56.879**	**105.579**
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
Total expenditure	**60.622**	**15.643**	**42.322**	**118.587**

This table shows a breakdown of the employers contributions in the previous table:

2024/25 £m		2025/26 £m
60.617	Employers normal contributions	61.903
2.665	Employers deficit contributions	4.602
9.735	Employers augmentation contributions	4.661
73.017		**71.166**

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).

2024/25 £m	Management Expenses	2025/26 £m
1.946	Administrative costs	1.983
20.260	Investment management expenses	21.474
1.738	Oversight and governance costs	2.040
23.944		**25.497**

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 £0.661m (2024/25 £0.649m) in respect of performance related fees paid/payable to the fund's investment managers.

It also includes £3.488m in respect of transaction costs (2024/25 £3.266m).

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).

2024/25 £m	Investment management expenses	2025/26 £m
11.968	Management fees	12.667
0.649	Performance fees	0.661
4.358	Other fees	4.652
3.266	Transaction costs	3.488
0.019	Custody fees	0.006
20.260		**21.474**

The costs incurred by the fund in administering the fund totaled £1.983m for the year ended 31 March 2026 (2024/25 £1.946m).

2024/25 £m	Administrative costs	2025/26 £m
1.241	Employee costs	1.398
0.408	IT	0.503
0.081	Consultants	0.086
0.061	Printing, postage and design	0.042
0.037	Office accommodation	0.013
0.007	Subscriptions	0.007
0.111	Other costs*	(0.066)
1.946		**1.983**

*Other costs figure in 2025/26 includes reversal of access paysuite fees incorrectly included in the 2024/25 figure.

The costs incurred by the fund in oversight and governance totaled £2.040m for the year ended 31 March 2026 (2024/25 £1.738m).

2024/25 £m	Oversight and governance costs	2025/26 £m
0.271	Investment advice	0.236
0.395	Employee costs (pensions investment)	0.448
0.093	Actuarial advice	0.246
0.704	LGPS Central Limited pooling costs	0.866
0.051	Responsible engagement overlay	0.052
0.102	External audit	0.101
0.027	Performance analysis	0.012
0.025	Internal audit	0.019
0.023	Legal and committee	0.014
0.047	Other costs	0.046
1.738		**2.040**

Note 8a: Investment management expenses

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

2025/26	Total £m	Management fees £m	Performance related fees £m	Transaction costs £m	Other costs £m
Pooled investment vehicles					
Global equity	4.435	2.545	0.000	1.718	0.172
Fixed income	2.466	0.817	0.000	1.609	0.040
Hedge fund of funds	1.367	0.490	0.661	0.000	0.216
Infrastructure	2.975	2.383	0.000	0.000	0.592
Pooled property investments	1.966	1.914	0.000	0.052	0.000
Private equity	5.473	2.785	0.000	0.000	2.688
Private debt	2.131	1.405	0.000	0.000	0.726
Property debt	0.066	0.023	0.000	0.000	0.043
Insurance linked securities	0.589	0.305	0.000	0.109	0.175
	21.468	**12.667**	**0.661**	**3.488**	**4.652**
Custody fees	0.006				
Total	**21.474**				

2024/25	Total £m	Management fees £m	Performance related fees £m	Transaction costs £m	Other costs £m
Pooled investment Vehicles					
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
	20.241	**11.968**	**0.649**	**3.266**	**4.358**
Custody Fees	0.019				
Total	**20.260**				

Note 9: Investment income

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

2024/25 £m	Investment income	2025/26 £m
0.001	Dividends from equities	0.001
12.690	Income from pooled investment vehicles	12.278
0.332	Interest on cash deposits	0.248
0.982	Other	1.171
14.005		**13.698**

Note 10: Taxes on income

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

2024/25 £m	Taxes on income	2025/26 £m
0.000	Withholding tax - equities	0.000
0.112	Withholding tax - pooled	0.036
0.112		**0.036**

Note 11: Investments

The table below analyses investment assets by type of investment.

2024/25 £m	Investments	2025/26 £m
	Investment assets	
0.018	**Equities**	0.027
	Pooled funds	
1508.181	Global equity	1511.118
363.501	Fixed income	500.134
114.088	Hedge fund of funds	124.610
157.915	Infrastructure	154.355
117.386	Pooled property investments	129.994
199.616	Private equity	207.443
10.417	Property debt	2.427
44.303	Insurance linked securities	49.689
78.984	Private debt	88.972
	Other investments	
0.685	Loans	0.685
	Cash deposits	
20.246	Deposits	17.686
5.700	Temporary investments	1.340
2621.040		**2788.480**
	Long term investments	
	UK unquoted equities	
1.315	Shares in LGPS Central Limited asset pool	1.315
2622.355	**Total investment assets**	**2789.795**

Note 11a: Reconciliation of movements in investments

2025/26 Investment type	Value as at 1 April 2025 £m	Purchases at cost and derivative payments £m	Sale proceeds and derivative receipts £m	Other cash transactions £m	Change in market value £m	Value as at 31 March 2026 £m
Equities	1.333				0.009	1.342*
Pooled Investment Vehicles - Other managed Funds	2594.391	70.068	(74.473)	(20.160)	198.916	2768.742*
Other Investment Balances	0.685					0.685
	2596.409	**70.068**	**(74.473)**	**(20.160)**	**198.925**	**2770.769**
Cash deposits - with managers***	20.246	0.720	(0.614)	(2.913)	0.247	17.686
Temporary Investments	5.700			(4.360)		1.340
	2622.355	**70.788**	**(75.087)**	**(27.433)**	**199.172****	**2789.795**

* Within the Pooled Investment Vehicles - other managed funds total of £2768.742m are £628.811m of level 3 investments as at 31 March 2026. Within the equities figure of £1.342m are £1.315m of level 3 investments as at 31 March 2026. The value of the level 3 investments was £606.638m as at 1 April 2025 which increased to £628.811m as at 31 March 2026. The increase in value is due to purchases of £46.700m, sales of £48.200m and change in market value of £23.673m. // ** The total change in market value for 2025/26 as per the table above is £199.172m. This figure is made of up of profit on sales of £150.762m, market value gains offset by directly charged fees of £20.160m and also the difference between book cost and market value for the whole fund which for 2025/26 was £28.250m. // *** Cash deposits figure includes Money Market Fund balances and certain class action proceeds relating to legacy holdings.

2024/25 Investment type	Value as at 1 April 2024 £m	Purchases at cost and derivative payments £m	Sale proceeds and derivative receipts £m	Other cash transactions £m	Change in market value £m	Value as at 31 March 2025 £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)**	**(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)**	**(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 of up of profit on sales of £33.081m, market value gains offset by directly charged fees of £19.048m and also 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.

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 had an equity protection strategy in place during the year which expired in December 2025. There was no equity protection in place at 31 March 2026.

Note 14: Fair value – basis of valuation

Unquoted equities in LGPS Central Limited 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 Gilt 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 Limited asset pool	Level 3	Valued using cost approach and considering fair value at initial recognition approach	No market for shares in LGPS Central Limited and no immediate plans to pay dividends. Cost approach generates a figure similar to the original cost of investment when LGPS Central Limited 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 independent valuation agent (Wilis Tower Watson) 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 at 31 March 2026 and 31 March 2025.

Asset	Potential variation in fair value (+/-)	Value at 31 Mar £m	Potential value on increase £m	Potential value on decrease £m
2026				
Private equity	20%	207.443	248.932	165.954
Hedge funds	5%	124.610	130.841	118.380
Insurance linked	5%	49.689	52.173	47.205
Infrastructure	20%	154.355	185.226	123.484
Private debt	10%	88.972	97.869	80.075
Property debt	10%	2.427	2.670	2.184
Unquoted UK equity	15%	1.315	1.512	1.118
Total		**628.811**	**719.223**	**538.399**
2025				
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
Total		**606.638**	**695.200**	**518.076**

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.

2025/26 Asset type	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 Limited*	UK equities (unquoted)	1.315			1.315
Pooled investment vehicles	HarbourVest Partners Ltd	Private equity	180.738			180.738
	Aberdeen Property Investors	Property unit trusts	129.994		129.994	
	Blackrock	Hedge fund	124.610			124.610
	Global Infrastructure Partners	Infrastructure	84.956			84.956
	Legal & General	Global equities	800.022		800.022	
	T.Rowe Price	Global dynamic bonds	81.632		81.632	
	Securis	Insurance linked securities	49.689			49.689
	DRC	Property debt	2.427			2.427
	LGPS Central Limited	Global equities	711.096	711.096		
	LGPS Central Limited	Investment grade corporate bonds	282.756	282.756		
	LGPS Central Limited	Private debt	88.972			88.972
	LGPS Central Limited	Infrastructure	69.399			69.399
	LGPS Central Limited	Private equity	26.705			26.705
	Legal & General	Conventional gilts	66.653		66.653	
	Legal & General	Index Linked gilts	69.092		69.092	
Cash deposits and other			19.739	19.739		
			2789.795	**1013.591**	**1147.393**	**628.811**

2024/25 Asset type	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 Limited*	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 Limited	Global equities	669.498	669.498		
	LGPS Central Limited	Investment grade corporate bonds	266.557	266.557		
	LGPS Central Limited	Private debt	78.984			78.984
	LGPS Central Limited	Infrastructure	66.105			66.105
	LGPS Central Limited	Private equity	13.542			13.542
Cash deposits and other			26.649	26.649		
			2622.355	**962.704**	**1053.013**	**606.638**

* Share Capital investment in LGPS Central Limited has been carried at cost

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

Investment type	Value as at 01-Apr-25	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-Mar-26 £m
Equities (unquoted)	1.315			0.000	0.000	0.000	0.000	0.000	1.315
Private equity	199.616			19.153	(23.230)	(5.474)	5.561	11.817	207.443
Infrastructure	157.915			8.863	(9.645)	(2.975)	(6.379)	6.576	154.355
Hedge fund	114.088			0.000	0.000	(1.367)	(11.760)	23.649	124.610
Insurance linked securities	44.303			0.000	0.000	(0.589)	5.386	0.589	49.689
Property debt	10.417			0.000	(6.655)	(0.066)	(1.335)	0.066	2.427
Private debt	78.984			18.684	(8.670)	(2.131)	(0.026)	2.131	88.972
	606.638	**0.000**	**0.000**	**46.700**	**(48.200)**	**(12.602)**	**(8.553)**	**44.828**	**628.811**

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-Mar-25				31-Mar-26		
Fair value through profit & loss	Financial assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit & loss	Financial assets at amortised cost	Financial liabilities at amortised cost
			Financial assets			
1.333			Equities	1.342		
2594.391			Pooled investment vehicles - Other managed funds	2768.742		
	0.685		Other investment balances - Loans		0.685	
	25.992		Cash		19.102	
	10.240		Debtors		11.131	
2595.724	**36.917**	**0.000**		**2770.084**	**30.918**	**0.000**
			Financial liabilities			
		(6.242)	Creditors			(6.130)
0.000	**0.000**	**(6.242)**		**0.000**	**0.000**	**(6.130)**
2595.724	**36.917**	**(6.242)**		**2770.084**	**30.918**	**(6.130)**

Note 15b: Net gains and losses on financial instruments

2024/25 £m	Financial instruments	2025/26 £m
	Financial assets	
146.611	Fair value through profit and loss	199.172
0.000	Loans and receivables	0.000
0.000	Financial liabilities measured at amortised cost	0.000
	Financial liabilities	
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
146.611		**199.172**

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 risk factor 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 as a result 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 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	20.2%
Global equities (passive)	19.1%
Investment grade Bonds	7.9%
Unconstrained Bonds	5.9%
Index linked gilts	9.2%
Conventional gilts	11.1%
UK property	12.5%
Private equity	24.0%
Hedge funds	5.1%
Infrastructure	20.6%
Property debt	10.0%
Insurance-linked securities	4.9%
Private debt	10.5%

Should the market price of the fund investments increase/decrease in line with the above, the change in the net assets available to pay benefits would be as follows:

Asset	Value at 31 Mar £m	Potential market movement £m	Value on increase £m	Value on decrease £m
2026				
Net assets including cash and other	26.103	0.000	26.103	26.103
Investment portfolio assets				
Global equities (unconstrained)	711.124	143.647	854.771	567.477
Global equities (passive)	800.022	152.804	952.826	647.218
Investment grade bonds	282.756	22.338	305.094	260.418
Unconstrained bonds	81.632	4.816	86.448	76.816
Index linked gilts	69.092	6.356	75.448	62.736
Conventional gilts	66.653	7.399	74.052	59.254
Property	129.994	16.249	146.243	113.745
Private equity	207.443	49.786	257.229	157.657
Hedge funds	124.610	6.355	130.965	118.255
Infrastructure	154.355	31.797	186.152	122.558
Property debt	2.427	0.243	2.670	2.184
Insurance-linked securities	49.689	2.435	52.124	47.254
Private debt	88.972	9.342	98.314	79.630
Total assets available to pay benefits	**2,794.872**	**453.567**	**3,248.439**	**2,341.305**
2025				
Net assets including cash and Other	31.990	0.000	31.990	31.990
Investment portfolio assets				
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
Total assets available to pay benefits	**2,626.399**	**440.768**	**3,067.167**	**2,185.631**

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 2026 and 31 March 2025 is set out below.

Asset type	As at 31 March 2026 £m	As at 31 March 2025 £m
Cash and cash equivalents	19.026	25.946
Cash balances	0.076	0.046
Fixed income	500.134	363.501
Total	**519.236**	**389.493**

The following analysis shows the effect in the year 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 at 31 Mar £m	Potential movement on 1% change in interest rates £m	Value on increase £m	Value on decrease £m
2026				
Cash and cash equivalents	19.026	0.000	19.026	19.026
Cash balances	0.076	0.000	0.076	0.076
Fixed income	500.134	5.001	505.135	495.133
Total	**519.236**	**5.001**	**524.237**	**514.235**
2025				
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
Total	**389.493**	**3.635**	**393.128**	**385.858**

During 2025/26 the fund received £0.189m (2024/25 £0.267m) 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 £0.047m. In addition, the fund earned £0.059m (2024/25 £0.065m) in interest on its loan to LGPS Central Limited. 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	Value at 31 Mar £m	Potential market movement £m 10%	Value on increase £m 10%	Value on decrease £m 10%
2026				
Overseas equities	667.105	66.710	733.815	600.395
Overseas private equity	204.049	20.405	224.454	183.644
Overseas private debt	37.696	3.770	41.466	33.926
Overseas infrastructure	123.816	12.382	136.198	111.434
Cash balances	14.741	1.474	16.215	13.267
Total change in assets available to pay benefits	**1047.407**	**104.741**	**1152.148**	**942.666**
2025				
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
Total change in assets available to pay benefits	**996.519**	**99.652**	**1096.171**	**896.867**

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 2026 and 31 March 2025 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 Limited asset pool on commercial rates, repayable in 2027. LGPS Central Limited have not defaulted on any annual loan interest repayments to date. The credit risk at 31 March 2026 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 is 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 2026 £	As at 31 March 2025 £
Lloyds	AA-	0	3,000,000
Insight GBP Liquidity Fund	AAAm	1,340,000	2,700,000
Total		**1,340,000**	**5,700,000**

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 2026 was £1.34m (31 March 2025 £5.70m).

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 2026 was £16.181m (31 March 2025 £16.617m).
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 cashflows. 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 2025 and the next valuation will take place as at 31 March 2028.

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 13 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 2025 actuarial valuation, the fund was assessed as 115% funded (99% at the March 2022 valuation). This corresponded to a surplus of £335 million (2022 valuation was £22 million deficit) at that time. Revised contributions set by the 2025 valuation will be introduced in 2026/27 and the common contribution rate (i.e. the average employer contribution rate in respect of future service only) is 15.7% of pensionable pay (18.4% at the March 2022 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 2025	31 March 2022
Discount rate	5.6% p.a.	4.8% p.a.
Assumed long-term CPI inflation	2.6% p.a.	3.1% p.a.
Salary increases - long-term	3.85% p.a.	4.35% p.a.
Salary increases - short-term	No allowance	No allowance
Pension increases in payment	2.6% p.a.	3.1% p.a.

The assumed life expectancy from age 65 is as follows:

Demographic assumptions		31 March 2025	31 March 2022
Current pensioners (at age 65)	Males	21.5	22.1
	Females	24.1	24.4
Future pensioners (assumed current age 45)	Males	22.8	23.4
	Females	25.6	26.2

It is assumed that, on average, retiring members will take 75% of the maximum tax-free cash available at retirement. (75% 2022).

Note 18a: Long-term debtors

Details of long-term debtors outstanding as at 31 March 2026 is shown below:

2024/25 £m	Long term debtors	2025/26 £m
1.857	*Lifetime and annual tax allowances	1.877
1.857		**1.877**

* The HMRC annual allowance limits the tax relief on pension contributions each year and the Life time 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 2026. An analysis of debtors outstanding as at 31 March 2026 is shown below:

2024/25 £m	Debtors	2025/26 £m
1.626	Contributions due - employees	1.779
5.636	Contributions due - employers	6.484
1.121	Other entities and individuals	0.991
8.383		**9.254**

Note 19: Analysis of creditors

Provision has also been made for creditors known to be outstanding at 31 March 2026. An analysis of creditors outstanding as at 31 March 2026 is shown below:

2024/25 £m	Creditors	2025/26 £m
1.310	Central government bodies	1.449
2.420	Other local authorities	2.628
2.512	Other entities and individuals	2.053
6.242		**6.130**

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 621 scheme members with AVC policies. These policies are held either by Utmost or Prudential. During 2025/26 contributions to schemes amounted to £1.322m (2024/25 £1.176m). The combined value of the AVC funds as at 31 March 2026 was £6.740m (31 March 2025 £5.342m).

Note 21: Related party transactions

Shropshire Council

The Shropshire County Pension Fund is administered by Shropshire Council. Shropshire Council incurred costs of £2.653m (2024/25 £2.411m) 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 £4.172m (2024/25 £3.487m) was due to the fund from the Council, mainly relating to contributions which became due in March but were paid in April and some 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), Head of Pensions (LGPS Senior Officer), Pensions Investment & Responsible Investment Manager, Pension Fund Accountant, Pensions Investment Analyst and the Pensions Administration Manager. These employees are active members of the fund apart from the current Executive Director of Resources (s151 Officer).

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.

Councillors will again be eligible to join the LGPS as of May 2026 under the Local Government Pension Scheme (Elected Member Pensions) Regulations 2026.

LGPS Central Limited

LGPS Central Limited (LGPSC) has been established to manage investment assets on behalf of eight 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. With effect from 1 April 2026, LGPSC will manage investment assets of an additional seven LGPS funds following changes under the Government's "Fit for the Future" proposals. LGPS Central Limited will be owned in equal shares by fourteen of the administering authorities from this date with one LGPS fund joining as a client.

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 2026. The fund was owed interest of £0.059m (31 March 2025 £0.065m) on the loan to LGPSC at 31 March 2026. 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 totaling £9.930m in respect of investments held with LGPS Central Limited of which £0.043m was payable to LGPSC at 31 March 2026.

The fund incurred costs totaling £0.866m (2024/25 £0.703m) in respect of Governance, Operator Running and Product Development etc. in connection with LGPSC in 2025/26 of which £0.248m (31 March 2025 £0.168m) was payable at 31 March 2026.

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 Limited 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 Limited.

As at 31 March 2026, the LGPS Central Limited IAS 19 figure was a surplus of £3.3m (reduced to nil value after applying the asset ceiling treatment). As the figure is not in deficit, no amount would be due from the fund. The guarantee only comes into effect following certain events which (directly or indirectly) cause LGPS Central Limited 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 (s151 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.

2024/25 £m		2025/26 £m
0.145	Short-term benefits*	0.150
0.061	Post-employment benefits**	0.078
0.206		**0.228**

* 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% (~£625 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 small legacy allocation (£2.4m) to property debt which is expected to 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 2026, £362m has been committed to investments in private equity via a fund of funds manager, HarbourVest Partners (£272m) and a separate investment through LGPS Central Limited (£90m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2026, the fund's private equity investments totaled £207.443m (31 March 2025 £199.616m). Commitments outstanding at the 31 March 2026 were £105m.

As at 31 March 2026, £217.7m has been committed to investment in infrastructure via Global Infrastructure Partners (£132.7m) and LGPS Central Limited Core/ Opportunistic Infrastructure Partnership (£85m). The outstanding commitments at the 31 March 2026 were £36m (Global Infrastructure Partners £17.5m and LGPS Central Limited Core/Opportunistic Infrastructure Partnership £18.5m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2026, the fund's Infrastructure investments totaled £154.355m (31 March 2025 £157.915m).

As at 31 March 2026, £47m has been committed to investment in property debt via DRC and £210m committed to investment in private debt via LGPS Central. The property debt portfolio is a legacy asset and is expected to mature over the next six months. As at 31 March 2026, there were outstanding commitments of £124.4m; private debt via LGPS Central Limited £119.1m and property debt via DRC £5.3m. Investments in the private debt portfolio will be made as opportunities arise over the next 2-3 years. As at 31 March 2026, the fund's property debt and private debt investments totaled £2.427m and £88.972m (31 March 2025 £10.417m and £78.984m) respectively.

Note 23: Contingent assets

Twelve 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.

Note 24: Value added tax

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

Note 25: Custody of investments

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.

Note 26: Fund auditors

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.

Note 27: Pension Fund bank account

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. As at 31 March 2026, £1.34 million was invested (31 March 2025 £5.70m). The cash balance in the Pension Fund account as at the same date was in hand by £0.08 million (31 March 2025 £0.05m in hand).

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 in the following table 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 2023/2024 and continued in 2025/26. Allocation changes in respect of public markets (equity and investment grade corporate bonds) were all completed in 2023/2024. 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.

In September 2017, an equity protection strategy was implemented with Legal & General, one of the fund's existing managers. The strategy has been used over time to reduce equity risk. As at 31 March 2025, approximately 42% (£640m) of total global equities were being protected. The equity protection strategy has been reduced throughout 2025/26 with the final tranche removed in December 2025. The fund had no equity protection in place at the year-end. The option remains available to the Committee to use equity protection in the future.

During the financial year the fund made additional commitments of £30m to the LGPS Central Limited private equity 2025 primary vintage to maintain the target allocation of 7.5%. In addition to the £30m commitment, the Committee also agreed to commit £30m to a new LGPS Central Limited secondary equities fund. This fund failed to launch in 2025/26 and so is not included in the fund's commitments. Under the Pensions Bill, which came into force on 29 April 2026, LGPS Central Limited will be responsible for asset allocation decisions in the 2026/27 financial year and going

forward. The fund also made increased investments with Aberdeen to increase the property allocation towards the 5% allocation.

The strategic allocation in June 2023 removed the allocation to property debt in favour of private debt. The property debt portfolio has been slowly maturing and is expected to be fully redeemed over the next six months with proceeds used to meet existing commitments to the LGPS Central Limited 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.

During the 2025/26 financial year, the fund's equity investments reached the 60% upper limit (55% plus 5% tolerance) following a run of strong equity performance. The Committee agreed to reduce equities back to the 55% target allocation and replace them with a 5% investment in government bonds (2.5% long-term 15 year plus conventional bonds and 2.5% long-term 15 year plus index linked bonds). This investment sits outside the 2023 strategy but reflects the reality that whilst the fund has commitments to meet the private market allocations, the current economic environment has meant that getting the investments drawn down is taking longer than expected.

The fund's strategic asset allocation will be formally reviewed in 2026/27 following the triennial valuation results for 31 March 2025 received in March 2026.



Pooling report

The information request set out below reflects the information required by partner funds to meet the CIPFA Annual Report Pooling Disclosures in 2025/26.

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	At 1 April 2025	Charges in year	Settled in year	At 31 March 2026
Governance costs	0	358	0	0
Operator costs	0	460	0	0
IMMC	0	229	0	0
Product development costs	0	28	0	0
Fit for the Future	0	147	0	0
Total	**458**	**1,222**	**-826**	**854**

2. Other transactions between partner funds and LGPSC (e.g. service support provided by West Midlands to LGPSC)

£000	At 1 April 2025	Charges in year	Settled in year	At 31 March 2026
Interest payable	65	59	(65)	59
Total	**65**	**59**	**(65)**	**59**

3. LGPSC Investment management expenses charged to partner funds

	£000	Direct	Indirect	Total	Bps charge
1	Ad valorem	2,100		2,100	9.11
2	Performance	0		0	0.00
3	Research	0		0	0.00
4	PRIIPS compliance	0		0	0.00
5	Other (provide details)	0		0	0.00
	Management fees	**2,100**	**0**	**2,100**	**9.11**
6	Commissions	159		159	0.69
7	Acquisition/issue costs	0		0	0.00
8	Disposal costs	0		0	0.00
9	Registration/filling fees	0		0	0.00
10	Taxes and stamp duty	183		183	0.79
11	**Other**				
	Implicit costs	1,795		1,795	7.79
	Transaction costs	**2,137**	**0**	**2,137**	**9.27**
12	**Custody/depositary**	**91**		**91**	**0.39**
13	**Other**				
	Fund accounting	14		14	0.06
	Transfer agent	2		2	0.01
	External audit	7		7	0.03
	Performance reporting	-2		-2	-0.01
	Transaction charges	7		7	0.03
	MACS fees	0		0	0.00
	Total costs	**4,356**	**0**	**4,356**	**18.89**

*For the ACS, expenses are based on actuals for the 9 months ended 31 December 2025, extrapolated for a 12 month period on a pro-rata basis; while AUM is the average for the same 9 month period.

4. Investment management expenses by product / service

£000	1	2	3	4	5	6	7	8	9	10	11	12	13	Total 2025/26 costs	AUM/ commitments £m	2025/26 Bps charge
Global multi-manager	1,079	0	0	0	0	146	0	0	0	164	1,191	43	13	2,636	486	54.29
Global active corporate bonds	305	0	0	0	0	0	0	0	0	0	546	28	10	888	275	32.30
Sustainable broad	450	0	0	0	0	6	0	0	0	12	7	14	4	493	172	28.67
Sustainable target	166	0	0	0	0	8	0	0	0	6	52	5	2	238	51	46.59
ACS sub-funds	**1,999**	**0**	**0**	**0**	**0**	**159**	**0**	**0**	**0**	**183**	**1,795**	**91**	**29**	**4,255**	**984**	43.27
Private equity 2018 Vintage	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Private equity 2021 Vintage	9	0	0	0	0	0	0	0	0	0	0	0	0	9	30	3.12
Private equity 2023 Vintage	15	0	0	0	0	0	0	0	0	0	0	0	0	15	30	5.00
Private debt	13	0	0	0	0	0	0	0	0	0	0	0	0	13	120	1.11
Infrastructure	16	0	0	0	0	0	0	0	0	0	0	0	0	16	85	1.87
Indirect property	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Private credit 2024	32	0	0	0	0	0	0	0	0	0	0	0	0	32	90	3.50
Private credit 25+	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Private equity 2025	6	0	0	0	0	0	0	0	0	0	0	0	0	6	30	1.97
Alternative vehicles	**91**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**91**	**385**	2.36
Local investments	6	0	0	0	0	0	0	0	0	0	0	0	0	6	0	0.00
Local	**6**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**6**	**0**	0.00
Legacy assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Discretionary mandate 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Discretionary mandates	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	0.00
Advisory mandate 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Advisory mandates	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	0.00
Execution only 1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.00
Execution only	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	0.00
LGIM oversight	4	0	0	0	0	0	0	0	0	0	0	0	0	4	936	0.04
Oversight	**4**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**4**	**936**	0.04
Total	**2,100**	**0**	**0**	**0**	**0**	**159**	**0**	**0**	**0**	**183**	**1,795**	**91**	**29**	**4,356**	**2,305**	**18.90**

Due to rounding figures may be slightly different when cross cast. Items 1 - 13 relate to the categories in tab 3. // For the ACS, total 2025/26 costs are based on actuals for the 9 months ended 31 December 2025, extrapolated for a 12 month period on a pro-rata basis. // **AUM/ Commitments:** **ACS:** average AUM for the 9 months ended 31 December 2025 | **PM:** commitments at 31 March 2026 | **Other:** AUM at 31 March 2026





5. Asset under management and performance by product / service

	AUM/ commitments at 1 April 2025 £m	AUM/ commitments* £m	9 month gross performance %	9 month net performance %	Passive benchmark used	9 month passive index %
Global multi-manager	463	515	11.44%	11.23%	FTSE all world index	19.36%
Global active corporate bonds	266	284	6.59%	6.49%	ICE BofAML sterling corporate index 50%, ICE BofAML global corporate index (ex GBP and emerging market issues) 50%, hedged to GBP	5.69%
Sustainable broad	162	181	12.41%	12.20%	FTSE all world index	19.36%
Sustainable target	45	52	16.56%	16.28%	FTSE all world index	19.36%
ACS sub-funds	**936**	**1,032**				
Private equity 2018 vintage	0	0				
Private equity 2021 vintage	30	30				
Private equity 2023 vintage	30	30				
Private debt	120	120				
Infrastructure	86	85				
Indirect property	0	0				
Private credit 2024	90	90				
Private credit 25+	0	0				
Private equity 2025	0	30				
Alternative vehicles	356	385				
Local investments	0	0				
Local	0	0				
Legacy assets	0	0				
Discretionary mandate 1	0	0				
Discretionary mandates	0	0				
Advisory mandate 1	0	0				
Advisory mandates	0	0				
Execution only 1	0	0				
Execution only	0	0				
LGIM oversight	839	936				
Oversight	**839**	**936**				
Total	**2,131**	**2,353**				

***AUM/commitments:** ACS: average AUM for the 9 months ended 31 December 2025 | **PM:** commitments at 31 March 2026 | **Other:** AUM at 31 March 2026

6. Transition costs

The fund incurred the following one-off transition costs during 2025/26 as a result of the conversion of the Investment Grade Corporate Bond fund from 50% UK/50% Global to 100% Global. Costs incurred amounted to 0.14% of the transaction split 0.11% in respect of bid offer price and 0.03% respectively for the transition manager. The changes to the portfolio are 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 2025 - March 2026	April 2018 - March 2026
Gross savings	3,133,630	14,587,488
Total costs	(1,300,913)	(6,744,023)
Net savings	**1,832,717**	**7,843,465**

8. Asset table

The below table sets out a breakdown of assets at the end of the accounting period.

Asset values as at 31 March 2026	Pooled £m	Under pool management £m	Not Pooled £m	Total £m	Explanation/ further information Not pooled items
Equities (including convertible shares)	712	800	-	1,512	
Bonds	**283**	**136**	**82**	**501**	
Investment grade credit	283	-	-		
Absolute return bonds	-	-	82		Product not offered by the pool at this time*
UK Government gilts	-	136	-		
Property	-	-	130	130	
Hedge funds	-	-	125	125	Product not offered by the pool at this time*
Diversified growth funds (including multi-asset funds)	-	-	-	-	
Private equity	26	-	181	207	Legacy assets that will wind down and be reinvested with LGPS Central over time
Undrawn commitments (excluded from total)	65	-	40	105	
Private credit	89	-	2	91	Legacy asset will mature 2026/27
Undrawn commitments (excluded from total)	119	-	5	124	
Infrastructure	69	-	85	154	Legacy assets that will wind down and be reinvested with LGPS Central over time
Undrawn commitments (excluded from total)	18	-	18	36	
Derivatives	-	-		-	
Cash and net current assets	-	-	20	20	Outside scope of pooling
Other	-	-	50	50	
Insurance linked securities	-	-	50		Product not offered by the pool at this time*
Total	**1,179**	**936**	**675**	**2,790**	

* LGPS Central considered a targeted return fund covering these products in 2023/2024 but the product was not launched.

9. UK investment

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

£m Asset values as at 31 March 2026	Pooled £m	Under pool management £m	Not Pooled £m	Total £m
UK Listed Equities	71	31	-	102
UK Bonds	-	-	4	4
UK Government Bonds	-	136	-	136
UK hedge funds	-	-	6	6
UK property	-	-	130	130
UK infrastructure *	19	-	3	22
UK private debt *	16	-	2	18
UK private equity *	4	-	16	20
Total	**110**	**167**	**161**	**438**

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

The figure of £438m in UK investments represents 15.7% of the fund's investments at 31 March 2026.

10. Local investment

The fund had no defined local investment strategy in place in 2025/26. The fund has made a commitment with LGPS Central to look at a commitment across private market assets to local investment as part of the Investment Strategy review in 2026 subject to appropriate opportunities being available in the footprint of the pool.



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 within the Shropshire County Pension Fund Annual Report.

Not yet submitted

Opinion

We have examined the pension fund financial statements of Shropshire County Pension Fund (the 'pension fund') for the year ended 31 March 2025 included within the pension fund annual report, which comprises the Pension Fund Account, the Net Assets Statement, and the notes to the Shropshire County Pension Fund accounts, including the summary of significant 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 audited pension fund financial statements of Shropshire Council for the year ended 31 March 2025 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We have not considered the effects of any events between 10 February 2026, being the date we signed our auditor's report on the audited financial statements of Shropshire Council, and the date of this statement.

Respective responsibilities of the S151 Officer and the auditor

As explained more fully in the Statement of Responsibilities, the S151 Officer is responsible for the preparation of the pension fund's financial statements in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Our responsibility is to state to the members of Shropshire Council our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the financial statements of Shropshire Council.

We 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 to the members of Shropshire Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Shropshire Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Shropshire Council and the members of Shropshire Council, as a body, for our work, for this statement, or for the opinions we have formed.

Not yet submitted

Grant Patterson

Grant Patterson
Key Audit Partner for and on behalf of Grant Thornton UK LLP, Local Auditor
Birmingham
Month 2026



Statement of responsibilities

For the statement of accounts.





Responsibilities of 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 18 September 2026.

Chair of Pensions Committee
18 September 2026

Responsibilities Section 151 (S151) Officer as Chief Financial Officer
The 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 Section 151 Officer has;

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the code of practice;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Duncan Whitfield
Section 151 Officer
18 September 2026

Fund policies

All fund policies can be found on our website: **www.shropshirecountypensionfund.co.uk**

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:
www.shropshirecountypensionfund.co.uk/media/t2oigi42/administration-strategy-statement-june-2025.pdf

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:
www.shropshirecountypensionfund.co.uk/media/gjobauns/governance-compliance-statement-september-2025.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 latest copy of this document can be read at:
www.shropshirecountypensionfund.co.uk/media/4wblm2ta/shropshire-county-pension-fund-funding-strategy-statement-2025.pdf

Section G: Other fund policies

Investment Strategy Statement

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:
www.shropshirecountypensionfund.co.uk/media/cq0cxqku/investment-strategy-statement-june-2023.pdf

If you require access to a printed version of any of our policies, please contact the pensions helpdesk at:
https://www.shropshirecountypensionfund.co.uk/contact-us/

Climate Stewardship Plan

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), 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:
www.shropshirecountypensionfund.co.uk/media/b4go5l5c/climate-stewardship-plan-2026.pdf

Climate Change Strategy

The fund's Climate Change Strategy explains our 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 is reviewed every three years (or more often if needed).

The latest copy of this document can be read at:
www.shropshirecountypensionfund.co.uk/media/brijzlkb/climate-change-strategy-september-2024.pdf

Business Plan 2026-2029

The Business Plan highlights the key priorities for the next three years. This focuses on areas of change and one-off project work, in addition to day-today "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:
www.shropshirecountypensionfund.co.uk/media/u1zlpc3f/business-plan-2026-2029.pdf

If you require access to a printed version of any of our policies, please contact the pensions helpdesk at:
https://www.shropshirecountypensionfund.co.uk/contact-us/

Glossary

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 body: employers 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 offset 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 body: 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): 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: 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): 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 taxpayers 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.

Notes

Notes

Notes



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

Pensions Helpdesk:
(01743) 252 130
Our telephone lines are open from:
(excluding Bank Holidays)
Monday, Tuesday and Thursday: 10am to 4pm
Wednesday and Friday: 10am to 1pm

E-mail us via the online contact form:
www.shropshirecountypensionfund.co.uk/contact-us

