

TEESSIDE PENSION FUND COMMITTEE

A meeting of the Teesside Pension Fund Committee was held on Wednesday 24 September 2025.

PRESENT: Councillors J Rostron (Vice-Chair), J Ewan, D Branson, T Furness, D Jackson, D McCabe, J Beall, M Fairley and M Scarborough

ALSO IN ATTENDANCE: W Bourne (Independent Adviser), T Backhouse (Mazars), J Baillie (Hymans Robertson), N Moore (Border to Coast), I Milne (Hymans Robertson), L Davison (South Tyneside Council) and N Orton (South Tyneside Council)

OFFICERS: A Humble, W Brown, C Jones, A Lister and T Frankland

APOLOGIES FOR ABSENCE: Councillors J Kabuye, D Coupe, M Saunders and Ms J Flaws

25/25 **WELCOME AND FIRE EVACUATION PROCEDURE**

The Chair welcomed all present to the meeting and read out the Building Evacuation Procedure.

25/26 **DECLARATIONS OF INTEREST**

| Name of Member | Type of Interest | Item / Nature of Business |
|--------------------|------------------|---|
| Councillor Beall | Non-Pecuniary | Member of Teesside Pension Fund |
| William Bourne | Non-Pecuniary | Items 5 & 8 – Independent Advisor to East Sussex Council, fund due to join Border to Coast. |
| Councillor Branson | Non-Pecuniary | Spouse – Member of Teesside Pension Fund |
| Councillor Coupe | Non-Pecuniary | Non-Executive Director of Border to Coast Pensions Partnership LTD. |
| Councillor Ewan | Non-Pecuniary | Member of Teesside Pension Fund and Member of South Tyneside Pension Fund. |
| Councillor Jackson | Non-Pecuniary | Member of Teesside Pension Fund |
| Councillor Rostron | Non-Pecuniary | Member of Teesside Pension Fund |

25/27 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 23 JULY 2025**

The minutes of the meeting of the Teesside Pension Fund Committee held on 23 July 2025 were taken as read and approved as a correct record.

25/28 **BORDER TO COAST PRESENTATION (REAL ESTATE)**

The Committee received a summary and update on the Fund's Real Estate investments with Border to Coast. The presentation provided information on the following:

- Market Update
- Key characteristics of the UK Real Estate Main Fund
- Portfolio Performance
- UK Main Fund Pipeline – September 2025

It was highlighted that the UK investment market was reflective of the current geopolitical atmosphere and although it was not directly affected by the global tariff negotiations, general

outlook and business sentiment in the UK was still impacted.

UK Real Estate market performance had been mostly driven by income growth in the favoured sectors of industrial, hotel and residential and the lack of transactional evidence to support capital growth continued in a market that had seen subdued trading volumes. In addition, the ongoing polarisation trend of demand towards best-in-class assets (by occupiers and capital) further narrowed the overall levels of market activity.

It was noted that Border to Coast were working with an institutional investor on an investment that dwarfed a lot of the portfolio. This was an off market sale of established portfolio of 437 SFH units, across 5 sites in England, with 50 to 60 homes on each site.

A Member of the Committee noted that there was an issue raised at the previous meeting regarding a third-party valuation of the transfer from the Fund's direct property portfolio to the Border to Coast (Real Estate) UK Main Fund. The Member queried whether this had now been resolved and how.

It was confirmed that this issue had been resolved. 29 assets had been transferred and five had been kept for various reasons. These assets had been maintained and managed in the usual way but they were over market value and there was a significant difference in opinion so they were retained.

A Member queried whether social considerations had been taken into account regarding the investment of the 437 SFH units mentioned and whether a heatmap could be created and shared that showed the areas that would benefit from this investment. It was confirmed that investments were made on a financial basis and Border to Coast's priority was to ensure long-term returns for LGPS members. There was a possibility that further sites could be looked into in the future but currently it was only the five mentioned.

ORDERED that the information provided was received and noted.

25/29

VALUATION COMMUNICATIONS

The Head of Pensions Governance and Investments delivered a report on Actuarial Valuation Communications, the purpose of which was to present Members of the Teesside Pension Fund Committee with the plans to communicate the 2025 Actuarial Valuation for the Teesside Pension Fund.

The report provided information on the following:

- Revised Funding Strategy Statement
- Communication of Individual Employer Valuation Results
- Rates and Adjustment Certificate
- Next Steps

ORDERED that the information provided was received and noted.

25/30

INVESTMENT ACTIVITY REPORT (INCL. TM REPORT, VALUATION & FORWARD INVESTMENT PROGRAMME)

The Head of Pensions Governance and Investment presented the Investment Activity Report, the purpose of which was:

- To inform Members how the Investment Advisors' recommendations were being implemented.
- To provide a detailed report on transactions undertaken to demonstrate the implementation of the Investment Advice, and to provide the Fund's Valuation.
- To report on the treasury management of the Fund's cash balances.
- To present to Members the latest Forward Investment Programme.

In terms of the implementation of investment advice for the period April – June 2025, the following was highlighted:

- The Fund had no investments in Bonds at that time.
- The cash level at the end of June 2025 was 7.77%

- An amount of £27.3m was invested in the quarter.

Details of all transactions undertaken for the period April – June 2025 were provided in Appendix A and presented to the Panel.

The Fund Valuation detailed all the investments of the Fund as at 30 June 2025, and was prepared by the Fund's custodian, Northern Trust (NT). The total value of all investments, including cash, was £5,706 million. This compared with the last reported valuation, as at 31 March 2025 of £5,539 million.

ORDERED that the information provided was received and noted.

25/31

BORDER TO COAST PRESENTATION - INVESTMENT PERFORMANCE

A presentation on Border to Coast's Investment Performance was provided to Members.

Data on the Fund's exposure to the defence and tobacco industries was presented and it was explained that there had to be solid investment rationale before Border to Coast invested in these industries. There were high-level governance structures for sign-off on investments in these sectors and they played a key role in the portfolio.

The presentation provided further information on the following:

- Macro Outlook – as at end of Q2 2025
- Listed Investments – performance to Q2 2025
- Private Equity: Summary
- Infrastructure: Summary
- Climate Opportunities: Summary
- Notable Exits – Endless Fund V – The KTC Group
- Notable Exits – I Squared (ISQ) III – Hydrogen Technology & Energy Corporation (HTEC)

ORDERED that the information provided was received and noted.

25/32

INVESTMENT ADVISORS' REPORTS

The Independent Investment Advisors provided reports on current capital market conditions to inform decision-making on short-term and longer-term asset allocation, which were attached as Appendices A and B to the submitted report.

Further commentary was provided at the meeting.

Although it was noted that market volatility had reduced; tariffs, low economic growth, fiscal incontinence, and higher bond yields were discussed and it was advised that these factors would have a negative impact on corporate earnings growth.

ORDERED that the information provided was received and noted.

25/33

POOLING GOVERNANCE

The Head of Pensions Governance and Investments presented a report, the purpose of which was to advise Members of the Border to Coast Pension Partnership governance arrangements and potential changes to governance in response to the Government's Fit for the Future consultation.

It was advised that there were various strands of governance arrangements for Border to Coast Pensions Partnership covering corporate decisions, investor matters and operational matters. The Border to Coast Pension Partnership had many channels of influence that the Fund could use and there were many forums to hold the pool to account for performance of the pool and the investments which it managed on behalf of the Fund. Oversight of Border to Coast was exercised through the regular reporting and meeting arrangements between Border to Coast and its Partner Funds.

The escalation process was explained and it was advised that the "Fit for the Future"

consultation had introduced a further change in the relationship between Partner Funds and the pooling companies. Pooling companies were to become the principal source of strategic investment advice to Partner Funds. Pools would determine most of the investments made by the Fund based on the Strategic Asset Allocation set by the Partner Funds.

A Member queried whether there was a reserve fund kept for local investment. It was advised that the framework behind local investment was still being developed as part of the investment plan. This would be in place for 1st April 2026 and then it could be determined how much money would be used for local investment and what those investments would be. It was noted that legislation around this was not yet in place and under the previous government there had been a minimum requirement that had to be used for local investment, although the Committee was responsible for suggesting an allocation for local investment.

ORDERED that the information provided was received and noted.

25/34

TWPF PENSIONS ADMINISTRATION REPORT - TABLED

Representatives from the Tyne & Wear Pension Fund began by advising that the success of the handover from XPS had depended heavily on the migration of data and this sitting correctly on systems. TWPF had paid 26,000 pensioners at the end of June and a huge amount of work had been done prior to this since the contract had begun. The new system had been tested rigorously, and it was accepted that the first three months had been challenging due to a lot of the transfer process having to be done manually.

TWPF had achieved the deadline of 31st August to have employee data uploaded onto the system on time which meant that 84% of Members had received their Annual Benefit Statement, which was positive when taking into account the position they started in. TWPF was working towards and were getting up to date after a few teething problems.

Differing views were expressed regarding the success of the handover, with a Member noting the financial uncertainty some Members had experienced during the transition period. Members also highlighted that there seemed to be slight differences in the new provider's contract when compared to the previous administrator, and Members required education to understand these differences and the service that was now being provided.

Members were thanked for their feedback and it was accepted that the handover period had been a challenging time for all parties involved. There had been complexities such as additional contributions that had complicated the retirement process for some Members and it was confirmed that representatives from TWPF were happy to discuss matters further with Trade Union representatives and be contacted directly to assist with individual cases. TWPF also confirmed their commitment to continuing to present performance data at committee meetings.

A Member referenced the procurement process that was in place for the contract and queried whether the Council had explored bringing the administration of the Fund in house. The Director of Finance and Transformation advised that a specialised team would have to be built and maintained to carry out this work and there would unlikely be a cost saving. It was not unusual for the administering authority to use another company to deliver the day to day management of pensions administrations as part of a shared service agreement.

A Member requested that the Committee was provided with an oversight of TWPF's performance data at a future meeting.

ORDERED that the information provided was received and noted.

25/35

RECENT DEVELOPMENTS IN THE LGPS

The Head of Pensions Governance and Investments presented a report of the Director of Finance and Transformation, the purpose of which was to update Members on recent developments in the Local Government Pension Scheme (LGPS).

The following was discussed:

- The Pension Schemes Bill had been introduced, enabling reforms to investment

management in the LGPS following the 'Fit for the Future' consultation.

- His Majesty's Treasury had published its response to the consultation held on Inheritance Tax.
- Palestine Solidarity Campaign had issued a letter to all LGPS Funds calling for divestment from Involved Companies.
- Reform had announced its potential policy in relation to the LGPS.

ORDERED that the information provided was received and noted

25/36 **DRAFT ANNUAL PENSION FUND REPORT 2024/25**

The Head of Pensions Governance and Investments presented the Draft Annual Pension Report and Accounts for the year ended 31 March 2025 which covered the following topics:

- Overall Fund Management
- Governance and Training
- Financial Performance
- Fund account, net assets statement and notes
- Investments and Funding
- Administration

It was noted that metrics from the provider would usually be included in the report but they had not been provided by the previous administrator so could not be included at this time.

ORDERED that the information was received and noted.

25/37 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, CAN BE CONSIDERED**

None.

25/38 **EXCLUSION OF PRESS AND PUBLIC**

ORDERED that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

25/39 **EXEMPT - LGPS POOLING CONSOLIDATION**

The Head of Pensions Governance and Investments presented the Pooling Consolidation – Shareholder Resolution report, the purpose of which was to advise Members of the Pooling Consolidation in response to the Government's Fit for the Future consultation.

ORDERED:

- That the information provided was received and noted.
- That the Chair casts the Administering Authority's shareholder vote in support of the admission of the named Candidate Funds as shareholders in the operating company and in support of any other shareholder resolutions, including for the issue of further shares necessary to facilitate this process.

25/40 **EXEMPT - ACTUARY CASHFLOW PRESENTATION**

The Actuary presented the Cashflow Projections, the purpose of which was to allow Members to consider different future projections of the Fund's cashflows under a range of different scenarios. The analysis and projections would help the Fund better understand its current and potential future cashflow position and was part of its management of risk in this area

ORDERED that the information provided was received and noted

