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# Governance Compliance Statement

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Approved by the Pensions Committee June 2024

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## **Introduction**

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This statement has been prepared by Shropshire Council (the administering authority) to set out the governance compliance statement for the Shropshire County Pension Fund (the fund), in accordance with The Local Government Pension Scheme Regulations 2013 (regulation 55 refers) as amended. It has been prepared by the administering authority and in consultation with appropriate interested persons when a material change to the fund's policy is identified.

## **Purpose of the governance compliance statement**

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The regulations on governance compliance statements require an administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain and publish a written statement setting out:

- a) whether it delegates its functions, or part of its functions, in relation to maintaining a pension fund to a committee, sub-committee or officer of the authority;
- b) and, if so, it must state:
  - The terms of reference, structure, and operational procedures of the delegation;
  - The frequency of any committee/sub-committee meetings;
  - Whether the committee/sub-committee includes representatives of employing authorities (including non-scheme employers) or scheme members and, if there are such representatives, whether they have voting rights.
- c) The extent to which delegation, or the absence of a delegation, complies with guidance by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.
- d) Details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 (local pension boards: establishment).



## Governance of Shropshire County Pension Fund

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Shropshire Council as the administering authority delegates its functions under the regulations to the Pensions Committee.

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 listed in Shropshire Council's Constitution.

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 the chairman or vice chairman being a Shropshire Council member.

Shropshire County Pension Fund's Pension 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 Pension Board operates independently of the Pensions Committee, details of which are set out in its terms of reference.

## Pensions Committee

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The Pensions Committee reports to full council. It meets formally at least quarterly and more frequently if formal decisions are required. In between meetings the chairman's approval may be sought.

### Terms of reference

- a) To advise the council on the arrangements for the proper administration of the Shropshire County Pension Fund in accordance with the Local Government Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and any other relevant legislation;
- b) To advise employing organisations and employees within the fund of their benefits, contributions, and the financial performance of the fund;



- c) To advise and assist the council on the determination of any matters of general policy relating to the investment of the pension fund;
- d) To approve the annual report and accounts of the fund.

## **Operational procedures**

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Under the Pensions Committee's terms of reference, operational procedures include but are not limited to:

- Admission of employing organisations to the fund where discretion is permitted;
- Appointment of external advisors and actuaries to assist with the administration of the fund, and of external managers (mainly procured by LGPS Central) for the management of the fund's portfolio of assets;
- Approval of the periodic formal actuarial valuation of the fund;
- Consideration of the advice of the fund's external investment advisers and of the Head of Pensions - LGPS Senior Officer;
- Determination of the objectives and general investment approach to be adopted by external fund managers;
- Review and monitoring of investment transactions and the overall investment performance of the fund;
- To develop and implement shareholder policies on corporate governance issues;
- To review and approve on a regular basis the content of the investment strategy statement and to monitor compliance of the investment arrangements with the statement;
- To review the investment strategy statement in detail ahead of the actuarial valuations being carried out and assist the valuation process;
- To review and approve on a regular basis the communications policy, administration strategy statement, funding strategy statement, investment strategy statement and any other regulatory policy adopted by the fund.



**Structure of the Pensions Committee**

Organisation	Allocation
Shropshire Council	four members
Borough of Telford and Wrekin Council (co-opted)	two members
Employees (co-opted)	two (non-voting) members
Retired members (co-opted)	one (non-voting) member

Shropshire Council always holds either the chairmanship or vice chairmanship. The position of chairman and vice chairman are held by Shropshire Council and the Borough of Telford & Wrekin members and are agreed on an annual basis.

The committee is supported by the advice from an independent advisor and investment consultant. The independent advisor advises on strategic issues and overall investment approach. The investment consultant provides analysis and advice of a technical nature in relation to portfolio construction, interpretation of performance measurement and the monitoring of investment managers. The committee can delegate implementation of investment decisions to the officers as they see fit. The officers and investment consultant meet separately on a quarterly basis at technical meetings to support this.

The role of scheme administrator is held by the Head of Pensions – LGPS Senior officer and provides financial (non-investment) advice to the committee. This includes advice on financial management, issues of compliance with internal regulations and controls, budgeting and accounting, and liaison with independent advisers. Legal advice is provided by either Shropshire Council’s Legal and Democratic Services or using a third-party company. Formal statutory responsibility for the LGPS and fund investment lies with the administering authority who are answerable for the effective and prudent management of the scheme.

The power to co-opt rests with the council in full assembly and not with committees. Although, in practice the selection of persons to serve as co-opted members is usually left to committees. The co-opted members from the Borough of Telford & Wrekin are voting members.

The Pensions Committee can elect a co-opted member as its chairman, but in this instance the chairman is unable to:



- attend Shropshire Council meetings and pilot Pension Committee proposals through the full assembly;
- answer questions put to him/her there;
- represent the Pensions Committee on other committees within Shropshire Council or within LGPS Central

However, a Shropshire Council Vice-Chairman can deputise for the co-opted member chairman. Only Shropshire Council members can represent the fund at LGPS Central meetings.

## Pension Board

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### Introduction and role

Shropshire County Pension Fund's local Pension 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. Meetings are normally held at the offices of Shropshire Council and are quarterly each calendar year.

### Terms

The role of the local Pension Board as defined by regulation 106 (1) of the LGPS Regulations, is to assist the administering authority to:

- secure compliance with the LGPS regulations and any other legislation relating to the governance and administration of the LGPS
- secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
- ensure the effective and efficient governance and administration of the LGPS for the Shropshire County Pension Fund.

### Structure

The Pension Board should consist of a minimum of four voting members, currently set at six voting members and be constituted as follows:



- Three employer representatives
- Three scheme member representatives.

The Pensions Board operates a quorum constituting as two members, made up of one employer and one member representative.

Employer representatives shall be office holders or senior employees of employers of the fund or have experience of representing scheme employers in a similar capacity. Member representatives shall be scheme members of the Shropshire County Pension Fund and have the capacity to represent scheme members of the fund.

An independent member and substitute members may also be included in the structure of the Pension Board at the discretion of the appointment panel. Substitute members for employer and scheme member representatives will have voting rights, but an independent member, or any other members appointed to the Pension Board by the appointment panel will not.

The appointment panel made up of the Legal Monitoring Officer and the Head of Pensions – LGPS Senior Officer (or their deputies) will determine any eligibility and/or selection criteria that will apply to Pension Board members having due regard to the LGPS regulations and any other relevant code of practice and guidance (statutory or otherwise). The selection process for representative members will be:

- Employer representatives – each employer will be invited to nominate one representative to represent employers on the Pension Board.
- Scheme member representatives – all active, deferred, and retired scheme members will be invited to submit applications to join the Pension Board.

The applications and nominations will then be subject to a selection process determined and carried out by the appointment panel. The chair and deputy chair will be determined by the appointment panel. The initial term of office will be for four years with a possible extension for up to two years.

- Duties and role of the chair in so far as they:
  - I. will ensure all meetings are productive and effective





- II. ensure opportunity for all views to be heard, and
- III. seek to reach consensus and those decisions are properly put to vote where necessary.

Former or existing members of the Pension Board can be reappointed (under the appointment procedures) with no limit on the number of terms they may have.

### **Operational procedures**

The council considers that the Pension Board is an oversight body, and it is not a decision-making body in relation to the management of the pension fund but makes recommendations to assist in such management. In undertaking its role, the Pension Board will ensure it:

- carries out duties effectively and efficiently
- complies with relevant legislation and
- complies with the code of practice on the governance and administration of public service pension schemes issued by The Pensions Regulator and any other relevant statutory or non-statutory guidance.

### **Under the Pensions Board's terms of reference operational procedure include but are not limited to:**

- The reporting of any concerns over a decision made by the Pensions Committee to the Pension Committee subject to the agreement of at least 50% of voting Pensions Board members if all voting members are present. If not,- all voting members are present then the agreement should be of all voting members who are present, where the meeting remains quorate.
- Escalation route and procedures if necessary, regarding a breach of regulation /The Pensions Regulator's code of practice previously reported to the Pensions Committee but not rectified in reasonable time.
- The requirement of members to be able to demonstrate their appropriate knowledge and understanding and to refresh and keep their knowledge up to date- in addition to the requirements under the Public Service Pensions Act, it includes compliance with the pension fund's training policy insofar as it relates to Pension Board members.



## Governance guidelines

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### Myners principles

In 2001, a government sponsored review of Institutional Investment by Paul Myners set out 10 principles for best practice for UK pension fund investment aimed to enhance pension fund decision making. In October 2008 the Government revised the Myners Principles. In doing so, the Government opted for six (rather than 10) higher level principles and expects funds to report against these principles. The extent of the fund's compliance with each of the guidelines is set out in Appendix A of the Investment Strategy Statement.

### The Pensions Regulator (TPR)

The Public Service Pensions Act 2013 introduced a new framework for the governance and administration of public service pension schemes and provides extended regulatory oversight by the Pensions Regulator from 1 April 2015. The fund uses the TPR's regulatory tools and measures itself against TPR's codes of practice to meet its statutory objectives and to review standards. Pension Boards must also comply with certain legal requirements, including assisting the fund in relation to securing compliance with scheme regulations and other legislation relating to the governance and administration of the scheme, any requirements of the regulator and with any other matters specified in scheme regulations.

### Scheme Advisory Board (SAB)

The Local Government Pension Scheme Advisory Board is a body set up under Section 7 of the Public Service Pensions Act 2013 and The Local Government Pension Scheme Regulations 110-113. On 1st April 2015 the Board was established as a statutory body. The purpose of the Board is to encourage best practice, increase transparency, and coordinate technical and standards issues. Governance and administration standards issued by the SAB is used by the fund, pensions committee and the pension board.

The Myners principle, the TPR guidance and the statutory position have led the council as administering authority to conclude that the current governance arrangements within the fund provides the appropriate balance between accountability and inclusion.



## **LGPS Central limited**

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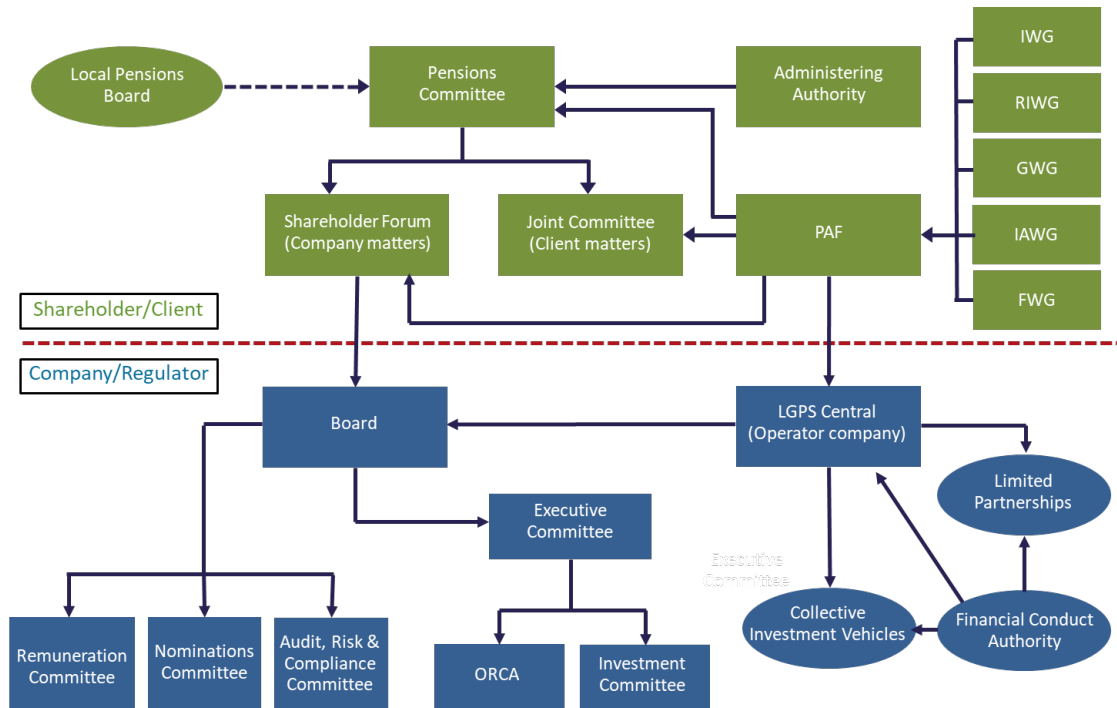
The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 formally introduced the concept of asset pooling. Because of this, the Shropshire County Pension Fund has joined with seven other LGPS funds across the Midlands (partner funds) to form an asset pool, known as LGPS Central.

LGPS Central Limited is the company formed by the partner funds which is authorised as the operator of the Authorised Contractual Scheme (ACS), to provide investment services to the partner funds, by the Financial Conduct Authority (FCA). The company is therefore subject to the regulator's conduct of business rules and has established its internal governance framework to ensure strict adherence both to its regulatory obligations to the FCA and with the Companies' Acts.

It is important to note that the councils of each of the partner funds retain their core duties and responsibilities as the administering authorities of their respective LGPS funds.

Asset allocation decisions remain with the partner funds. Manager selection for assets transitioned into the ACS and for assets managed under discretionary agreements by the operator is the responsibility of LGPS Central Limited. Manager selection for the remainder of the pool's assets currently remains with the partner funds. The operator is responsible for selecting the custodian for the assets in the ACS; the partner funds are responsible for selecting the custodian for the remaining assets.

LGPS Central Limited was formed on 1 April 2018 and impacts the roles of the Pensions Committee. However, changes will be gradual as the transfer of the management activity to the new company progresses. Consequently, the existing governance arrangements and terms of reference need to run concurrently with new terms required to facilitate changes.



The above governance structure of LGPS Central will allow partner funds to exercise control (both individually and collectively) over the pooling arrangements; not only as investors in the ACS but also as shareholders of the operator company.

The LGPS Central Joint Committee has been set up in accordance with provisions of the Local Government Act 1972 to provide oversight of the delivery of the objectives of the pool, the delivery of client service, the delivery against the LGPS Central business case and to deal with common investor issues. The membership of the joint committee consists of one elected member from each council within the LGPS Central pool. A trade union representative is also appointed as a non-voting member of the joint committee to represent the scheme members across the councils' pension funds. Shropshire's representative on the LGPS Central Joint Committee is the chair or vice chair of the Pensions Committee (Shropshire Council member).

The primary role of the Shareholders' Forum is to oversee the operation and performance of LGPS Central Ltd and to represent the ownership rights and interests of the shareholding councils within the LGPS Central pool. The Shareholders' Forum is independent of the company and its meetings are distinct from company meetings, however, members of the Shareholders' Forum represent the councils at Company Meetings. The councils as



individual investors in the company have in place local arrangements to enable their shareholder representatives to vote at company meetings.

The Shropshire Pension Fund, as a shareholder in LGPS Central, has equal voting rights alongside the other partner funds and unanimous decisions are required on certain reserved matters before the actions can be implemented. These are specified in the company's shareholder agreement and articles of association. Other matters not directly related to the control of the company to manage its operation are subject to a majority approval (75%).

Shropshire's representative on the Shareholders Forum is the chair or vice chair of the pensions committee (Shropshire Council member).

The Practitioners' Advisory Forum (PAF) is a working group of officers appointed by the shareholding councils within the LGPS Central pool to support the delivery of the objectives of the pool and to provide support for the pool's joint committee and shareholders' forum. PAF seeks to manage the Pool's conflicting demands and interests, either between the participating councils or between the councils (collectively) and the company, recognising that speaking with "one voice" reduces the duplication of costs and resources and maximises the benefits of scale. PAF will also report back to partner fund's Pensions Committees on matters requiring their attention. Shropshire's representatives on PAF are the Head of Pensions – LGPS Senior Officer and the Pension Investment & Responsible Investment manager.

Terms of reference have been approved for the joint committee, the Shareholders' Forum, and the Practitioners' Advisory Forum. These are "live" documents which are likely to evolve as the practical day to day experience of working within the LGPS Central pool evolves.

### **Delegation to officers**

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Under the Local Government Pension Scheme Regulations 2013 Shropshire County Pension Fund is required to formulate a policy on local discretions which can be found in Appendix A. In line with regulation 105 (2) of the Local Government Pension Scheme 2013, the administering authority may delegate its functions where it deems it necessary to do so.

In addition to these fund discretions there are certain employer discretions, which employers must formulate a policy. All policies received by the fund are published on the fund's website.



**Arrangements outside of formal governance**

The council is committed to the widest inclusion of all stakeholders in consultation and communication outside of the formal governance arrangements. The arrangements include:

**With employing authorities**

The fund’s primary long-term investment objective is to achieve and maintain a funding level at, or close to, 100% of the fund’s estimated liabilities; and within this, to endeavour to maintain stable employer contribution rates. Employing authorities are pro-actively consulted on the funding strategy statement on which the valuation and employer contribution rates are based.

The ratio of membership from the various employing authorities in the Shropshire County Pension Fund is:

Organisation	Contributors %
Shropshire Council	47
Borough of Telford and Wrekin Council (co-opted)	24
Parish / town councils	1
Other scheme employers	19
Admitted bodies	9
<b>Total</b>	<b>100</b>

The Shropshire County Pension Fund involves all scheme employers, irrespective of size, in consultations and communications. The information to be supplied by employers to enable the administering authority to discharge its functions, is outlined in the pensions administration strategy statement which can be found on the pension fund’s website:

[www.shropshirecountypensionfund.co.uk](http://www.shropshirecountypensionfund.co.uk)

Over the last decade, consultation with employing authorities on pension fund investment, actuarial matters and proposed central government changes to the regulations has evolved. A large step forward was afforded by the introduction of investment strategy statement and funding strategy statements, the consultation process surrounding them, and where these statements can be accessed.



All employers are invited to regular employer meetings which provide information on changes in regulations, investment matters and actuarial valuations. All employing authorities are also kept abreast of events, by email, and they are encouraged to get in touch if they have questions. There is also a dedicated area for employers on the Shropshire County Pension Fund website. This information includes the employers' guide and information for new employers.

The fund undertakes annual monitoring of its actuarial valuation position. Employer organisations are kept up to date of the latest position and its likely impact on employer contributions as assessed during the actuarial valuation. At triennial valuations the scheme actuary presents to the employers meeting to explain changes in the funding level and implications on employer contribution rates. Employers' meetings are also used to discuss the funding strategy statements and data requirements for FRS101/102 and IAS19.

Annual updates are provided on the fund's website which scheme members can access. These include the Annual Report & Accounts, climate strategy, administration updates, Responsible investment, Investment performance, other policies, newsletters etc. The Pension administration and investment teams are also easily contactable for specific issues that members wish to discuss. Pension Committee meetings are live streamed so members of the public and the scheme members are able to access.

Employees are represented on the Pensions Committee by two non-voting members (both union members) who have an active role in the performance monitoring, investment strategy and responses to consultations on regulation changes. Retired members are represented by a non-voting retired member.

Where possible every member of the scheme receives pensions newsletters. The fund's annual report is published on the pension fund's website and an email notification (where an email address is held) is issued notifying the website update. The full communication policy can be found on the fund's website. This policy outlines the fund's approach to communicating with members, representatives of members, prospective members and employing authorities; including the format, frequency, and method of communications.

The pension fund's website includes further information on:

- Annual report and accounts



- Investment strategy statement (including compliance with Myner's principles)
- Funding strategy statement
- Communications policy
- Actuarial valuation
- Investments and LGPS Central

The pensions team has a very good informal working relationship with the unions and is always there to assist with any problems in understanding the regulations.

### **Training policy**

The fund recognises the importance of ensuring that all staff and members charged with the financial management and decision making with regard to the Pension Scheme are equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.

Considering the requirements following the LGPS governance changes emerging from the Public Service Pensions Act 2013, officers continually review the fund's training policy to ensure that all stakeholders are well equipped to carry out their duties as effectively and efficiently as possible.

The training policy applies to:

- Pension fund officers and managers
- Pensions Committee members
- Local Pensions Board members.

The training policy is regularly reviewed and once an updated policy is adopted, steps are taken to ensure all parties meet their requirements.

Myner's first principle states that administering authorities should ensure that:

'Decisions should only be taken by persons or organisations with the skills, knowledge, advice, and resources necessary to make them effectively and monitor their implementation. Those persons or organisations have sufficient expertise to be able to evaluate and challenge the advice they receive and manage conflicts of interest'





The fund provides training to members of the committee and the board during meetings featuring presentations on topical issues, such as climate change, responsible investment, different investment asset classes such as hedge funds, property, private equity, equities, bonds, private market investments etc and on actuarial valuations.

### **The fund's Climate Change Strategy**

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The Pensions Committee ('the committee') is responsible for preparing the Investment Strategy Statement (ISS) and the Climate Change Strategy. The Climate Change Strategy is premised on 10 foundational evidence-based beliefs about climate risk (considering climate science, the energy transition, and climate stewardship). The Climate Change Strategy is reviewed by the Pensions Committee on a three-year basis, with progress reviewed every twelve months.

The committee meet four times a year, or otherwise as necessary. The committee includes quarterly engagement reports from both their investment managers and their engagement provider as a standing item on the Pension Committee agendas. Both the committee and the Pensions Board have received regular training on responsible investment topics. The committee will continue to receive training on responsible investment, including climate change, every quarter.

The fund sets aside time each year for presentations on responsible investment, and environmental, social and governance issues generally. These presentations are made public by the fund on our website.

In order to support good decision-making, the fund applies the Myners Principles. Disclosure against the Myners Principles is made annually (please see Appendix A of the fund's Investment Strategy Statement).

The Head of Pensions – LGPS Senior Officer, in conjunction with the fund's investment advisor, have primary day-to-day responsibility for the way in which climate-related investment risks are currently managed and provide updates to Pensions Committee. Where appropriate, the fund's pooling company, LGPS Central Ltd, assists in assessing and managing climate-related risks. As detailed in the Climate Change Strategy, the fund leverages partnerships, and initiatives – including the Institutional Investors Group on Climate Change (IIGCC) – to identify and manage climate risk. The Head of Pensions – LGPS Senior Officer is accountable to the Pensions Committee for delivery of the Climate Change Strategy.



As a primarily 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 the Pensions Committee.

The Pensions Committee are supported in this monitoring by the fund's investment adviser, Aon. Aon provides quarterly monitoring reports on the investment products that the fund invests in outside of LGPS Central. These reports include ratings on key criteria such as risk management, investment process, performance analysis and ESG ratings where applicable. Material developments in these areas are communicated to the Pensions Committee, which considers whether further action is required.



## Appendix A: Shropshire County Pension Fund discretions policies

List of discretionary policies applicable to members with membership under the following regulations:

- The Local Government Pension Scheme Regulations 2013 [prefix R]
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [prefix TP]
- The Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]
- The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [prefix B]
- The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]
- The Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]

Regulation	Discretion	Fund policy	Delegated to
A52 (2) TP17 (5) TO (8) R40 (2) R43 (2) R46 (2) R82 (2) LGPS 1997 38 (1) & 155 (4) R17 (12)	Payment of death grant	The death grant will normally be paid to, or amongst, nominated beneficiaries as directed by the deceased member through a completed expression of wish form. Where no nomination has been made, a death grant would normally be paid to the deceased’s personal representatives (in that capacity). Where both of these options are seen to be inappropriate or impossible, (for instance perhaps because nominees have died, circumstances appear to have changed since the nomination was made, or other persons claiming some or all of the death grant or would seem to have a claim) we may pay the grant as we see fit to, or split it between surviving nominees or personal representatives or any person appearing to us to have been a relative or dependant of the deceased at any time.	Head of Pensions - LGPS Senior Officer
R17 (12)	Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member	The approach for this discretion will be the same as stated above in payment of death grant.	Head of Pensions - LGPS Senior Officer
Rsch1 & TP 17 (9)	Decide to treat child (who has not reached the age of 23) as being in continuous full-time education or vocational	To be reinstated where break does not exceed one academic year.	Head of Pensions - LGPS Senior Officer



	training despite a break		
B27 (5)	Split of children's pensions	To be paid in equal proportions to the children.	Head of Pensions - LGPS Senior Officer
A52 (A) B27 (5)	Payment of children's pensions to parent or guardian	To be paid to child and only paid to parent or guardian in exceptional circumstances.	Head of Pensions - LGPS Senior Officer
R30(8) TP3 (1), TPSch2, paras 2 (1) and 2 (2) B30 (5) and B30A (5) TL4, L106(1) & D11(2)(c)	Where the employer has become defunct: whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age including any actuarial reduction on pre and/or post April 2014 benefits	Due to the potential costs of waiving an actuarial reduction, it is recommended that it be applied only on strong compassionate grounds e.g., where evidence shows that long-term care is being given to a dependent relative (solely dependent on the employee) and that this is likely to continue for many years. However, the cost of pension strain will be given significant relevance in reaching a decision.	Head of Pensions - LGPS Senior Officer
TPSch 2, paras 1 (2) and 2 (2)  TPSch 2, para 1(2) & 1(1)(f) and R60	Where the employer has become defunct: Whether to 'switch on' the 85-year rule for a member voluntarily drawing benefits on or after age 55 and before age 60	The fund will not agree to apply the 85-year rule where members choose to voluntarily draw their benefits on or after age 55 and before age 60 except in exceptional circumstances where the interests of the fund have been considered and it is in its financial or operational interests to do so. Each case will be considered on the merits of the financial and / or operational business case put forward	Head of Pensions - LGPS Senior Officer
R30 (8)	Where the employer has become defunct: Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement	The fund will not agree to flexible retirement except in circumstances where the interests of the employer have been considered and it is in its financial or operational interests to do so. Each case - will be considered on the merits of the financial and / or operational business case put forward, - will set out whether, in addition to any pre-1 April 2008 benefits, the member will be permitted, as part of the flexible retirement agreement, to take a) all, some, or none of their 1 April 2008 to 31 March 2014 benefits, and /or b) all, some, or none of their post 31 March 2014 benefits, and - will require the approval of the scheme administrator.	Head of Pensions - LGPS Senior Officer
B39 & T14 (13) R34 (1) (b) (c)	Commutation of small pensions	To be commuted in all cases (following receipt of a completed election form from a member) where capital value of the	Head of Pensions - LGPS Senior Officer



		benefits is within HMRC limits other than in exceptional circumstances. The member/dependent can apply in writing to ask for the pension to be paid as a monthly payment. Each formal request to not commute benefits will be assessed on its circumstances and merits.	
R71 (1)	Whether to charge interest on payments by employers which are overdue	To be paid with employees' contribution by the 19 <sup>th</sup> of month following the month to which they relate. If contributions are overdue by a month or more then interest may be charged depending on the individual circumstances.	Head of Pensions - LGPS Senior Officer
A28 (2) TP15 (1) (d)	Charge for estimate of transfer of AVC to main scheme to buy additional pension	First calculation free thereafter £50 per estimate	Head of Pensions - LGPS Senior Officer
LGPS 97 - 92	Recovery of contribution equivalent premium	To be recovered in all cases permitted by the regulations.	Head of Pensions - LGPS Senior Officer
A83 (9) R100 (7)	Acceptance of transfer value	To be refused if insufficient to meet Guaranteed Minimum Pension liability	Head of Pensions - LGPS Senior Officer
R100(6-8)	Extend normal time limit for acceptance of a transfer value beyond twelve months from joining the LGPS	The fund will only extend the twelve-month time limit within which a scheme member must make an election to transfer other pension rights into the LGPS after joining the LGPS: <ul style="list-style-type: none"> <li>- where the member asked for transfer investigations to be commenced within twelve months of joining the LGPS but a quotation of what the transfer value will purchase in the LGPS has not been provided to the member within eleven months of joining the LGPS. The time limit for such a member to make a formal election to transfer pension rights into the LGPS is the 3 months transfer guarantee period;</li> <li>- where the available evidence indicates the member made an election within twelve months of joining the LGPS, but the election was not received by the pension fund administering authority;</li> </ul>	Head of Pensions - LGPS Senior Officer



		<ul style="list-style-type: none"><li>- where the available evidence indicates the member had not been informed of the twelve-month time limit due to maladministration.</li><li>- The fund's decision would also be to support the employer's decision where it is reasonable and evidenced that they are fully aware of the consequences and increased liabilities that will incur by agreeing this and it is not contradicting their own policy on this discretion.</li></ul>	
Financial Rules of the administering authority, Shropshire Council.	Overpayment of pension	Should an overpayment of pension benefits occur as a result of the death of a scheme member, the fund will seek to recover overpayments that are greater than £150.00 (gross) in value unless there are legal reasons and/or other circumstances which mean that the overpayment may not, in practice, be able to be recovered (in whole or in part).	Head of Pensions - LGPS Senior Officer
R69 (1) (4) R80(1)(b) & TP22(1)	Decide the frequency and form of payments and information to accompany payments to be made over to fund (as listed in regulation R69) by employers and whether to make an admin charge.	All payments deducted from members must be paid to the fund by the 19 <sup>th</sup> of the month following the month they were deducted. Any other payments must be paid immediately on receipt of the invoice. Further information on the formal procedures' employers must adhere to are set out in the administration strategy statement.	Pensions committee
A60 (8) R76 (4) R79 (2)	Procedure to be followed by administration authority when exercising its stage two IDRPs functions and whether administering authority should appeal against employer decision (or lack of a decision).	Full procedure is documented in the IDRPs guide which can be found on the fund's website: <a href="http://www.shropshirecountypensionfund.co.uk">www.shropshirecountypensionfund.co.uk</a>	Head of Pensions - LGPS Senior Officer



TP3 (13) A70 (1) A71 (4) (c)	Abatement of pensions following re-employment	From the 1 June 2006 the abatement and suspension of pension policy operated by the council changed and since this date no adjustments are required to funded pensions in respect of re-employment, regardless of the level of earnings. This policy applies to the funded element of the pension only and not the added year's compensation. This will still be subject to adjustment as per the regulations.	Head of Pensions - LGPS Senior Officer
B10 (2) TP3 (6) TP4 (6)(c) TP8 (4) TP10 (2) a TP17 (2)(b) Tsch1 L23(9)	Where a member dies before making an election of average of three years pay for final pay purposes or when a deceased member with a certificate of protection of pension benefits i.e., determine best pay figure to use in the benefit calculations (pay cuts / restrictions occurring pre-1 April 2008.	Election to be made by the fund on behalf of the deceased member.	Head of Pensions - LGPS Senior Officer
A52 A B27 (5) R83	Payments for persons (other than an eligible child) incapable of managing their affairs	If it appears that a person (other than an eligible child as defined in the appropriate regulations) is entitled to the payment of benefits under the scheme but is, by reason of mental disorder or otherwise, incapable of managing his or her affairs, taking regard to the circumstances of the case and medical guidance, where appropriate, the benefits, or any part of them, will be paid to a person having care of the person entitled, or such other person as the scheme administrator may determine, to be applied for the benefit of the person entitled. The fund's trivial commutation policy will be followed for small pensions. In all other cases, where there is a long-term annual pension payable the fund will require evidence of a either power of	Head of Pensions - LGPS Senior Officer



		attorney or court of protection when the annual pension exceeds £1000; in cases where the annual pension benefit is below £1000, medical and documentary evidence will be required.	
B25 RSch1 TP17 (9)(b)	Decide evidence required to determine financial dependence of co-habiting partner on scheme member or financial interdependence of cohabiting partner	The fund's declaration form is required to be completed and signed confirming the regulatory requirements have been met and supported by the appropriate evidence.	Head of Pensions - LGPS Senior Officer
TSch 1 & L23 (9) B42 (1) (c) R49 (1) (c)	Decide, in the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under two or more regulations in respect of the same period of scheme membership	Benefit which is more beneficial to member to be paid.	Head of Pensions - LGPS Senior Officer
31 (2)	Recharging payments to employers for annual compensation	A 1% handling fee of the total recharge of compensation being paid on behalf of the employer, will be levied.	Head of Pensions - LGPS Senior Officer
R36 (3) A56 (2)	Approve medical advisors used by employers (for ill health benefits)	The medical advisors used by the employers for opinion on ill-health benefits must meet the requirements set out in the LGPS regulations and appropriate certificates supplied that prove required qualifications have been obtained.	Pensions Committee
R68 (2) TPSch 2, para 2 (1)(3)	Whether to require any strain on fund costs to be paid 'up front' by employing authority following flexible retirement or release of benefits before age 60	All strain is required to be paid in full immediately on receipt of invoice. The process is outlined in the pensions administration strategy statement. The fund may agree on request from an employer to an alternative repayment period if exceptional circumstances are shown.	Head of Pensions - LGPS Senior Officer
R16 (1)	Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g.) where the sum being paid is very small and could be	Requests to pay an APC/SCAPC via a lump sum will be refused if cost is less than £50.	Head of Pensions - LGPS Senior Officer





	paid as a single payment)		
Regulation 2 of the Registered Pension Schemes (Modification of Scheme Rules) Regulations 2011	Whether to offer 'Voluntary Scheme Pays' to members and the circumstances when this would apply.	To offer the use of 'Voluntary Scheme Pays' (VSP) where; <ul style="list-style-type: none"> <li>a member's pension savings within the fund are subject to the tapered annual allowance, <b>and</b></li> <li>the tax breach stems only from the member's Shropshire County Pension Fund LGPS benefits rather than via growth in multiple pension schemes, <b>and</b></li> <li>the application is received in writing by Shropshire County Pension Fund by 30 November in the tax year following the year to which the tax charge relates to, should the member wish the tax to be paid by 31 January to ensure no late payment penalties become due, if not then no later than the Mandatory scheme pays deadline.</li> </ul>	Head of Pensions - LGPS Senior Officer
R4(2)(b)	Whether to agree to an admission agreement with a Care Trust, NHS Scheme employing authority or Care Quality Commission.	The fund will only agree an admission agreement providing the body meets the eligibility criteria laid down in the regulations; the admission is fully guaranteed so that no liabilities fall back on the fund and an admission agreement is signed by all relevant parties.	Pensions Committee
R3(1A), R3(5) & RSch 2, Part 3, para 1	Whether to agree to an admission agreement with a body applying to be an admission body.	The fund will only agree an admission agreement providing the body meets the eligibility criteria laid down in the regulations; the admission is fully guaranteed so that no liabilities fall back on the fund and an admission agreement is signed by all relevant parties.	Pensions Committee & Head of Pensions -LGPS Senior Officer
RSch2, Part 3, para 14	Whether to agree that an admission agreement may take effect on a date before the date on which it is executed.	The fund will allow admission agreements to be back dated so long as all contributions due are paid to the fund with appropriate interest.	Head of Pensions - LGPS Senior Officer
RSch 2, Part 3, para 9(d)	Whether to terminate an admission agreement in the event of: <ul style="list-style-type: none"> <li>- insolvency, winding up or liquidation of the body.</li> </ul>	The fund will terminate an admission agreement in any of these three events as covered in the admission agreement.	Head of Pensions - LGPS Senior Officer



	<ul style="list-style-type: none"> <li>- breach by that body of its obligations under the admission agreement.</li> <li>- failure by that body to pay over sums due to the fund within a reasonable period of being requested to do so</li> </ul>		
RSch 2, Part 3, para 12(a)	Define what is meant by “employed in connection with”.	Defined in the admission agreement as working for at least 50% of normal working time on the transferred service.	Head of Pensions - LGPS Senior Officer
R16(10)	Whether to require a satisfactory medical before agreeing to an application to pay an APC / SCAPC.	The fund does not require a satisfactory medical, but members are expected to sign a declaration confirming they are in reasonably good health before an application to pay an APC/SCAPC will be accepted.	Head of Pensions - LGPS Senior Officer
R16(10)	Whether to turn down an application to pay an APC / SCAPC if not satisfied that the member is in reasonably good health.	The fund would turn down an application if it was not satisfied that the member was in reasonably good health.	Head of Pensions - LGPS Senior Officer
R22(3)(c)	Pension account may be kept in such form as is considered appropriate.	The members Care Average Revalued Earnings (CARE) account will be kept in electronic form on the pension administration system.	Head of Pensions - LGPS Senior Officer
TP10(9)	Where there are multiple ongoing employments, in the absence of an election from the member within 12 months of ceasing a concurrent employment, decide to which record the benefits from the ceased concurrent employment should be aggregated.	The main ongoing employment, which would usually be the record with the greatest hours, is normally the record with which the ceased concurrent employment will be aggregated.	Head of Pensions - LGPS Senior Officer
R32(7)	Whether to extend the time limits within which a member must give notice of the wish to draw benefits before normal pension age or upon flexible retirement	The fund would look at any request on an individual basis taking into account the exceptional circumstances raised by the member.	Head of Pensions - LGPS Senior Officer
R38(3) B31(4)	Where the employer has become defunct: Decide whether	The fund will consider the relevant regulations and criteria following receipt	Head of Pensions -LGPS Senior Officer



	deferred beneficiary meets criteria of being permanently incapable of former job because of ill health and is unlikely to be capable of undertaking gainful employment before normal pension age or for at least three years, whichever is the sooner.	of an opinion from the Independent Registered Medical Practitioner (IRMP).	
R38(6) B31(7)	Where the employer has become defunct: Decide whether a suspended ill health tier 3 member is unlikely to be capable of undertaking gainful employment before normal pension age because of ill health.	The fund will consider the relevant regulations and criteria following receipt of an opinion from the Independent Registered Medical Practitioner (IRMP).	Head of Pensions - LGPS Senior Officer
R54(1)	Whether to set up a separate admission agreement fund.	The fund has not set up a separate admission agreement fund.	Head of Pensions - LGPS Senior Officer
R64(2ZA)	Whether to extend the period beyond 3 months from the date an employer ceases to be a scheme employer, by which to pay an exit credit.	The fund will look at each case on an individual basis taking into account the reason why the extension may be required.	Head of Pensions - LGPS Senior Officer
R64(2A)	Whether to suspend (by way of issuing a suspension notice), for up to 3 years, an employer's obligation to pay an exit payment where the employer is again likely to have active members within the specified period of suspension.	The fund will look at each case on an individual basis taking into account the reason why the extension may be required.	Head of Pensions - LGPS Senior Officer
R64(4)	Whether to obtain revision of employer's contribution rate if there are circumstances which make it likely a scheme employer will become an exiting employer	The fund may request a revision of employers' contribution rate upon advice from the actuary.	Head of Pensions - LGPS Senior Officer
R70 &TP22(2)	Whether to issue employer with notice to recover additional	The fund will issue a notice to recover additional costs and in line with the	Head of Pensions - LGPS Senior Officer



	costs incurred as a result of the employer's level of performance.	Pensions Administration Strategy Statement.	
R98(1)(b)	Agree to bulk transfer payment.	The fund will agree to a bulk transfer payment following actuary advice.	Head of Pensions - LGPS Senior Officer
TR15(1)(c) & TSch1 & L83(5)	Extend time period for capitalisation of added years contract.	The fund will look at each case on an individual basis taking into account the reason why the extension may be required.	Head of Pensions - LGPS Senior Officer



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## Contact details

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The Shropshire County Pension Fund is a data controller under data-protection law. This means we store, hold, and manage your personal information in line with statutory requirements to enable us to provide you with pension administration services. To enable us to carry out our statutory duty, we must share your information with certain bodies, but will only do so in limited circumstances. For more information about how we hold your information, who we share it with and what rights you have, you can ask for this information from the fund, please visit [www.shropshirecountypensionfund.co.uk](http://www.shropshirecountypensionfund.co.uk)

If you can read this but know someone who cannot, please contact us on 01743 252130 so we can provide this information in a more suitable format.

### Office hours

**Monday to Thursday** 8.45am to 5.00pm

**Friday** 8.45am to 4.00pm

Helpdesk phonelines are open Monday to Friday: 10am to 4pm (excluding Bank Holidays).

### Contact details

**Email:** [pensions@shropshire.gov.uk](mailto:pensions@shropshire.gov.uk)

**Website:** [www.shropshirecountypensionfund.co.uk](http://www.shropshirecountypensionfund.co.uk)

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