

## TEESSIDE PENSION FUND COMMITTEE

|               |   |
|---------------|---|
| <b>Date:</b>  | <b>Wednesday 10th December, 2025</b>      |
| <b>Time:</b>  | <b>11.00 am</b>                           |
| <b>Venue:</b> | <b>Mandela Room (Municipal Buildings)</b> |

### AGENDA

1. Welcome and Fire Evacuation Procedure

In the event the fire alarm sounds attendees will be advised to evacuate the building via the nearest fire exit and assemble at the Bottle of Notes opposite MIMA.

2. Apologies for Absence

3. Declarations of Interest

To receive any declarations of interest.

4. Minutes - Teesside Pension Fund Committee - 24 September 2025 5 - 10

5. Border to Coast Presentation (Responsible Investment) 11 - 18

6. Border to Coast Responsible Investment Policy, Corporate Governance & Voting Guidelines and Climate Change Policy 19 - 44

7. Actuarial Valuation Update and Draft Funding Strategy Statement To Follow

8. Investment Activity Report (incl. TM Report, Valuation & Forward Investment Programme) 45 - 72

9. Border to Coast Presentation - Investment Performance 73 - 86

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| 10. | Investment Advisors' Reports  | 87 - 94   |
| 11. | Governance Policies Review  | 95 - 196  |
| 12. | TWPF Pensions Administration Report   | To Follow |
| 13. | Pooling Update  | 197 - 202 |
| 14. | Government Consultation - LGPS: Scheme Improvements<br>(access and protections)   | 203 - 258 |
| 15. | Government Consultation - LGPS: Fit for the Future -<br>technical consultation  | 259 - 290 |
| 16. | Risk Register   | 291 - 310 |
| 17. | Any other urgent items which in the opinion of the Chair, can<br>be considered  |           |
| 18. | Exclusion of Press and Public   |           |
|     | To consider passing a Resolution Pursuant to Section 100A<br>(4) Part 1 of the Local Government Act 1972 excluding the<br>press and public from the meeting during consideration of the<br>following items on the grounds that if present there would be<br>disclosure to them of exempt information falling within<br>paragraph 3 of Part 1 of Schedule 12A of the Act and the<br>public interest in maintaining the exemption outweighs the<br>public interest in disclosing the information. |           |
| 19. | Fund Actuary – 31 March 2025 Valuation - Initial Whole of<br>Fund Results   | 311 - 342 |

Charlotte Benjamin  
Director of Legal and Governance Services

Town Hall  
Middlesbrough  
Tuesday 2 December 2025

## MEMBERSHIP

Councillors J Kabuye (Chair), J Rostron (Vice-Chair), J Ewan, D Branson, D Coupe, T Furness, D Jackson, D McCabe, J Beall, M Fairley, M Scarborough, Ms J Flaws, Mr T Watson and Mr B Foulger

### **Assistance in accessing information**

**Should you have any queries on accessing the Agenda and associated information please contact Tabitha Frankland/Claire Jones, 01642 726241/01642 729112, [tabitha\\_frankland@middlesbrough.gov.uk](mailto:tabitha_frankland@middlesbrough.gov.uk); [claire\\_jones@middlesbrough.gov.uk](mailto:claire_jones@middlesbrough.gov.uk)**

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## 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, M Scarborough, Mr B Foulger and Mr T Watson

**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:** Andrew Humble, Wendy Brown, Claire Jones, Andrew Lister and Tabitha Frankland

**APOLOGIES FOR ABSENCE:** 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, a fund that was also due to join Border to Coast. |
| Councillor Branson | Non-Pecuniary    | Spouse – Member of Teesside Pension Fund   |
| Councillor Coupe   | 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 5 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. 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 are 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 1<sup>st</sup> 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 31<sup>st</sup> 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 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.

**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, 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

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# RESPONSIBLE INVESTMENT

TEESSIDE PENSION FUND  
10 DECEMBER 2025

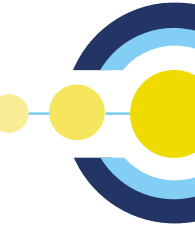
# PURPOSE OF TODAY

- Responsible Investment and Border to Coast
- Policy Review

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# WHY DO YOU INVEST (THE WAY YOU DO)?



Page 13



Fiduciary  
duty



Scheme  
rules



Regulation and  
guidance



Beliefs and  
preferences



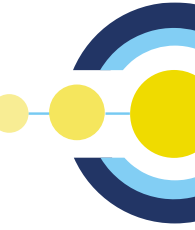
Investment  
policies



...to pay  
pensions!

# OUR INVESTMENT PHILOSOPHY

## HOW RESPONSIBLE INVESTMENT INTEGRATES WITH OUR INVESTMENT APPROACH:



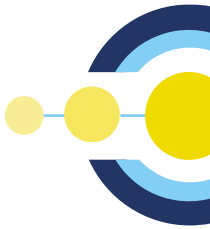
We believe that companies with good governance, diverse boards, and a focus on sustainability are more likely to be resilient and deliver better financial returns.

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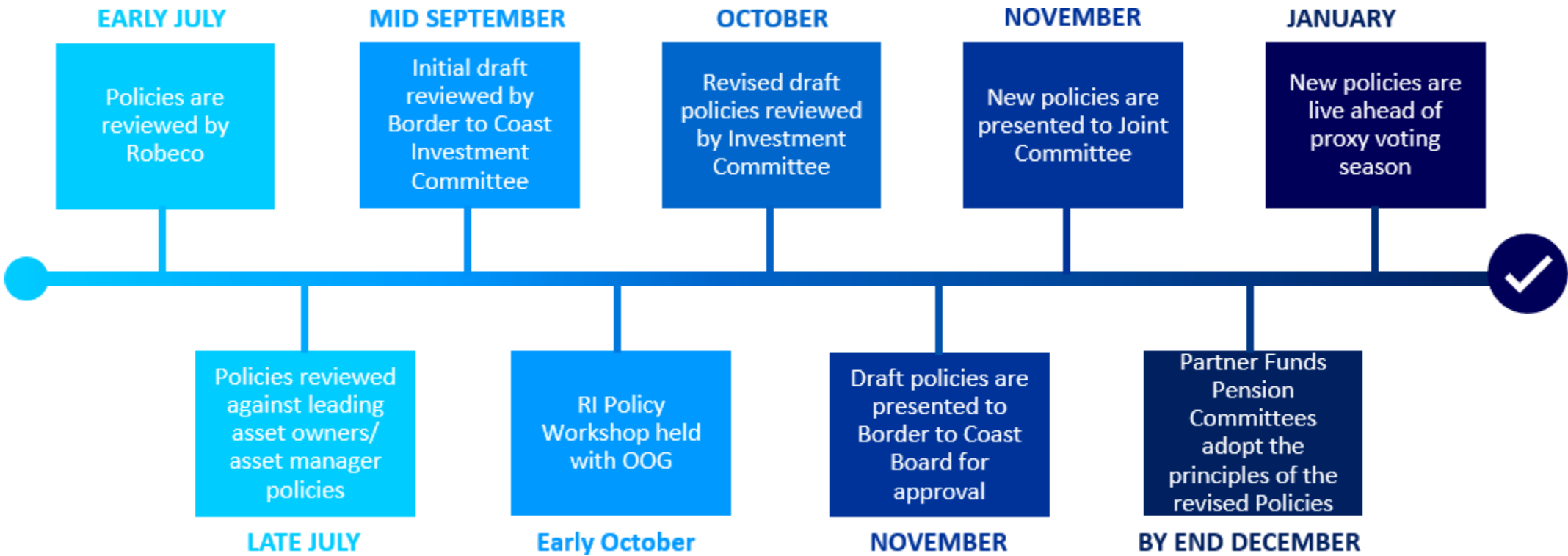
We believe that actively engaging with companies is the best way to manage systemic risks and create long-term value.

# WHAT'S NEXT – POLICY REVIEW 2026

CURRENT POLICIES ARE AVAILABLE ON THE BORDER TO COAST WEBSITE (UNDER PUBLICATIONS)



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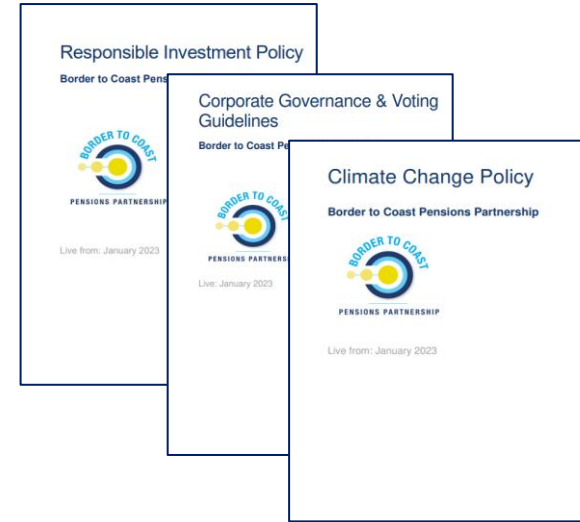
# POLICIES AND REPORTING

## Policies

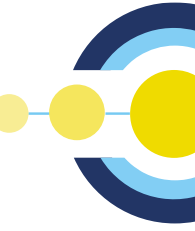
- Responsible Investment Policy
- Corporate Governance & Voting Guidelines
- Climate Change Policy

## Reporting

- Responsible Investment & Stewardship report
- Net Zero Implementation Plan
- TCFD/Climate Change report
- Quarterly stewardship reports
- Robeco quarterly stewardship reports
- Quarterly voting reports
- Partner Fund ESG carbon reports



# POLICIES



## **Responsible Investment Policy**

This Responsible Investment Policy details the approach that Border to Coast Pensions Partnership follows in fulfilling its commitment to our Partner Funds in their delegation of the implementation of certain responsible investment (RI) and stewardship responsibilities.



## **Corporate Governance & Voting Guidelines**

Details the framework within which the voting decisions are administered. These broad guidelines should be read in conjunction with the Responsible Investment Policy.



## **Climate Change Policy**

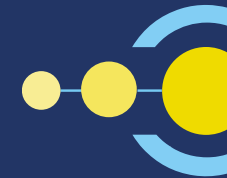
Details the approach that Border to Coast will follow in fulfilling its commitment to managing the risks and opportunities associated with climate change across the assets managed on behalf of our Partner Funds.



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**TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 6****TEESSIDE PENSION FUND COMMITTEE REPORT****10 DECEMBER 2025****DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE****Border to Coast Responsible Investment Policy, Corporate Governance & Voting Guidelines  
and Climate Change Policy****1 PURPOSE OF THE REPORT**

- 1.1 To advise the Committee of recent changes made by Border to Coast Pensions Partnership Limited ('Border to Coast') to its Responsible Investment Policy, Corporate Governance & Voting Guidelines and Climate Change Policy.

**2 RECOMMENDATION**

- 2.1 That Members note and approve the changes made to the Border to Coast documents – relevant extracts are included as Appendices A, B and C to this report.

**3 FINANCIAL IMPLICATIONS**

- 3.1 There are no particular financial implications arising from this report.

**4 BACKGROUND**

- 4.1 The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended) require the Fund to have a policy on:
- environmental, social and governance (ESG) considerations. The policy is required to take into account the selection, non-selection, retention and realisation of assets, and
  - the exercise of rights, including voting rights attached to investments.
- 4.2 To allow a practical and consistent approach to pooled investments, Border to Coast developed a Responsible Investment (RI) Policy and a Corporate Governance and Voting Guidelines document for all its Partner Funds to approve that applies across all the investments it holds on their behalf. In 2021, Border to Coast also introduced a standalone Climate Change Policy. The latest version of all three documents (as approved at the 11 December 2024 Pension Fund Committee) can be found on Border to Coast's website at the following link:
- [https://www.bordertocoast.org.uk/publications/?\\_sfm\\_publication\\_document\\_type=Responsible%20Investment%20Policies](https://www.bordertocoast.org.uk/publications/?_sfm_publication_document_type=Responsible%20Investment%20Policies)

- 4.3 The Responsible Investment Policy, Corporate Governance & Voting Guidelines and Climate Change Policy are currently reviewed annually or when material changes need to be made. It is proposed that a three-year formal review cycle is now more appropriate for the RI Policy and Climate Change Policy. This will follow the existing governance process. The Corporate Governance & Voting Guidelines will continue to be reviewed annually to ensure they are fit for purpose ahead of each proxy season. The annual review process commenced in July to ensure any revisions are in place ahead of the 2026 proxy voting season.
- 4.4 Border to Coast has worked with its voting and engagement partner Robeco to update the documents considering the global context and shift in best practice, to determine how best practice has developed and identify emerging gaps in Border to Coast policy. The Policies have also been reviewed against asset managers and asset owners considered to be RI leaders to determine developments across the industry.
- 4.5 The revised documents have been through an approval process at Border to Coast and Border to Coast's Joint Committee has recommended they be presented to all Partner Fund's for approval.

## **5. FUTURE REVIEW CYCLE**

- 5.1 The Policies have been formally reviewed each year, but they have reached a level of maturity where less frequent review is appropriate.
- 5.2 Border to Coast propose moving to a three-year formal review cycle for the Responsible Investment Policy and Climate Change Policy, still following the existing governance process when reviewed. The Voting Guidelines will continue to be reviewed annually to ensure they remain aligned with market standards ahead of each proxy voting season. If significant issues arise, changes can be made outside the normal cycle, and Border to Coast will maintain a tracker of Partner Fund feedback to ensure these are captured and considered at the next review.
- 5.3 Moving to a three-year formal review cycle for the Responsible Investment Policy and Climate Change Policy will provide a more stable governance environment, enabling the opportunity for more comprehensive and fundamental reviews rather than incremental changes. This approach aligns with Border to Coast's intention to undertake a broader governance review under the new partnership model in circa 2 years.

## 6. RI POLICY – KEY CHANGES

- 6.1 This year's review has been conducted in alignment with the RI Strategy and Engagement Strategy reviews.
- 6.2 The exclusion approach has been reviewed as part of this annual review. Robeco suggested that the current 50% revenue threshold for thermal coal power generation exclusion is relatively high, with industry norms typically being around 25%, with Robeco having a 20% exclusion. Border to Coast's RI team's review confirmed this finding. Border to Coast propose to lower the thermal coal power generation revenue threshold from 50% to 25% for public issuers in developed markets. This aligns with the original intent and expectation of this exclusion clause when it was introduced and brings it in line with the current revenue threshold for thermal coal extraction (also 25%). Border to Coast propose to maintain their tiered approach to support a just transition and reduce the revenue threshold from 70% to 50% for public issuers in emerging markets.
- 6.3 Based on data as at August 2025, the proposed change to the revenue thresholds for thermal coal power generation brings an additional 21 developed market issuers and 11 emerging market issuers into scope for exclusion on top of 24 issuers excluded under the current revenue thresholds. Border to Coast currently holds one issuer that would become excluded, Eskom Holdings, held in the Multi Asset Credit fund. They have consulted with the portfolio manager and no concerns have been raised in relation to this change.
- 6.4 Last year, Border to Coast updated The Policies to recognise deforestation as a climate issue. This helped close a gap with peers on nature related risks. This was an important first step in establishing a risk framework for nature and biodiversity. While most managers use deforestation data in voting, fewer have a comprehensive approach to nature risks. To make continued progress in their approach, Border to Coast propose introducing a voting policy targeting a shortlist of nature priority companies. This would further embed nature into the RI and stewardship framework beyond deforestation, with scope for further development in future.
- 6.5 The proposed amendments to the RI policy are highlighted in the table below.

| Section                                     | Page | Type of Change | Summary of Change and Rationale   |
|---|------|----------------|---|
| 5. Integrating RI into investment decisions | 4    | Amendment      | Thematic subsections for human rights and nature added to align with climate, which now follows these sections. Asset class guidance is reordered to improve consistency across listed equities, fixed income, and private markets. |

| Section                       | Page | Type of Change | Summary of Change and Rationale  |
|-------------------------------|------|----------------|--|
| 5.2 Nature                    | 5    | Addition       | Include commentary to reflect the new voting approach on nature priority companies.<br><i>“We address nature risks through engagement on issues like deforestation, resource management, and climate change. We integrate nature related risks into voting decisions, using benchmarks to identify priority companies, assess their governance, strategy and measures to address nature related risks, and vote accordingly where risks are poorly managed. Further detail on our voting approach is set out in our Corporate Governance &amp; Voting Guidelines.”</i> |
| 5.9 Externally Managed Assets | 8    | Amendment      | Rename the section from External Manager Selection to Externally Managed Assets to better reflect its focus on RI practices rather than manager selection only.  |
|                               | 8    | Amendment      | Remove reference to NZAM due to uncertainty around its status, replacing it with broader support for “collaborative initiatives on systemic issues.”   |
| 6.2 Engagement                | 10   | Addition       | Improve clarity of engagement definition consistent, most notably:<br><i>“We define company engagement as actively</i>   |

| Section          | Page | Type of Change | Summary of Change and Rationale  |
|------------------|------|----------------|--|
|                  | 11   | Addition       | <p><i>using our influence for business change or better disclosure. We believe there should be a point of difference with company management, with examples including letters or meetings to request changes to business strategy, governance, or capital expenditure, or requesting disclosure of metrics or policy not currently in the public domain. Whilst activity such as attending briefing calls and gathering information is important to investment management, and we collate this information, if there is no point of difference with company management, we do not report it as engagement. We also do not report engagement from collaborations that we are party to if we have not been actively involved. “</i></p> <p>Clarify our role in engaging external managers to improve their RI and stewardship practices.</p> |
| 6.2.2 Escalation | 12   | Amendment      | <p>Clarify our stance on engagement and divestment. Most notably include the following:<br/> <i>“If the investment case has been fundamentally weakened, which may be</i></p>  |

| Section          | Page | Type of Change | Summary of Change and Rationale   |
|------------------|------|----------------|---|
|                  |      |                | <i>the result of a company failing to address the risk or concern under engagement, the portfolio manager may decide to reduce or exit the position. This decision rests solely with the portfolio manager. “</i>   |
| 6.2.3 Exclusions | 13   | Amendment      | Removed repetition of divestment wording and clarify that thermal coal and oil sands extraction and controversial weapons exclusions apply to both public and private markets. Whilst thermal coal power generation apply to public markets only.                                     |
|                  | 14   | Amendment      | Lowered thermal coal generation revenue thresholds from 50% to 25% for developed markets, and from 70% to 50% for emerging markets.   |
|                  | 14   | Addition       | Clarify our approach to dual-use components associated with controversial weapons, acknowledge data limitations in private markets which may lead to de minimis exposure. Also recognise potential short term exposures from fund transitions and timing of exclusion implementation. |

## 7. VOTING GUIDELINES - KEY CHANGES

- 7.1 Robeco have suggested introducing a policy to explicitly address anti-ESG resolutions in the US. These are resolutions that appear to be pro-ESG but typically aim to reverse corporate commitments. Border to Coast propose to assess these resolutions on a case-by-case basis. When Border to Coast report on their level of support across all ESG-related shareholder resolutions, they will remove any resolutions identified as “anti-ESG” from the measure.
- 7.2 Border to Coast propose a voting policy targeting nature priority companies, using the World Benchmarking Alliance Nature Benchmark to identify companies with weak management of nature related risks. Using a materiality lens, a shortlist of companies will be prioritised for further investigation. Like Border to Coast’s human rights framework, they will independently assess governance, strategy, and action. Where credible action is lacking, e.g., poor disclosure, Border to Coast will vote against the most accountable board member or the report and accounts.
- 7.3 In line with Robeco’s recommendations, Border to Coast propose updates to their Voting Guidelines to include their approach to nature priority companies and a statement on anti-ESG resolutions.

7.4 The proposed amendments to the Voting Guidelines are highlighted in the table below.

| Section | Page | Type of Change | Summary of Change and Rationale  |
|---------|------|----------------|--|
| Nature  | 16   | Addition       | <p>Addition of our voting approach on nature priority companies, in step with the increasing focus and appetite for action on nature.</p> <p><i>“Nature related risks arise in many forms, including land use change, habitat destruction, pollution, and water stress. Companies that fail to address these risks may face operational, reputational, and regulatory consequences. Such consequences can be detrimental to financial performance and, therefore, to long term shareholder value. If a company is identified as having poor management of nature related risks, we will consider voting against the most accountable board member or the approval of the report and accounts. We identify nature priority companies through the following steps: We establish any material exposure we have to company’s scoring less than 10 out of 100 on the World Benchmarking Alliance’s Nature Benchmark; We then conduct an independent assessment of companies meeting the above criteria The assessment looks at alignment to emerging frameworks like the Taskforce on Nature Related Financial Disclosures, any recent controversies related to nature and the level of board oversight regarding nature related risks. The results of the independent assessment highlight priority companies for which we will consider exercising votes as set</i></p> |

|                      |    |           |   |
|----------------------|----|-----------|---|
|                      |    |           | <p><i>out above. We place separate emphasis on companies with high exposure to deforestation risk commodities. Such commodities include palm oil, soy, beef, and timber, paper and pulp. We expect companies that have high exposure to deforestation risk commodities to take action to address those risks within their operations and supply chains. Our assessment of the quality of mitigating actions includes reference to external benchmarks, such as Forest500. For companies that have such exposure, and either do not have adequate policies and processes in place to reduce their impact or are involved in severe deforestation-linked controversies, we will oppose the re-election of the Chair of the Sustainability Committee (or most appropriate agenda item) ”</i></p> |
| Nature               | 16 | Amendment | Remove deforestation voting approach from climate voting guidelines and included in the more appropriate nature subsection.   |
| Shareholder Proposal | 16 | Addition  | Addition highlights the rise in anti-ESG shareholder resolutions, reiterates that we assess resolutions on their own merits and account for them in how we report on our ESG voting record.   |

## 8. CLIMATE CHANGE POLICY - KEY CHANGES

8.1 The proposed amendments to the Voting Guidelines are highlighted in the table below.

| Section                       | Page | Type of Change | Rationale   |
|-------------------------------|------|----------------|---|
| 5.1 Our Approach to Investing | 8    | Amendment      | Removal of the specific exclusion threshold text to have one source of reference on all exclusions, in the RI Policy. |

|                               |   |           |   |
|-------------------------------|---|-----------|---|
| 5.1 Our Approach to Investing | 8 | Amendment | <p>Following feedback to consider that the pool will be Partner Funds primary source of advice, with feedback from Head of Advisory the following has been amended.</p> <p>“Partner Funds retain responsibility for strategic asset allocation and setting their investment strategy, and ultimately their strategic exposure to climate risk. Our implementation supports Partner Funds to deliver on their fiduciary duty of acting in the best interests of beneficiaries.”</p> <p>to</p> <p>“Partner Funds retain responsibility for setting their investment strategy, including their strategic exposure approach to climate risk. Border to Coast is responsible for implementing these strategies through appropriate investment solutions..”</p> |
|-------------------------------|---|-----------|---|

## 9. IMPACT ASSESSMENT

- 9.1 Any financial implications are in respect of implementation and fulfilment of the policies. The additional resources required to implement the new nature voting policy is negligible. Fewer than ten assessments are expected based on a materiality threshold.
- 9.2 The strengthening of the exclusion policy brings an additional 32 issuers (using August 2025 data) into scope for exclusion on top of the existing 24 issuers excluded under the current thermal coal power generation revenue thresholds. Border to Coast currently holds one new issuer that would be excluded.

## 10. NEXT STEPS

- 10.1 Border to Coast will continue to work with its Partner Funds to develop and update its approach to Responsible Investment (including Climate Change) and Corporate Governance.

CONTACT OFFICER: Andrew Lister, Head of Pensions Governance & Investments

TEL NO: 01642 726328



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## Appendix A – Revisions to Border to Coast Responsible Investment Policy

# Responsible Investment Policy

This appendix outlines the proposed amendments to Border to Coast's Responsible Investment Policy, scheduled for release in January 2026. It highlights only the sections where changes have been made. For the current version of the Responsible Investment Policy, please refer to our website: [Publications - Border To Coast - Reports](#).

## Responsible Investment Policy

### 5. Integrating RI into investment decisions

#### 5.1 Human Rights

When considering human rights issues, companies should abide by the UN Global Compact Principles and the OECD Guidelines for Multinational Enterprises. Companies should have processes in place to both identify and manage human rights risks across their business and supply chain. We engage with companies on human rights as part of our social priority engagement theme, engaging on modern slavery and labour practices and human rights due diligence where companies operate in high-risk areas. We have incorporated considerations into how we exercise our votes at company meetings.

#### 5.2 Nature

Nature and biodiversity loss is increasingly seen as posing a risk to financial markets. Over half of global GDP is dependent on nature-based services<sup>1</sup>, and looking ten years out, six of the top ten global risks identified by the World Economic Forum are climate and environmental related. We address nature risks through engagement on issues like deforestation, resource management, and climate change. We also integrate nature related risks into voting decisions, using benchmarks to identify priority companies, assess their governance, strategy and measures to address nature related risks, and vote accordingly where risks are poorly managed. Further detail on our voting approach is set out in our Corporate Governance & Voting Guidelines.

#### 5.3 Climate change (no change to narrative -but reordered after thematic issues)

**5.4 Asset Class Considerations** Whilst the specific aspects and form of ESG integration and stewardship vary across asset classes, the overarching principles outlined in this policy are applied to all assets of Border to Coast. More information on specific approaches is outlined below.

#### 5.5 Listed equities (Internally managed) (no change)

#### 5.6 Fixed income (no change)

#### 5.7 Private Markets (no change)

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<sup>1</sup> World Economic Forum

## **5.7 Real Estate (no change)**

### **5.7 Externally Managed Assets**

RI is incorporated into the external manager appointment process including the request for proposal (RFP) criteria and scoring and the investment management agreements. The RFP includes specific requirements relating to the integration of ESG by managers into the investment process which includes assessing and mitigating climate risk, and their approach to engagement. We expect to see evidence of how material ESG issues are considered in research analysis and investment decisions. Engagement needs to be structured with clear aims, objectives and milestones.

Voting is carried out by Border to Coast for both internally and externally managed equities where possible and we expect external managers to engage with companies in alignment with the Border to Coast RI Policy and to support our Net Zero commitment.

The monitoring of appointed managers also includes assessing stewardship and ESG integration in accordance with our policies. All external fund managers are expected to be signatories or comply with international standards applicable to their geographical location. We encourage managers to become signatories to the UN-supported Principles for Responsible Investment<sup>2</sup> ('PRI') and will consider the PRI assessment results in the selection and monitoring of managers. We also encourage managers to make a firm wide net zero commitment and to join initiatives that drive industry wide collaboration on systemic issues. Managers are required to report to Border to Coast on their RI activities quarterly.

## **6.2 Engagement**

We define company engagement as actively using our influence for business change or better disclosure. We believe there should be a point of difference with company management, with examples including letters or meetings to request changes to business strategy, governance, or capital expenditure, or requesting disclosure of metrics or policy not currently in the public domain.

The services of specialist providers may be used when necessary to identify issues of concern. Meeting and engaging with companies are an integral part of the investment process. As part of our stewardship duties, we monitor investee companies on an ongoing basis and take appropriate action if investment returns are at risk. Engagement takes place between portfolio managers and investee companies across all markets where possible.

Border to Coast has several approaches to engaging with investee holdings:

- Border to Coast is a member of the Local Authority Pension Fund Forum ('LAPFF'). Engagement takes place with companies on behalf of members of the Forum across a broad range of ESG themes.
- We seek to work collaboratively with other like-minded investors and bodies in order to maximise Border to Coast's influence on behalf of Partner Funds, particularly when deemed likely to be more effective than acting alone. This is achieved through actively

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<sup>2</sup> The UN-supported Principles for Responsible Investment (PRI) is the world's leading advocate for responsible investment enabling investors to publicly demonstrate commitment to responsible investment with signatories committing to supporting the six principles for incorporating ESG issues into investment practice.

supporting investor RI initiatives and collaborating with various other external groups e.g. LAPFF, the Institutional Investors Group on Climate Change, other LGPS pools and other investor coalitions.

- Due to the proportion of assets held in overseas markets it is imperative that Border to Coast is able to engage meaningfully with global companies. To enable this and complement other engagement approaches, Border to Coast use an external Voting and Engagement service provider. We provide input into new engagement themes which are considered to be materially financial, selected by the external engagement provider on an annual basis, and also participate in some of the engagements undertaken on our behalf.
- Engagement takes place with companies in the internally managed portfolios with portfolio managers and the Responsible Investment team engaging directly across various engagement streams; these cover environmental, social, and governance issues as well as UN Global Compact<sup>3</sup> breaches or OECD Guidelines<sup>4</sup> for Multinational Enterprises breaches.
- We expect external managers to engage with investee companies and bond issuers as part of their mandate on our behalf and in alignment with our RI policies. We recognise the importance of engaging directly with our external managers to support the development and improvement of their own stewardship practices. This includes encouraging stronger ESG integration, more effective engagement strategies, and transparent reporting on stewardship outcomes.

Engagement conducted with investee holdings can be broadly split into two categories: engagement based on financially material ESG issues, or engagement based on (potential) violations of global standards such as the UN Global Compact or OECD Guidelines for Multinational Enterprises.

When engagement is based on financially material ESG issues, engagement themes and companies are selected in cooperation with our engagement service provider based on an analysis of financial materiality. Such companies are selected based on their exposure to the engagement topic, the size and relevance in terms of portfolio positions and related risk.

For engagement based on potential company misconduct, cases are selected through the screening of news flows to identify breaches of the UN Global Compact Principles or OECD Guidelines for Multinational Enterprises. Both sets of principles cover a broad variety of basic corporate behaviour norms around ESG topics. Portfolio holdings are screened on the validation of a potential breach, the severity of the breach and the degree to which management can be held accountable for the issue. For all engagements, SMART<sup>5</sup> engagement objectives are defined.

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<sup>3</sup> UN Global Compact is a shared framework covering 10 principles, recognised worldwide and applicable to all industry sectors, based on the international conventions in the areas of human rights, labour standards, environmental stewardship and anti-corruption.

<sup>4</sup> OECD Guidelines for Multinational Enterprises are recommendations providing principles and standards for responsible business conduct for multinational corporations operating in or from countries adhering to the OECD Declaration on International and Multinational Enterprises.

<sup>5</sup> SMART objectives are: specific, measurable, achievable, relevant and time bound.

In addition, internal portfolio managers and the Responsible Investment team monitor holdings which may lead to selecting companies where engagement may improve the investment case or can mitigate investment risk related to ESG issues. Members of the Investment Team have access to our engagement provider's thematic research and engagement records. This additional information feeds into the investment analysis and decision making process.

We encourage companies to improve disclosure in relation to ESG and to report and disclose in line with the TCFD recommendations.

As a responsible investor we also engage with regulators, public policy makers, and other financial market participants on systemic risks to help create a stable environment to enhance long-term returns.

### **6.2.2. Escalation**

Border to Coast believes that engagement and constructive dialogue with the companies in which we invest is more effective than excluding companies. If engagement does not lead to the desired result, Border to Coast will escalate engagement when required, including holding the board of directors and individual directors to account, which we believe to be the most effective consequence of an inadequate response.

The board is responsible for setting the company's strategy, overseeing risk, and for exercising accountability to shareholders. Companies whose boards are not responsive to shareholders may struggle to protect long-term value effectively. Votes against directors can demonstrate that a board is out of step with shareholders and may have tangible consequences for individuals, which can include potential removal from the board, reduced compensation, limited committee assignments, and fewer directorships at other firms.

- A lack of responsiveness to engagement by a company can result in:
- conducting collaborative engagement with other institutional shareholders.
- writing to the chair of the board or director with oversight responsibility for the issue under engagement.
- registering concern by voting on related agenda items at shareholder meetings.
- registering concern by voting against the re-election of the chair of the board, or the chair or members of the committee with the closest oversight responsibilities.
- attending a shareholder meeting in person.
- making public statements.
- publicly pre-declaring our voting intentions ahead of AGMs.
- filing/co-filing shareholder resolutions.

If the investment case has been fundamentally weakened, which may be the result of a company failing to address the risk or concern under engagement, the portfolio manager may decide to reduce or exit the position. This decision rests solely with the portfolio manager.

Border to Coast will also escalate engagement on a sector basis, particularly where systemic and portfolio risks are concentrated, and the sector has been subject to significant collaborative

engagement over a prolonged period. Sector engagement escalation includes strengthening the voting policy specifically for that sector and public pre-declaration of votes against management for companies in that sector.

### **6.2.3 Exclusions**

Our investment approach is not to divest or exclude entire sectors, however there may be specific instances when we will look to sell or not invest in some industries based on investment criteria and the investment time horizon.

When considering whether a company is a candidate for exclusion, we do so based on the associated material financial risk of a company's business operations and whether we have concerns about its long-term viability. We initially assess the following key financial risks:

- regulatory risk
- litigation risk
- reputational risk
- social risk
- environmental risk

#### **Thermal coal and oil sands:**

Using these criteria, due to the potential for stranded assets and the significant carbon emissions of certain fossil fuels, we will not invest in public or private market companies with more than 25% of revenues derived from the extraction of thermal coal and oil sands, unless there are exceptional circumstances. We will continue to monitor companies with such revenues for increased potential for stranded assets and the associated investment risk which may lead to the revenue threshold decreasing over time.

We will exclude public market companies in developed markets with >25% revenue derived from thermal coal power generation. For public market companies in emerging markets the revenue threshold is >50%, this is to reflect our support of a just transition towards a low-carbon economy which should be inclusive and acknowledge existing global disparities. We recognise that not all countries are at the same stage in their decarbonisation journey and need to consider the different transition timelines for emerging market economies. We will assess the implications of the exclusion policy and where we consider it appropriate, may operate exceptions.

Any public market companies excluded will be reviewed with business strategies and transition plans assessed for potential reinstatement.

#### **Controversial weapons:**

Certain weapons are considered to be unacceptable as they may have an indiscriminate and disproportional impact on civilians during and after military conflicts. Several International Conventions and Treaties have been developed intended to prohibit or limit their use. We will therefore not invest in companies contravening the Anti-Personnel Landmines Treaty (1997), Chemical Weapons Convention (1997), the Biological Weapons Convention (1975), and the Convention on Cluster Munitions (2008). It is illegal to use these weapons in many jurisdictions,

and in some countries legislation also prohibits the direct and indirect financing of these weapons. Therefore, as a responsible investor we will not invest in the following, where public and private market companies are contravening the above treaties and conventions:

- Companies where there is evidence of manufacturing such whole weapons systems.
- Companies manufacturing components that were developed or are significantly modified for exclusive use of such weapons.

Dual-use components, in the context of controversial weapons, refer to goods or technologies that have the potential for both civilian and military applications. Where our screening identifies companies potentially involved in the manufacture of such components used in controversial weapons, we will endeavour to assess whether credible evidence supports such a link

We seek to apply our screening approach in private markets where practicable. However, we recognise that, due to limited disclosure and less accessible information on business involvement, de minimis exposure may occur.

Restrictions relate to the corporate entity only and not any affiliated companies. Any companies excluded will be monitored and assessed for progress and potential reinstatement at least annually. We aim to implement our exclusion list promptly and efficiently. However, short-term holdings may arise due to timing gaps between list updates and application, fund transitions, or legacy positions. These holdings are not intentional and are managed to ensure alignment as soon as is practicable with our exclusion policies.

## **9. Training and Support**

Border to Coast offers the Partner Funds training on RI and ESG issues. Where requested, support is given on identifying ESG risks and opportunities in order to help develop individual fund policies and investment principles for inclusion in the Investment Strategy Statements.

The Investment Team receive training on RI and ESG issues with input from the RI team and other experts where required. Training is also provided to Border to Coast colleagues, the Board and the Joint Committee as and when required.



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## Appendix B – Revisions to Corporate Governance & Voting Guidelines

# Corporate Governance & Voting Guidelines

This appendix outlines the proposed amendments to Border to Coast's Corporate Governance & Voting Guidelines, scheduled for release in January 2026. It highlights only the sections where changes have been made. For the current version of the Corporate Governance & Voting Guidelines, please refer to our website: [Publications - Border To Coast - Reports](#).

## Corporate Governance & Voting Guidelines

### Shareholder Proposals

We will assess shareholder proposals on a case-by-case basis. Consideration is given as to whether the proposal reflects Border to Coast's Responsible Investment policy, is balanced and worded appropriately, and supports the long-term economic interests of shareholders.

Shareholder proposals are an important tool to improve transparency. Therefore, we will, when considered appropriate, support resolutions requesting additional reporting or reasonable action that is in shareholders' best interests on material business risk, ESG topics, climate risk and lobbying.

We will generally vote in favour of shareholder resolutions that are aligned with the objectives of the Paris climate agreement, taking a 'comply or explain' approach, publicly disclosing our rationale if we vote against.

We will generally vote in favour of shareholder proposals that ask companies to mitigate deforestation risks, taking a 'comply or explain' approach, publicly disclosing our rationale if we vote against.

Some shareholder proposals can appear to address environmental or social issues, but in practice seek to roll back elements of corporate practices and commitments. While we assess each proposal on its individual merits and vote accordingly, where we identify such resolutions, we will exclude them from our environmental and social related voting record.

### Climate change

Climate change is a systemic risk which poses significant investment risks, but also opportunities, with the potential to impact long-term shareholder value. We believe it is vital we fully understand how companies are dealing with this challenge, and feel it is our duty to hold the boards of our investee companies to account.

Our primary objective from climate related voting and engagement is to encourage companies to adapt their business strategy in order to align with a low carbon economy and reach net zero by 2050 or sooner. The areas we consider include climate governance; strategy and Paris alignment; command of the climate subject; board oversight and incentivisation; TCFD disclosures and scenario planning; scope 3 emissions and the supply

chain; capital allocation alignment, climate accounting, a just transition and exposure to climate-stressed regions.

For companies in high emitting sectors that do not sufficiently address the impact of climate change on their businesses, we will oppose the agenda item most appropriate for that issue. To that end, the nomination of the accountable board member takes precedence.

Companies that are not making sufficient progress in mitigating climate risk are identified using recognised industry benchmarks including the Transition Pathway Initiative ('TPI'), the Climate Action 100+ ('CA100+') Net Zero Benchmark and the Urgewald Global Coal Exit List. We use TPI scores and will vote against the Chair (or relevant agenda item) where companies are scored 2 or lower, and for Oil and Gas companies scoring 3 or lower, unless more up to date information is available. Where a company covered by CA100+ Net Zero Benchmark fails indicators of the Benchmark, which includes a net zero by 2050 (or sooner) ambition, short, medium and long-term emission reduction targets, and decarbonisation strategy, we will also vote against the Chair of the Board.

Additionally, an internally developed framework is used to identify companies with insufficient progress on climate change and not covered by the industry benchmarks.

Where management put forward a 'Say on Climate' resolution, we will vote against the agenda item if, following our analysis, we believe it is not aligned with the Paris Agreement.

## Nature

Nature related risks are systemic and pose one of the most significant long term threats to global economic stability.\_

Nature related risks arise in many forms, including land use change, habitat destruction, pollution, and water stress. Companies that fail to address these risks may face operational, reputational, and regulatory consequences. Such consequences can be detrimental to financial performance and, therefore, to long-term shareholder value.

If a company is identified as having poor management of nature related risks, we will consider voting against the most accountable board member or the approval of the report and accounts.

We identify nature priority companies through the following steps:

- We establish any material exposure we have to company's scoring less than 10 out of 100 on the World Benchmarking Alliance's Nature Benchmark;
- We then conduct an independent assessment of companies meeting the above criteria The assessment looks at alignment to emerging frameworks like the Taskforce on Nature Related Financial Disclosures, any recent controversies related to nature and the level of board oversight regarding nature related risks.
- The results of the independent assessment highlight priority companies for which we will consider exercising votes as set out above.

We place separate emphasis on companies with high exposure to deforestation risk commodities. Such commodities include palm oil, soy, beef, and timber, paper and pulp. We expect companies that have high exposure to deforestation risk commodities to take action to address those risks within their operations and supply chains.

Our assessment of the quality of mitigating actions includes reference to external benchmarks, such as Forest500.

For companies that have such exposure, sand either do not have adequate policies and processes in place to reduce their impact or are involved in severe deforestation-linked controversies, we will oppose the re-election of the Chair of the Sustainability Committee (or most appropriate agenda item).

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## Appendix C – Revisions to Climate Change Policy

# Climate Change Policy

This appendix outlines the proposed amendments to Border to Coast's Climate Change Policy, scheduled for release in January 2026. It highlights only the sections where changes have been made. For the current version of the Climate Change Policy, please refer to our website: [Publications - Border To Coast - Reports](#).

## Climate Change Policy

### 5.1 Our approach to investing

Climate change is systematically integrated into our investment decision making process to identify related risks and opportunities. This is critical to our long-term objective of improving investment outcomes for our Partner Funds.

Border to Coast works with Partner Funds to provide a variety of internally and externally managed investment funds covering a wide-ranging set of asset classes with different risk-return profiles.

Partner Funds retain responsibility for setting their investment strategy, including their strategic exposure approach to climate risk. Border to Coast is responsible for implementing these strategies through appropriate investment solutions.

We consider climate change risks and opportunities in the process of constructing and developing investment funds. Engaging with our investee companies and fund managers is a key lever we will use to reach our Net Zero goals, but we also recognise the role of screening, adjusting portfolio weights, and tilted benchmarks in decarbonising our investments.

Climate change is also considered during the external manager selection and appointment process. We monitor and challenge our internal and external managers on their portfolio holdings, analysis, and investment rationale in relation to climate-related risks.

We monitor a variety of carbon metrics, managing climate risk in portfolios through active voting and engagement, whilst also looking to take advantage of the long-term climate-related investment opportunities.

We believe in engagement rather than divestment and that by doing so can effect change at companies. Our investment approach is not to divest or exclude entire sectors, however there may be specific instances when we will look to sell or not invest in some industries based on investment criteria, the investment time horizon and if there is limited scope for successful engagement. When considering whether a company is a candidate for exclusion, we do so based on the associated material financial risk of a company's business operations and whether we have concerns about its long-term viability.

Following these principles, our Responsible Investment Policy sets out our exclusions policy on issuers deriving revenue from the extraction of thermal coal and oil sands and revenue

from thermal coal power generation. The Responsible Investment Policy is available on our website.

## **TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 8**

### **PENSION FUND COMMITTEE REPORT**

**10 DECEMBER 2025**

**DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE**

#### **INVESTMENT ACTIVITY REPORT**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To inform Members how the Investment Advisors' recommendations are being implemented.
- 1.2 To provide a detailed report on transactions undertaken to demonstrate the implementation of the Investment Advice, and to provide the Fund's Valuation.
- 1.3 To report on the treasury management of the Fund's cash balances.

#### **2. RECOMMENDATION**

- 2.1 That Members note the report and pass any comments.

#### **3. FINANCIAL IMPLICATIONS**

- 3.1 Decisions taken by Members, in light of information contained within this report, will have an impact on the performance of the Fund.

#### **4. IMPLEMENTATION OF INVESTMENT ADVICE FOR THE PERIOD JULY - SEPTEMBER 2025**

- 4.1 The Fund continues to favour growth assets over protection assets. For the period under discussion here, bonds were still not considered value for the Fund.

The Fund has no investments in Bonds at this time.

- 4.2 At the June 2018 Committee it was agreed that a maximum level of 20% of the Fund would be held in cash.

Cash level at the end of September 2025 was 7.79%

- 4.3 Investment in Alternatives, such as infrastructure and private equity, offer the Fund diversification from equities and bonds. They come with additional risks of being illiquid, traditionally they have costly management fees and investing capital can be a slow process.

An amount of £18.3m was invested in the quarter.

## **5. TRANSACTION REPORT**

5.1 It is a requirement that all transactions undertaken are reported to the Committee. Appendix A details transactions for the period July - September 2025.

5.2 There were net purchases of £0.5m in the period.

## **6. TREASURY MANAGEMENT**

6.1 The Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice (the Code) sets out how cash balances should be managed. The Code states that the objective of treasury management is the management of the Authority's cash flow, its borrowings and investments, in such a way as to control the associated risks and achieve a level of performance or return consistent with those risks. The security of cash balances invested is more important than the interest rate received.

6.2 Middlesbrough Council adopted the Code on its inception and further determined that the cash balances held by the Fund should be managed using the same criteria. The policy establishes a list of counterparties (banks, building societies and others to whom the Council will lend) and sets limits as to how much it will lend to each counterparty. The counterparty list and associated limits are kept under constant review by the Director of Finance.

6.3 Although it is accepted that there is no such thing as a risk-free counterparty, the policy has been successful in avoiding any capital loss through default.

6.4 As at 30 September 2025, the Fund had £463.2m invested with approved counterparties. This is a decrease of £28m over the last quarter.

6.5 The attached graph (Appendix B) shows the maturity profile of cash invested. It also shows the average rate of interest obtained on the investments for each time period.

6.6 Delegated authority was given to the Director of Finance and Transformation by the Teesside Pension Fund Committee to authorise/approve any changes made to the Treasury Management Principles (TMPs), with subsequent reporting to this committee.

## **7. FUND VALUATION**

7.1 The Fund Valuation details all the investments of the Fund as at 30 September 2025, and is prepared by the Fund's custodian, Northern Trust (NT). The total value of all investments, including cash, is **£5,943 million**. This compares with the last reported valuation, as at 30 June 2025 of **£5,706 million**. The NT copy shows an overstated value at £6.383m, the transfer of the Funds Real Estate portfolio has not been accounted for correctly, this will be amended for the next valuation.

- 7.3 A summary analysis of the valuation (attached with the above), shows the Fund's percentage weightings in the various asset classes as at 30 September 2025 compared with the Fund's customised benchmark.

## 8. INVESTMENT PROGRAMME

- 8.2 At the September 2024 Pension Fund Committee a revised Strategic Asset Allocation was agreed:

| Asset Class               | Long Term Target<br>SAA | Current<br>30/09/25 | Minimum    | Maximum    |
|---------------------------|-------------------------|---------------------|------------|------------|
| <b>GROWTH ASSETS</b>      | <b>70%</b>              | <b>67.68%</b>       | <b>50%</b> | <b>90%</b> |
| UK Equities               | 10%                     | 11.52%              | 5%         | 20%        |
| +Overseas Equities        | 45%                     | 44.41%              | 30%        | 60%        |
| Private Equity            | 15%                     | 11.75%              | 0%         | 20%        |
| <b>PROTECTION ASSETS</b>  | <b>30%</b>              | <b>32.06%</b>       | <b>10%</b> | <b>50%</b> |
| Bonds / Other debt / Cash | 10%                     | 10.55%              | 0%         | 20%        |
| Property                  | 10%                     | 9.78%               | 0%         | 20%        |
| Infrastructure            | 10%                     | 11.73%              | 0%         | 20%        |

(Local Investments account for the missing 0.26% in the "current" totals - there is no allocation within the SAA for these assets)

## 8.4 EQUITIES

As at the 30 September 2025 the Fund's equity weighting was 55.93% compared to 54.27% at the end of June 2025

Summary of equity returns for the quarter July - September 2025:

| Asset                | Fund Performance | Benchmark | Excess Return |
|----------------------|------------------|-----------|---------------|
| BCPP UK              | 7.15%            | 6.87%     | 0.28%         |
| BCPP Overseas        | 7.90%            | 8.42%     | -0.52%        |
| BCPP Emerging Market | 12.33%           | 12.47%    | -0.14%        |

(BCPP – Border to Coast Pensions Partnership – Active Internal Management)

## 8.5 BONDS + CASH

The Fund has no investments in bonds at this time, the level of cash invested is 7.79%. Whilst discussions have been held with the Committee around investing in bonds, there has been no directive to invest as yet.

## 8.7 LOCAL INVESTMENT

To date the Fund has 3 Investments classified as “Local”:

**Ethical Housing Company** - £5m investment of which £765k has been called.

**Waste Knot** - £10m investment agreed at the June 2021 Committee, payment made in full December 2021.

**FW Capital** – At the September Committee agreement was given for an investment of £20m into the Teesside Flexible Investment Fund.  
£4.09m has been called to date.

## 8.8 ALTERNATIVES

As at November 2025 total commitments to private equity, infrastructure and other debt were £2,003m, as follows:

|                                | Total<br>committed | Total<br>Invested |
|--------------------------------|--------------------|-------------------|
| Border to Coast Infrastructure | £630m              | £364m             |
| Other Infrastructure Managers  | £429m              | £388m             |
| Border to Coast Private Equity | £450m              | £247m             |
| Other Private Equity Managers  | £414m              | £359m             |
| Other Debt                     | £159m              | £151m             |
| <b>Totals</b>                  | <b>£2,003m</b>     | <b>£1,509m</b>    |

CONTACT OFFICER: Andrew Lister – Head of Pensions Governance and Investments

TEL NO.: 01642 726328

| Settlement Date | Buy / Sell | Stock Name   | Country/Category | Sector/Country  | Nominal Amount of Shares | Price | CCY | Purchase Cost / Sale Proceeds £ | Book Cost of Stock Sold | Profit/ (Loss) on Sale |
|-----------------|------------|--|------------------|-----------------|--------------------------|-------|-----|---------------------------------|-------------------------|------------------------|
|                 |            |  |                  |                 |                          | (P)   |     | (£)                             | (£)                     | (£)                    |
| 22 July 2025    | P          | Leonardo Warehouse Unit, Yeovil                        | Direct Property  | Direct Property | ~                        | ~     | GBP | 25,000.00                       | 25,000.00               | 0.00                   |
| 28 July 2025    | S          | Cheltenham, Stow on the Wold, Fosse Way                | Direct Property  | Direct Property | ~                        | ~     | GBP | -13,050,000.00                  | -9,879,556.58           | 3,170,443.42           |
| 31 July 2025    | S          | Birmingham- Bromford Central                           | Direct Property  | Direct Property | ~                        | ~     | GBP | -24,250,000.00                  | -9,507,973.50           | 14,742,026.50          |
| 31 July 2025    | S          | Cirencester- Cirencester Retail Park                   | Direct Property  | Direct Property | ~                        | ~     | GBP | -9,400,000.00                   | -14,616,126.91          | -5,216,126.91          |
| 31 July 2025    | S          | Colchester - Clarendon Way                             | Direct Property  | Direct Property | ~                        | ~     | GBP | -5,500,000.00                   | -4,448,161.78           | 1,051,838.22           |
| 31 July 2025    | S          | Congleton - Congleton Retail Park                      | Direct Property  | Direct Property | ~                        | ~     | GBP | -10,400,000.00                  | -15,833,467.11          | -5,433,467.11          |
| 31 July 2025    | S          | Doncaster - Thorne                                     | Direct Property  | Direct Property | ~                        | ~     | GBP | -26,100,000.00                  | -23,913,818.82          | 2,186,181.18           |
| 31 July 2025    | S          | Exeter - Meridan Building                              | Direct Property  | Direct Property | ~                        | ~     | GBP | -6,700,000.00                   | -24,698,597.97          | -17,998,597.97         |
| 31 July 2025    | S          | Gateshead - Team Valley Trading Estate                 | Direct Property  | Direct Property | ~                        | ~     | GBP | -16,100,000.00                  | -17,128,920.35          | -1,028,920.35          |
| 31 July 2025    | S          | Guildford - Queen Elizabeth Park                       | Direct Property  | Direct Property | ~                        | ~     | GBP | -4,975,000.00                   | -4,912,319.34           | 62,680.66              |
| 31 July 2025    | S          | Hull - Stoneferry Road                                 | Direct Property  | Direct Property | ~                        | ~     | GBP | -8,200,000.00                   | -12,278,209.81          | -4,078,209.81          |
| 31 July 2025    | S          | Ipswich - Interchange Retail Park                      | Direct Property  | Direct Property | ~                        | ~     | GBP | -10,750,000.00                  | -15,839,786.56          | -5,089,786.56          |
| 31 July 2025    | S          | Lincoln - High Street                                  | Direct Property  | Direct Property | ~                        | ~     | GBP | -1,675,000.00                   | -6,008,992.73           | -4,333,992.73          |
| 31 July 2025    | S          | London - 51/54 Long Acre                               | Direct Property  | Direct Property | ~                        | ~     | GBP | -30,950,000.00                  | -32,209,698.63          | -1,259,698.63          |
| 31 July 2025    | S          | London - 17-23 Gloucester Road                         | Direct Property  | Direct Property | ~                        | ~     | GBP | -3,800,000.00                   | -3,441,937.29           | 358,062.71             |
| 31 July 2025    | S          | London - Park Royal, Minerva Road                      | Direct Property  | Direct Property | ~                        | ~     | GBP | -17,000,000.00                  | -5,997,919.35           | 11,002,080.65          |
| 31 July 2025    | S          | London - Sovereign Park Estate                         | Direct Property  | Direct Property | ~                        | ~     | GBP | -17,400,000.00                  | -7,371,080.02           | 10,028,919.98          |
| 31 July 2025    | S          | Lutterworth - Magna Park                               | Direct Property  | Direct Property | ~                        | ~     | GBP | -15,800,000.00                  | -12,010,011.50          | 3,789,988.50           |
| 31 July 2025    | S          | Newcastle - 1-7 Blackett Street                        | Direct Property  | Direct Property | ~                        | ~     | GBP | -3,650,000.00                   | -5,512,720.86           | -1,862,720.86          |
| 31 July 2025    | S          | Northwich - Leicester Street                           | Direct Property  | Direct Property | ~                        | ~     | GBP | -4,975,000.00                   | -7,142,494.79           | -2,167,494.79          |
| 31 July 2025    | S          | Reading - 1-3 Acre Road                                | Direct Property  | Direct Property | ~                        | ~     | GBP | -4,400,000.00                   | -2,344,567.67           | 2,055,432.33           |
| 31 July 2025    | S          | Reading - 5 Acre Road                                  | Direct Property  | Direct Property | ~                        | ~     | GBP | -3,650,000.00                   | -1,868,631.55           | 1,781,368.45           |
| 31 July 2025    | S          | Reading - 26/28 Broad Street                           | Direct Property  | Direct Property | ~                        | ~     | GBP | -2,950,000.00                   | -8,581,140.92           | -5,631,140.92          |
| 31 July 2025    | S          | Rugby - Valley Drive                                   | Direct Property  | Direct Property | ~                        | ~     | GBP | -18,350,000.00                  | -15,892,182.99          | 2,457,817.01           |
| 31 July 2025    | S          | Sheffield - Catcliffe Retail Park                      | Direct Property  | Direct Property | ~                        | ~     | GBP | -9,300,000.00                   | -15,326,782.52          | -6,026,782.52          |
| 31 July 2025    | S          | St Albans - Griffiths Way Retail Park                  | Direct Property  | Direct Property | ~                        | ~     | GBP | -31,900,000.00                  | -31,447,438.71          | 452,561.29             |
| 31 July 2025    | S          | Swadlincote - William Nadin Way                        | Direct Property  | Direct Property | ~                        | ~     | GBP | -14,650,000.00                  | -10,006,627.91          | 4,643,372.09           |
| 31 July 2025    | S          | Swindon - Symmetry Park                                | Direct Property  | Direct Property | ~                        | ~     | GBP | -30,450,000.00                  | -32,210,246.77          | -1,760,246.77          |
| 31 July 2025    | S          | Tonbridge - Tonbridge Retail Park                      | Direct Property  | Direct Property | ~                        | ~     | GBP | -21,450,000.00                  | -22,994,244.26          | -1,544,244.26          |
| 31 July 2025    | S          | Wantage - Sainsbury's                                  | Direct Property  | Direct Property | ~                        | ~     | GBP | -36,000,000.00                  | -39,766,450.17          | -3,766,450.17          |
| 31 July 2025    | S          | Dorchester - Dorchester Retail Park                    | Direct Property  | Direct Property | ~                        | ~     | GBP | -5,150,000.00                   | -7,657,561.52           | -2,507,561.52          |
|                 |            |  |                  |                 |                          |       |     | <b>-408,900,000.00</b>          |                         |                        |
| 08 July 2025    | P          | Border to Coast Infrastructure Series 1B               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 7,726.95                        | 7,726.95                | 0.00                   |
| 08 July 2025    | S          | Border to Coast Infrastructure Series 1B               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -20,692.73                      | -20,692.73              | 0.00                   |
| 08 July 2025    | S          | Border to Coast Climate Opportunities Series 2A        | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -25,312.61                      | -25,312.61              | 0.00                   |
| 11 July 2025    | P          | Border to Coast Infrastructure Series 1A               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 112,991.47                      | 112,991.47              | 0.00                   |
| 11 July 2025    | S          | Border to Coast Infrastructure Series 1A               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -99,512.40                      | -99,512.40              | 0.00                   |
| 11 July 2025    | P          | Border to Coast Climate Opportunities Series 2A        | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 81,296.90                       | 81,296.90               | 0.00                   |
| 11 July 2025    | S          | Border to Coast Climate Opportunities Series 2A        | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -47,095.05                      | -47,095.05              | 0.00                   |
| 14 July 2025    | P          | Blackrock Global Energy & Power Infrastructure Fund II | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 71,611.46                       | 71,611.46               | 0.00                   |
| 15 July 2025    | S          | Border to Coast Climate Opportunities Series 2A        | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -113,017.36                     | -113,017.36             | 0.00                   |
| 17 July 2025    | P          | Border to Coast Climate Opportunities Series 2A        | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 82,259.51                       | 82,259.51               | 0.00                   |
| 21 July 2025    | P          | Capital Dynamics Clean Energy Infrastructure UK        | Infrastructure   | Infrastructure  | ~                        | ~     | GBP | 1,610,000.00                    | 1,610,000.00            | 0.00                   |
| 21 July 2025    | P          | Border to Coast Infrastructure Series 1A               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 125,233.51                      | 125,233.51              | 0.00                   |
| 22 July 2025    | S          | Border to Coast Infrastructure Series 2A               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -107,119.80                     | -107,119.80             | 0.00                   |
| 22 July 2025    | P          | Border to Coast Infrastructure Series 3A               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 2,474,013.03                    | 2,474,013.03            | 0.00                   |
| 25 July 2025    | P          | Border to Coast Infrastructure Series 1C               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 83,065.99                       | 83,065.99               | 0.00                   |
| 25 July 2025    | S          | Border to Coast Infrastructure Series 1C               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -288.08                         | -288.08                 | 0.00                   |
| 25 July 2025    | S          | Border to Coast Infrastructure Series 1A               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -532,003.51                     | -532,003.51             | 0.00                   |
| 25 July 2025    | S          | ACIF Infrastructure LP                                 | Infrastructure   | Infrastructure  | ~                        | ~     | EUR | -979,143.29                     | -979,143.29             | 0.00                   |
| 28 July 2025    | P          | Border to Coast Infrastructure Series 1A               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 91,495.06                       | 91,495.06               | 0.00                   |
| 28 July 2025    | S          | Border to Coast Infrastructure Series 1A               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -2,646.57                       | -2,646.57               | 0.00                   |
| 31 July 2025    | S          | Access Capital Fund Infrastructure II                  | Infrastructure   | Infrastructure  | ~                        | ~     | EUR | -143,875.02                     | -143,875.02             | 0.00                   |
| 05 August 2025  | P          | Border to Coast Infrastructure Series 2B               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 1,185,865.72                    | 1,185,865.72            | 0.00                   |
| 05 August 2025  | P          | Border to Coast Infrastructure Series 2A               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 2,087,725.95                    | 2,087,725.95            | 0.00                   |
| 08 August 2025  | S          | Border to Coast Infrastructure Series 2B               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -239,602.94                     | -239,602.94             | 0.00                   |
| 11 August 2025  | S          | Blackrock Global Energy & Power Infrastructure Fund II | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -68,586.27                      | -68,586.27              | 0.00                   |
| 13 August 2025  | P          | Border to Coast Infrastructure Series 1B               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | 382,143.44                      | 382,143.44              | 0.00                   |
| 13 August 2025  | S          | Border to Coast Infrastructure Series 1B               | Infrastructure   | Infrastructure  | ~                        | ~     | USD | -158,460.29                     | -158,460.29             | 0.00                   |

|                   |   |  |                   |                   |   |   |     |                      |              |      |
|-------------------|---|--|-------------------|-------------------|---|---|-----|----------------------|--------------|------|
| 14 August 2025    | P | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | 161,606.47           | 161,606.47   | 0.00 |
| 15 August 2025    | P | Border to Coast Infrastructure Series 2A                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | 1,106,326.24         | 1,106,326.24 | 0.00 |
| 18 August 2025    | S | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | -5,145.01            | -5,145.01    | 0.00 |
| 19 August 2025    | P | Border to Coast Infrastructure Series 1B                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | 6,454.66             | 6,454.66     | 0.00 |
| 20 August 2025    | P | Border to Coast Infrastructure Series 2A                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | 102,006.33           | 102,006.33   | 0.00 |
| 20 August 2025    | S | Ancala Infrastructure Fund II                                  | Infrastructure    | Infrastructure    | ~ | ~ | EUR | -144,752.57          | -144,752.57  | 0.00 |
| 22 August 2025    | P | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | 166,362.32           | 166,362.32   | 0.00 |
| 26 August 2025    | S | Border to Coast Infrastructure Series 2B                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | -240,037.92          | -240,037.92  | 0.00 |
| 29 August 2025    | P | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | 658,389.85           | 658,389.85   | 0.00 |
| 08 September 2025 | S | Border to Coast Infrastructure Series 2B                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | -546,910.82          | -546,910.82  | 0.00 |
| 11 September 2025 | P | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | 6,959.30             | 6,959.30     | 0.00 |
| 11 September 2025 | S | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | -21,808.63           | -21,808.63   | 0.00 |
| 11 September 2025 | P | Border to Coast Infrastructure Series 1C                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | 3,625.10             | 3,625.10     | 0.00 |
| 11 September 2025 | S | Border to Coast Infrastructure Series 1C                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | -186,827.41          | -186,827.41  | 0.00 |
| 15 September 2025 | P | Border to Coast Infrastructure Series 1B                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | 12,989.91            | 12,989.91    | 0.00 |
| 15 September 2025 | S | Border to Coast Infrastructure Series 1B                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | -469,434.80          | -469,434.80  | 0.00 |
| 16 September 2025 | S | Access Capital Fund Infrastructure II                          | Infrastructure    | Infrastructure    | ~ | ~ | EUR | -109,861.21          | -109,861.21  | 0.00 |
| 16 September 2025 | S | Border to Coast Infrastructure Series 2A                       | Infrastructure    | Infrastructure    | ~ | ~ | EUR | -38,328.12           | -38,328.12   | 0.00 |
| 18 September 2025 | P | Border to Coast Infrastructure Series 1B                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | 24,929.30            | 24,929.30    | 0.00 |
| 18 September 2025 | S | Blackrock Global Energy & Power Infrastructure Fund III        | Infrastructure    | Infrastructure    | ~ | ~ | USD | -11,543.62           | -11,543.62   | 0.00 |
| 19 September 2025 | P | Border to Coast Infrastructure Series 1A                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | 184,010.29           | 184,010.29   | 0.00 |
| 19 September 2025 | S | Border to Coast Infrastructure Series 1A                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | -46,855.77           | -46,855.77   | 0.00 |
| 19 September 2025 | P | Border to Coast Infrastructure Series 3A                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | 1,363,153.33         | 1,363,153.33 | 0.00 |
| 22 September 2025 | P | ACIF Infrastructure II LP                                      | Infrastructure    | Infrastructure    | ~ | ~ | EUR | 537,397.63           | 537,397.63   | 0.00 |
| 22 September 2025 | S | ACIF Infrastructure II LP                                      | Infrastructure    | Infrastructure    | ~ | ~ | EUR | -15,444.88           | -15,444.88   | 0.00 |
| 22 September 2025 | P | Border to Coast Infrastructure Series 2A                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | 19,285.63            | 19,285.63    | 0.00 |
| 22 September 2025 | S | Border to Coast Infrastructure Series 2B                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | -333,224.29          | -333,224.29  | 0.00 |
| 23 September 2025 | P | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | 536,997.59           | 536,997.59   | 0.00 |
| 23 September 2025 | S | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | -299,932.51          | -299,932.51  | 0.00 |
| 24 September 2025 | P | Border to Coast Infrastructure Series 2A                       | Infrastructure    | Infrastructure    | ~ | ~ | EUR | 2,645,735.93         | 2,645,735.93 | 0.00 |
| 24 September 2025 | S | Border to Coast Infrastructure Series 2A                       | Infrastructure    | Infrastructure    | ~ | ~ | EUR | -142,208.31          | -142,208.31  | 0.00 |
| 26 September 2025 | P | Foresight Energy Infrastructure Partnership                    | Infrastructure    | Infrastructure    | ~ | ~ | EUR | 422,060.58           | 422,060.58   | 0.00 |
| 26 September 2025 | P | Capital Dynamics Clean Energy Infrastructure VII Co-Investment | Infrastructure    | Infrastructure    | ~ | ~ | GBP | 233,333.33           | 233,333.33   | 0.00 |
| 26 September 2025 | P | Capital Dynamics Clean Energy Infrastructure VII               | Infrastructure    | Infrastructure    | ~ | ~ | GBP | 466,666.67           | 466,666.67   | 0.00 |
| 26 September 2025 | P | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | 188,592.43           | 188,592.43   | 0.00 |
| 26 September 2025 | P | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | 561,406.80           | 561,406.80   | 0.00 |
| 29 September 2025 | P | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | 6,008.23             | 6,008.23     | 0.00 |
| 29 September 2025 | S | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | -6,478.22            | -6,478.22    | 0.00 |
| 29 September 2025 | P | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | 629,680.13           | 629,680.13   | 0.00 |
| 29 September 2025 | P | Border to Coast Infrastructure Series 1C                       | Infrastructure    | Infrastructure    | ~ | ~ | USD | 44,157.33            | 44,157.33    | 0.00 |
| 29 September 2025 | P | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | GBP | 216,982.23           | 216,982.23   | 0.00 |
| 30 September 2025 | P | Border to Coast Climate Opportunities Series 2A                | Infrastructure    | Infrastructure    | ~ | ~ | USD | 444,481.11           | 444,481.11   | 0.00 |
|                   |   |  |                   |                   |   |   |     | <b>13,988,877.72</b> |              |      |
| 01 July 2025      | P | Teesside Flexible Investment Fund                              | Local Investments | Local Investments | ~ | ~ | GBP | 665,000.00           | 665,000.00   | 0.00 |
| 15 July 2025      | P | Teesside Flexible Investment Fund                              | Local Investments | Local Investments | ~ | ~ | GBP | 237,500.00           | 237,500.00   | 0.00 |
| 11 August 2025    | S | Teesside Flexible Investment Fund                              | Local Investments | Local Investments | ~ | ~ | GBP | -665,000.00          | -665,000.00  | 0.00 |
|                   |   |  |                   |                   |   |   |     | <b>237,500.00</b>    |              |      |
| 21 July 2025      | S | Greyhound Retail Park, Chester                                 | Other Debt        | Other Debt        | ~ | ~ | GBP | -109,375.00          | -109,375.00  | 0.00 |
| 01 August 2025    | S | St Arthur Homes  | Other Debt        | Other Debt        | ~ | ~ | GBP | -5,812.00            | -5,812.00    | 0.00 |
| 14 August 2025    | S | Pantheon Private Debt PSD II                                   | Other Debt        | Other Debt        | ~ | ~ | USD | -166,722.56          | -166,722.56  | 0.00 |
| 21 August 2025    | S | La Salle Real Estate Debt Strategies IV                        | Other Debt        | Other Debt        | ~ | ~ | GBP | -664,602.41          | -664,602.41  | 0.00 |
| 29 August 2025    | S | St Arthur Homes  | Other Debt        | Other Debt        | ~ | ~ | GBP | -92,568.18           | -92,568.18   | 0.00 |
| 03 September 2025 | S | Pantheon Private Debt PSD II                                   | Other Debt        | Other Debt        | ~ | ~ | USD | -284,826.18          | -284,826.18  | 0.00 |
| 24 September 2025 | S | Pantheon Private Debt PSD II                                   | Other Debt        | Other Debt        | ~ | ~ | USD | -302,985.85          | -302,985.85  | 0.00 |
| 30 September 2025 | S | La Salle Real Estate Debt Strategies IV                        | Other Debt        | Other Debt        | ~ | ~ | GBP | -11,806.91           | -11,806.91   | 0.00 |
|                   |   |  |                   |                   |   |   |     | <b>-1,638,699.09</b> |              |      |
| 01 July 2025      | P | Crown Co-Investment Opportunities III                          | Private Equity    | Private Equity    | ~ | ~ | USD | 438,977.45           | 438,977.45   | 0.00 |
| 01 July 2025      | P | Border to Coast Private Equity Series 2A                       | Private Equity    | Private Equity    | ~ | ~ | EUR | 410,865.55           | 410,865.55   | 0.00 |

|                   |   |   |                      |                      |                |          |     |                      |                |            |
|-------------------|---|---|----------------------|----------------------|----------------|----------|-----|----------------------|----------------|------------|
| 03 July 2025      | P | Border to Coast Private Equity Series 1C                        | Private Equity       | Private Equity       | ~              | ~        | EUR | 273,825.68           | 273,825.68     | 0.00       |
| 07 July 2025      | S | Border to Coast Private Equity Series 1B                        | Private Equity       | Private Equity       | ~              | ~        | USD | -453,171.44          | -453,171.44    | 0.00       |
| 10 July 2025      | S | Border to Coast Private Equity Series 2B                        | Private Equity       | Private Equity       | ~              | ~        | EUR | -116,972.74          | -116,972.74    | 0.00       |
| 17 July 2025      | S | Pantheon Global Co-Investment Opportunities IV                  | Private Equity       | Private Equity       | ~              | ~        | USD | -555,818.49          | -555,818.49    | 0.00       |
| 17 July 2025      | P | Border to Coast Private Equity Series 2B                        | Private Equity       | Private Equity       | ~              | ~        | USD | 441,202.81           | 441,202.81     | 0.00       |
| 17 July 2025      | P | Border to Coast Private Equity Series 1C                        | Private Equity       | Private Equity       | ~              | ~        | USD | 12,962.44            | 12,962.44      | 0.00       |
| 18 July 2025      | P | Unigestion Direct III - Global                                  | Private Equity       | Private Equity       | ~              | ~        | EUR | 2,988,713.12         | 2,988,713.12   | 0.00       |
| 18 July 2025      | P | Border to Coast Private Equity Series 1A                        | Private Equity       | Private Equity       | ~              | ~        | EUR | 20,424.59            | 20,424.59      | 0.00       |
| 18 July 2025      | S | Border to Coast Private Equity Series 1A                        | Private Equity       | Private Equity       | ~              | ~        | EUR | -207,896.81          | -207,896.81    | 0.00       |
| 18 July 2025      | S | Border to Coast Private Equity Series 2B                        | Private Equity       | Private Equity       | ~              | ~        | USD | -192,558.48          | -192,558.48    | 0.00       |
| 21 July 2025      | P | Border to Coast Private Equity Series 2A                        | Private Equity       | Private Equity       | ~              | ~        | USD | 510,177.99           | 510,177.99     | 0.00       |
| 21 July 2025      | S | Border to Coast Private Equity Series 2A                        | Private Equity       | Private Equity       | ~              | ~        | USD | -31,351.46           | -31,351.46     | 0.00       |
| 21 July 2025      | P | Border to Coast Private Equity Series 2A                        | Private Equity       | Private Equity       | ~              | ~        | USD | 5,509.85             | 5,509.85       | 0.00       |
| 23 July 2025      | P | Foresight Regional Investment IV                                | Private Equity       | Private Equity       | ~              | ~        | GBP | 26,773.97            | 26,773.97      | 0.00       |
| 23 July 2025      | S | Border to Coast Private Equity Series 1B                        | Private Equity       | Private Equity       | ~              | ~        | USD | -47,071.15           | -47,071.15     | 0.00       |
| 24 July 2025      | P | Hermes GPE Innovation Fund                                      | Private Equity       | Private Equity       | ~              | ~        | GBP | 215,185.09           | 215,185.09     | 0.00       |
| 24 July 2025      | S | Hermes GPE Innovation Fund                                      | Private Equity       | Private Equity       | ~              | ~        | GBP | -881,231.45          | -881,231.45    | 0.00       |
| 28 July 2025      | P | Border to Coast Private Equity Series 2A                        | Private Equity       | Private Equity       | ~              | ~        | EUR | 846,686.02           | 846,686.02     | 0.00       |
| 29 July 2025      | P | Border to Coast Private Equity Series 1B                        | Private Equity       | Private Equity       | ~              | ~        | USD | 417,866.19           | 417,866.19     | 0.00       |
| 31 July 2025      | P | Access Capital Co-Investment Fund Buy-Out Europe II             | Private Equity       | Private Equity       | ~              | ~        | EUR | 788,455.21           | 788,455.21     | 0.00       |
| 31 July 2025      | S | Capital Dynamics Mid-Market Direct V                            | Private Equity       | Private Equity       | ~              | ~        | EUR | -145,507.13          | -145,507.13    | 0.00       |
| 31 July 2025      | S | Crown Co-Investment Opportunities II                            | Private Equity       | Private Equity       | ~              | ~        | USD | -697,681.54          | -697,681.54    | 0.00       |
| 01 August 2025    | S | Border to Coast Private Equity Series 1A                        | Private Equity       | Private Equity       | ~              | ~        | EUR | -123,956.05          | -123,956.05    | 0.00       |
| 07 August 2025    | P | Border to Coast Private Equity Series 1B                        | Private Equity       | Private Equity       | ~              | ~        | USD | 8,688.70             | 8,688.70       | 0.00       |
| 08 August 2025    | P | Border to Coast Private Equity Series 1B                        | Private Equity       | Private Equity       | ~              | ~        | USD | 196,705.65           | 196,705.65     | 0.00       |
| 14 August 2025    | P | Capital Dynamics LGPS Collective Private Equity for Pools 18/19 | Private Equity       | Private Equity       | ~              | ~        | GBP | 500,000.00           | 500,000.00     | 0.00       |
| 14 August 2025    | S | Capital Dynamics LGPS Collective Private Equity for Pools 18/19 | Private Equity       | Private Equity       | ~              | ~        | GBP | -524,833.33          | -524,833.33    | 0.00       |
| 21 August 2025    | P | Border to Coast Private Equity Series 2A                        | Private Equity       | Private Equity       | ~              | ~        | USD | 469,350.86           | 469,350.86     | 0.00       |
| 21 August 2025    | S | Border to Coast Private Equity Series 2A                        | Private Equity       | Private Equity       | ~              | ~        | USD | -211,976.04          | -211,976.04    | 0.00       |
| 22 August 2025    | P | Border to Coast Private Equity Series 1A                        | Private Equity       | Private Equity       | ~              | ~        | USD | 144,796.16           | 144,796.16     | 0.00       |
| 27 August 2025    | S | Border to Coast Private Equity Series 1B                        | Private Equity       | Private Equity       | ~              | ~        | USD | -182,165.49          | -182,165.49    | 0.00       |
| 27 August 2025    | S | Border to Coast Private Equity Series 1A                        | Private Equity       | Private Equity       | ~              | ~        | USD | -750,454.69          | -750,454.69    | 0.00       |
| 28 August 2025    | P | Border to Coast Private Equity Series 1A                        | Private Equity       | Private Equity       | ~              | ~        | USD | 46,697.68            | 46,697.68      | 0.00       |
| 02 September 2025 | S | Pantheon Global Co-Investment Opportunities IV                  | Private Equity       | Private Equity       | ~              | ~        | USD | -209,213.23          | -209,213.23    | 0.00       |
| 04 September 2025 | P | Border to Coast Private Equity Series 1B                        | Private Equity       | Private Equity       | ~              | ~        | USD | 718,916.22           | 718,916.22     | 0.00       |
| 04 September 2025 | S | Border to Coast Private Equity Series 1B                        | Private Equity       | Private Equity       | ~              | ~        | USD | -1,143,624.79        | -1,143,624.79  | 0.00       |
| 09 September 2025 | S | Border to Coast Private Equity Series 2B                        | Private Equity       | Private Equity       | ~              | ~        | EUR | -63,744.36           | -63,744.36     | 0.00       |
| 10 September 2025 | S | Border to Coast Private Equity Series 1C                        | Private Equity       | Private Equity       | ~              | ~        | USD | -4,776.95            | -4,776.95      | 0.00       |
| 12 September 2025 | P | Blackrock Private Opportunities Fund IV                         | Private Equity       | Private Equity       | ~              | ~        | USD | 13,896.79            | 13,896.79      | 0.00       |
| 15 September 2025 | P | Border to Coast Private Equity Series 1A                        | Private Equity       | Private Equity       | ~              | ~        | USD | 50,172.35            | 50,172.35      | 0.00       |
| 15 September 2025 | S | Border to Coast Private Equity Series 1A                        | Private Equity       | Private Equity       | ~              | ~        | USD | -31,557.10           | -31,557.10     | 0.00       |
| 17 September 2025 | P | Border to Coast Private Equity Series 2B                        | Private Equity       | Private Equity       | ~              | ~        | USD | 931,915.38           | 931,915.38     | 0.00       |
| 17 September 2025 | S | Border to Coast Private Equity Series 2B                        | Private Equity       | Private Equity       | ~              | ~        | USD | -122,755.38          | -122,755.38    | 0.00       |
| 18 September 2025 | P | Border to Coast Private Equity Series 1A                        | Private Equity       | Private Equity       | ~              | ~        | USD | 22,117.92            | 22,117.92      | 0.00       |
| 23 September 2025 | P | Border to Coast Private Equity Series 2B                        | Private Equity       | Private Equity       | ~              | ~        | USD | 677,934.11           | 677,934.11     | 0.00       |
| 24 September 2025 | P | Border to Coast Private Equity Series 1A                        | Private Equity       | Private Equity       | ~              | ~        | EUR | 20,379.86            | 20,379.86      | 0.00       |
| 24 September 2025 | P | Crown Growth Opportunities Global III                           | Private Equity       | Private Equity       | ~              | ~        | EUR | 517,722.42           | 517,722.42     | 0.00       |
| 24 September 2025 | S | Crown Growth Opportunities Global III                           | Private Equity       | Private Equity       | ~              | ~        | EUR | -698,925.27          | -698,925.27    | 0.00       |
| 25 September 2025 | S | Border to Coast Private Equity Series 1B                        | Private Equity       | Private Equity       | ~              | ~        | USD | -173,816.72          | -173,816.72    | 0.00       |
| 29 September 2025 | P | Foresight Regional Investment IV                                | Private Equity       | Private Equity       | ~              | ~        | GBP | 401,108.06           | 401,108.06     | 0.00       |
| 30 September 2025 | S | Capital Dynamics Global Secondaries V                           | Private Equity       | Private Equity       | ~              | ~        | USD | -90,251.98           | -90,251.98     | 0.00       |
| 30 September 2025 | P | Border to Coast Private Equity Series 1C                        | Private Equity       | Private Equity       | ~              | ~        | USD | 459,887.19           | 459,887.19     | 0.00       |
| 30 September 2025 | P | GB Bank   | Private Equity       | Private Equity       | 76,804.00      | 1,302.00 | GBP | 999,988.08           | 999,988.08     | 0.00       |
|                   |   |   |                      |                      |                |          |     | <b>5,916,591.32</b>  |                |            |
| 15 August 2025    | S | Hermes Property Unit Trust                                      | Property Unit Trusts | Property Unit Trusts | -2,586,594.00  | 604.78   | GBP | -15,643,118.27       | -15,704,401.25 | -61,282.98 |
| 15 August 2025    | P | Legal & General Managed Property Fund                           | Property Unit Trusts | Property Unit Trusts | 243,197.48     | 6,432.27 | GBP | 15,643,118.27        | 15,643,118.27  | 0.00       |
| 26 September 2025 | S | Aberdeen Standard European Property Growth Fund                 | Property Unit Trusts | Property Unit Trusts | ~              | ~        | EUR | -4,927,211.86        | -4,927,211.86  | 0.00       |
|                   |   |   |                      |                      |                |          |     | <b>-4,927,211.86</b> |                |            |
| 31 July 2025      | P | Border to Coast UK Real Estate Main Fund                        | Real Estate          | Real Estate          | 388,608,029.85 | 101.87   | GBP | 395,875,000.00       | 395,875,000.00 | 0.00       |

Periods July, August and September 2025 (Cumulative) Total  
Total Profit - NB: Losses are shown with a ( )

395,875,000.00  
552,058.09

-11,983,951.87

## Treasury Management Investment Profile as at 30 September 2025



|                      | Call/Notice | up to 1 Week | 1-2 Weeks  | up to 1 month | 1-2 Months | 2-3 Months | 4-6 Months | 7-9 Months | 10-12 Months | 1-2 Years | 2+ Years |
|----------------------|-------------|--------------|------------|---------------|------------|------------|------------|------------|--------------|-----------|----------|
| ■ Average Rate       | 0.62%       | 4.05%        | 3.98%      | 4.00%         | 4.10%      | 4.31%      | 4.23%      | 0.00%      | 0.00%        | 0.00%     | 0.00%    |
| ■ Amount Invested    | 97,800,000  | 43,800,000   | 36,800,000 | 87,800,000    | 80,300,000 | 78,300,000 | 37,500,000 | 0          | 0            | 0         | 0        |
| ■ Proportion of Cash | 21.16%      | 9.47%        | 7.96%      | 18.99%        | 17.37%     | 16.94%     | 8.11%      | 0.00%      | 0.00%        | 0.00%     | 0.00%    |

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◆ Asset Detail - Customizable

| Asset Subcategory  |                                |                   |                   |              |                   |
|--|--------------------------------|-------------------|-------------------|--------------|-------------------|
| Description/Asset ID   | Accrued<br>Income/Expense Curr | Nominal           | Book Cost         | Market Price | Market Value      |
| Equities   |                                |                   |                   |              |                   |
| Common stock   |                                |                   |                   |              |                   |
| Australia  |                                |                   |                   |              |                   |
| Common Stock<br>FINEXIA FINL GROUP NPV SEDOL : BMY4539   | 0.00 AUD                       | 85.000            | 0.000             | 0.14500000   | 6.070             |
| Common Stock<br>YOUNG AUSTRALIAN MINES LTD SEDOL : 6741626                                       | 0.00 AUD                       | 225,391.000       | 283,349.800       | 0.06900000   | 7,656.140         |
| Total Australia  | 0.00                           | 225,476.000       | 283,349.800       |              | 7,662.210         |
| Europe Region  |                                |                   |                   |              |                   |
| Common Stock<br>ACIF INFRASTRUCTURE FUND LP CUSIP : 9936FC996                                    | 0.00 EUR                       | 18,830,620.190    | 16,729,051.430    | 0.91922660   | 15,107,733.390    |
| Total Europe Region  | 0.00                           | 18,830,620.190    | 16,729,051.430    |              | 15,107,733.390    |
| Guernsey, Channel Islands  |                                |                   |                   |              |                   |
| Common Stock<br>AMEDEO AIR FOUR PL RED ORD NPV SEDOL : BQKNKR7                                   | 0.00 GBP                       | 3,999,998.000     | 3,338,588.500     | 0.65600000   | 2,623,998.690     |
| Total Guernsey, Channel Islands  | 0.00                           | 3,999,998.000     | 3,338,588.500     |              | 2,623,998.690     |
| United Kingdom   |                                |                   |                   |              |                   |
| Common Stock<br>AFREN ORD GBP0.01 SEDOL : B067275  | 0.00 GBP                       | 1,000,000.000     | 1,089,449.060     | 0.01785000   | 17,850.000        |
| Common Stock<br>CARILLION PLC ORD GBP0.50 SEDOL : 0736554  | 0.00 GBP                       | 436,400.000       | 0.000             | 0.14200000   | 61,968.800        |
| Common Stock<br>NEW WORLD RESOURCE ORD EUR0.0004 A SEDOL : B42CTW6                               | 0.00 GBP                       | 250,000.000       | 1,294,544.760     | 0.00150000   | 375.000           |
| Total United Kingdom   | 0.00                           | 1,686,400.000     | 2,383,993.820     |              | 80,193.800        |
| Total Common stock   | 0.00                           | 24,742,494.190    | 22,734,983.550    |              | 17,819,588.090    |
| Funds - common stock   |                                |                   |                   |              |                   |
| Guernsey, Channel Islands  |                                |                   |                   |              |                   |
| Funds - Common Stock<br>VISTRA FD SERVICES DARWIN LEISURE DEV D GBP SEDOL : BD41T35              | 0.00 GBP                       | 15,000,000.000    | 15,000,000.000    | 0.78300000   | 11,745,000.000    |
| Total Guernsey, Channel Islands  | 0.00                           | 15,000,000.000    | 15,000,000.000    |              | 11,745,000.000    |
| United Kingdom   |                                |                   |                   |              |                   |
| Funds - Common Stock<br>BORDER TO COAST OVERSEAS DEVELOPED MARKETS EQUITY FUND A GBP INC SEDOL : | 0.00 GBP                       | 2,099,596,093.420 | 1,500,180,187.320 | 1.12840000   | 2,369,184,231.820 |
| Funds - Common Stock<br>BORDER TO COAST UK LISTED EQUITY FUND A GBP INC SEDOL : BS2KKB4          | 0.00 GBP                       | 612,577,167.050   | 612,577,167.050   | 1.11290000   | 681,737,129.210   |

◆ Asset Detail - Customizable

| Asset Subcategory   |                                |                   |                   |                 |                   |
|---|--------------------------------|-------------------|-------------------|-----------------|-------------------|
| Description/Asset ID  | Accrued<br>Income/Expense Curr | Nominal           | Book Cost         | Market Price    | Market Value      |
| Equities  |                                |                   |                   |                 |                   |
| Funds - common stock  |                                |                   |                   |                 |                   |
| United Kingdom  |                                |                   |                   |                 |                   |
| Funds - Common Stock  |                                |                   |                   |                 |                   |
| BORDER TO COAST UK REAL ESTATE M/F INC A SEDOL : BQH8H30              | 0.00 GBP                       | 388,608,029.850   | 395,875,000.000   | 1.02600000      | 398,711,838.630   |
| Total United Kingdom  | 0.00                           | 3,100,781,290.320 | 2,508,632,354.370 |                 | 3,449,633,199.660 |
| Total Funds - common stock  | 0.00                           | 3,115,781,290.320 | 2,523,632,354.370 |                 | 3,461,378,199.660 |
| Unit trust equity   |                                |                   |                   |                 |                   |
| Guernsey, Channel Islands   |                                |                   |                   |                 |                   |
| Unit Trust Equity   |                                |                   |                   |                 |                   |
| DARWIN S REAVEMENT SERVICES FUND CLASS B ACCUMULATION SEDOL : 4A8UCZU | 0.00 GBP                       | 14,359,563.469    | 15,000,000.000    | 1.10740000      | 15,901,780.590    |
| Total Guernsey, Channel Islands                                       | 0.00                           | 14,359,563.469    | 15,000,000.000    |                 | 15,901,780.590    |
| Luxembourg  |                                |                   |                   |                 |                   |
| Unit Trust Equity   |                                |                   |                   |                 |                   |
| ABERDEEN STANDARD EUR PPTY GROWTH FD LP SEDOL : 8A8TB3U               | 0.00 EUR                       | 324.970           | 20,636,888.600    | 80,997.27000000 | 22,973,425.520    |
| Total Luxembourg  | 0.00                           | 324.970           | 20,636,888.600    |                 | 22,973,425.520    |
| United Kingdom  |                                |                   |                   |                 |                   |
| Unit Trust Equity   |                                |                   |                   |                 |                   |
| CANDOVER INVSTMNTS PLC GBP0.25 SEDOL : 0171315                        | 0.00 GBP                       | 60,000.000        | 321,939.430       | 0.00000000      | 0.000             |
| Total United Kingdom  | 0.00                           | 60,000.000        | 321,939.430       |                 | 0.000             |
| Total Unit trust equity   | 0.00                           | 14,419,888.439    | 35,958,828.030    |                 | 38,875,206.110    |
| Total Equities  | 0.00                           | 3,154,943,672.949 | 2,582,326,165.950 |                 | 3,518,072,993.860 |

◆ Asset Detail - Customizable

| Asset Subcategory  |                                |                 |                 |              |                 |
|--|--------------------------------|-----------------|-----------------|--------------|-----------------|
| Description/Asset ID   | Accrued<br>Income/Expense Curr | Nominal         | Book Cost       | Market Price | Market Value    |
| Real Estate  |                                |                 |                 |              |                 |
| Real estate  |                                |                 |                 |              |                 |
| Europe Region  |                                |                 |                 |              |                 |
| Real Estate  |                                |                 |                 |              |                 |
| CAPITAL DYNAMICS MID-MARKET DIRECT V CUSIP : 993RBZ993               | 0.00 EUR                       | 16,113,795.510  | 13,881,005.620  | 1.69920740   | 23,897,713.150  |
| Real Estate  |                                |                 |                 |              |                 |
| La Salle Real Estate Debt Strategies IV CUSIP : 9944J7997            | 0.00 EUR                       | 12,516,203.440  | 10,747,616.890  | 0.87685360   | 9,578,815.490   |
| Total Europe Region  | 0.00                           | 28,629,998.950  | 24,628,622.510  |              | 33,476,528.640  |
| United Kingdom   |                                |                 |                 |              |                 |
| Real Estate  |                                |                 |                 |              |                 |
| HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP CUSIP : 9936FD994 | 0.00 GBP                       | 10,000,000.010  | 10,000,000.010  | 1.02262960   | 10,226,296.010  |
| Real Estate  |                                |                 |                 |              |                 |
| HEARTHSTONE RESIDENTIAL FUND 2 CUSIP : 9942CJ992                     | 0.00 GBP                       | 20,000,000.000  | 20,000,000.000  | 0.87727600   | 17,545,520.000  |
| Real Estate  |                                |                 |                 |              |                 |
| TEESSIDE PENSION FUND - DIRECT PROPERTY CUSIP : 9936HG995            | 0.00 GBP                       | 488,512,883.480 | 488,512,883.480 | 1.07320610   | 524,275,006.480 |
| Total United Kingdom   | 0.00                           | 518,512,883.490 | 518,512,883.490 |              | 552,046,822.490 |
| Total Real Estate  | 0.00                           | 547,142,882.440 | 543,141,506.000 |              | 585,523,351.130 |
| Funds - real estate  |                                |                 |                 |              |                 |
| United Kingdom   |                                |                 |                 |              |                 |
| Funds - Real Estate  |                                |                 |                 |              |                 |
| C - MANAGED PROPERTY SEDOL : 2A5GFSU                                 | 0.00 GBP                       | 243,197.480     | 15,704,401.250  | 64.72030000  | 15,739,813.860  |
| Funds - Real Estate  |                                |                 |                 |              |                 |
| DARWIN LEISURE PRO UNITS CLS 'C' SEDOL : B29MQ57                     | 0.00 GBP                       | 6,493,057.480   | 10,611,644.050  | 1.70440000   | 11,066,767.170  |
| Funds - Real Estate  |                                |                 |                 |              |                 |
| DARWIN LEISURE PROPERTY FUND UNITS K GBP INC SEDOL : 4A9TBEU         | 0.00 GBP                       | 34,527,436.047  | 35,000,000.000  | 0.48120000   | 16,614,602.230  |
| Funds - Real Estate  |                                |                 |                 |              |                 |
| HERMES INVEST MNGM HERMES PROPERTY UNIT TRUST SEDOL : 0426219        | 0.00 GBP                       | 2,590.000       | 15,725.080      | 6.08700000   | 15,765.330      |
| Total United Kingdom   | 0.00                           | 41,266,281.007  | 61,331,770.380  |              | 43,436,948.590  |
| Total Funds - real estate  | 0.00                           | 41,266,281.007  | 61,331,770.380  |              | 43,436,948.590  |
| Total Real Estate  | 0.00                           | 588,409,163.447 | 604,473,276.380 |              | 628,960,299.720 |

## ◆ Asset Detail - Customizable

| Asset Subcategory   |                                |                        |                        |              |                        |
|---|--------------------------------|------------------------|------------------------|--------------|------------------------|
| Description/Asset ID  | Accrued<br>Income/Expense Curr | Nominal                | Book Cost              | Market Price | Market Value           |
| <b>Venture Capital and Partnerships</b>                                 |                                |                        |                        |              |                        |
| <b>Partnerships</b>   |                                |                        |                        |              |                        |
| <b>Europe Region</b>  |                                |                        |                        |              |                        |
| Partnerships  |                                |                        |                        |              |                        |
| ACCESS CAPITAL FUND INFRASTRUCTURE II - EUR CUSIP : 993QEX997           | 0.00 EUR                       | 16,089,572.430         | 14,061,658.480         | 1.18261890   | 16,607,391.500         |
| Partnerships  |                                |                        |                        |              |                        |
| ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE CUSIP : 993KDB999        | 0.00 EUR                       | 18,417,172.610         | 15,888,343.480         | 1.60975880   | 25,875,924.270         |
| Partnerships  |                                |                        |                        |              |                        |
| ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2) CUSIP : 993SRL995    | 0.00 EUR                       | 12,709,342.620         | 10,945,264.260         | 1.18038520   | 13,093,596.350         |
| Partnerships  |                                |                        |                        |              |                        |
| ACCESS CAPITAL, CO-INVESTMENT FUND BUY-OUT EUROPE II CUSIP : 993SRM993  | 0.00 EUR                       | 14,623,630.420         | 12,524,160.020         | 1.06320370   | 13,570,123.090         |
| Partnerships  |                                |                        |                        |              |                        |
| Darwin Bereavement Services Fund, Incomeunits CUSIP : 993XBG992         | 0.00 GBP                       | 30,000,000.000         | 30,000,000.000         | 0.82464950   | 24,739,485.000         |
| Partnerships  |                                |                        |                        |              |                        |
| FORESHOT ENERGY I NFRASTRUCTURE PARTNERS - EUR CUSIP : 995KLQ995        | 0.00 EUR                       | 14,681,356.060         | 13,955,667.770         | 1.14274160   | 14,642,873.620         |
| Partnerships  |                                |                        |                        |              |                        |
| UNIGESTION DIRECT III - EUR CUSIP : 994RLP993                           | 0.00 EUR                       | 24,143,016.940         | 20,808,510.180         | 1.26387020   | 26,632,143.260         |
| <b>Total Europe Region</b>  | <b>0.00</b>                    | <b>130,664,091.080</b> | <b>118,183,604.190</b> |              | <b>135,161,537.090</b> |
| <b>Global Region</b>  |                                |                        |                        |              |                        |
| Partnerships  |                                |                        |                        |              |                        |
| CAPITAL DYNAMICS GLOBAL SECONDARIES V (FEEDER) SCSP CUSIP : 995F09997   | 0.00 USD                       | 7,619,440.190          | 9,894,224.250          | 2.74469400   | 15,534,283.130         |
| Partnerships  |                                |                        |                        |              |                        |
| CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD CUSIP : 993BRL992         | 0.00 USD                       | 7,280,130.030          | 5,507,546.900          | 3.94562440   | 21,336,790.650         |
| Partnerships  |                                |                        |                        |              |                        |
| INSIGHT IIFIG SECURED FINANCE FUND II (GBP) CUSIP : 9946P0990           | 0.00 GBP                       | 50,000,000.000         | 50,000,000.000         | 1.01962170   | 50,981,085.000         |
| Partnerships  |                                |                        |                        |              |                        |
| LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS2018/19 - GBP CUSIP : 993LRK992 | 0.00 GBP                       | 8,017,716.670          | 8,017,716.670          | 1.45845250   | 11,693,458.920         |
| Partnerships  |                                |                        |                        |              |                        |
| PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV CUSIP : 993FYQ994        | 0.00 USD                       | 20,125,216.000         | 15,811,026.130         | 1.74162630   | 26,035,729.080         |
| Partnerships  |                                |                        |                        |              |                        |
| UNIGESTION DIRECT II - EUR CUSIP : 993MTE992                            | 0.00 EUR                       | 20,212,828.800         | 17,431,981.920         | 1.45002280   | 25,580,794.790         |
| <b>Total Global Region</b>  | <b>0.00</b>                    | <b>113,255,331.690</b> | <b>106,662,495.870</b> |              | <b>151,162,141.570</b> |
| <b>Luxembourg</b>   |                                |                        |                        |              |                        |
| Partnerships  |                                |                        |                        |              |                        |
| Crown Growth Opportunities Global III fund CUSIP : 995NRV992            | 0.00 EUR                       | 26,934,357.140         | 20,990,630.670         | 1.53031190   | 35,974,823.760         |
| Partnerships  |                                |                        |                        |              |                        |
| UNIGESTION SA CUSIP : 995NRW990   | 0.00 EUR                       | 32,926,944.380         | 26,424,348.320         | 1.42596340   | 40,979,996.210         |
| <b>Total Luxembourg</b>   | <b>0.00</b>                    | <b>59,861,301.520</b>  | <b>47,414,978.990</b>  |              | <b>76,954,819.970</b>  |
| <b>United Kingdom</b>   |                                |                        |                        |              |                        |

## ◆ Asset Detail - Customizable

| Asset Subcategory  |                                |                 |                 |              |                 |
|--|--------------------------------|-----------------|-----------------|--------------|-----------------|
| Description/Asset ID   | Accrued<br>Income/Expense Curr | Nominal         | Book Cost       | Market Price | Market Value    |
| <b>Venture Capital and Partnerships</b>                                      |                                |                 |                 |              |                 |
| <b>Partnerships</b>  |                                |                 |                 |              |                 |
| <b>United Kingdom</b>  |                                |                 |                 |              |                 |
| Partnerships   |                                |                 |                 |              |                 |
| ANCALA INFRASTRUCTURE FUND II SCSP CUSIP : 993FSE998                         | 0.00 EUR                       | 18,798,264.600  | 16,490,816.490  | 1.31532170   | 21,580,517.190  |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A CUSIP : 994MVX996            | 0.00 GBP                       | 41,387,983.410  | 41,387,983.410  | 1.01161180   | 41,868,572.400  |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST EMERGING MARKET HYBRID FUND - GBP CUSIP : 9942CC997          | 0.00 GBP                       | 246,131,815.690 | 246,131,815.690 | 1.10110290   | 271,016,456.040 |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST INFRASTRUCTURE SERIES 3A- GBP CUSIP : 995V88996              | 0.00 GBP                       | 7,709,371.000   | 7,709,371.000   | 0.98293250   | 7,577,791.310   |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST INFRASTRUCTURE SERIES 1 CUSIP : 993FT4999                    | 0.00 USD                       | 101,688,368.150 | 80,598,995.390  | 1.03261360   | 77,997,976.830  |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST INFRASTRUCTURE SERIES 1B CUSIP : 993KGJ999                   | 0.00 USD                       | 45,420,968.580  | 35,544,993.320  | 1.16376780   | 39,264,217.510  |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST INFRASTRUCTURE SERIES 1C CUSIP : 9942A6992                   | 0.00 GBP                       | 40,490,369.100  | 40,490,369.100  | 1.18101030   | 47,819,542.960  |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST INFRASTRUCTURE SERIES 2 A (GBP) CUSIP : 994NWK991            | 0.00 GBP                       | 86,438,200.470  | 86,438,200.470  | 1.06969290   | 92,462,329.330  |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST PRIVATE EQUITY SERIES 1 CUSIP : 993FYP996                    | 0.00 USD                       | 86,340,615.050  | 67,184,400.140  | 1.41324190   | 90,637,070.920  |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST PRIVATE EQUITY SERIES 1B CUSIP : 993U46998                   | 0.00 USD                       | 41,719,191.370  | 32,990,869.440  | 1.33051440   | 41,231,551.810  |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST PRIVATE EQUITY SERIES 1C CUSIP : 993XGK998                   | 0.00 GBP                       | 43,976,749.332  | 43,976,749.330  | 1.10654990   | 48,662,467.580  |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST PRIVATE EQUITY SERIES 2A- GBP CUSIP : 994JQY997              | 0.00 GBP                       | 44,156,131.844  | 44,156,131.840  | 1.05715400   | 46,679,831.400  |
| Partnerships   |                                |                 |                 |              |                 |
| BORDER TO COAST PRIVATE EQUITY SERIES 2B CUSIP : 994WH4994                   | 0.00 GBP                       | 24,076,446.150  | 24,076,446.150  | 1.14726670   | 27,622,104.920  |
| Partnerships   |                                |                 |                 |              |                 |
| Capital Dynamics Clean Energy Infrastructure Uk - GBP CUSIP : 995J65991      | 0.00 GBP                       | 6,720,000.000   | 6,720,000.000   | 0.82090180   | 5,516,460.100   |
| Partnerships   |                                |                 |                 |              |                 |
| CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP CUSIP : | 0.00 GBP                       | 9,650,377.050   | 9,650,377.050   | 1.08988630   | 10,517,813.740  |
| Partnerships   |                                |                 |                 |              |                 |
| CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSp CUSIP : 993FP0991 | 0.00 GBP                       | 19,527,287.590  | 19,527,287.590  | 1.08783220   | 21,242,412.220  |
| Partnerships   |                                |                 |                 |              |                 |
| DARWIN LEISURE PROPERTY FUND T ,INCOME UNITS CUSIP : 995NZ7996               | 0.00 GBP                       | 5,000,000.000   | 5,000,000.000   | 0.68010000   | 3,400,500.000   |
| Partnerships   |                                |                 |                 |              |                 |
| FORESIGHT REGIONAL INVESTMENT LP CUSIP : 994JXS992                           | 0.00 GBP                       | 1,663,880.830   | 1,663,880.830   | 0.92551220   | 1,539,942.010   |
| Partnerships   |                                |                 |                 |              |                 |
| GB Bank Limited CUSIP : 993QJB990  | 0.00 GBP                       | 59,843,728.320  | 59,843,728.320  | 0.55718040   | 33,343,752.480  |
| Partnerships   |                                |                 |                 |              |                 |
| GRESHAM HOUSE BSI HOUSING FUND LP CUSIP : 993FP6998                          | 0.00 GBP                       | 19,546,066.490  | 19,546,066.490  | 1.05215950   | 20,565,579.550  |
| Partnerships   |                                |                 |                 |              |                 |
| GRESHAM HOUSE BSI INFRASTRUCTURE LP CUSIP : 993FP5990                        | 0.00 GBP                       | 17,533,330.700  | 17,533,330.700  | 1.38009130   | 24,197,597.160  |

## ◆ Asset Detail - Customizable

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| Asset Subcategory  |                                |                          |                          |              |                          |
|--|--------------------------------|--------------------------|--------------------------|--------------|--------------------------|
| Description/Asset ID   | Accrued<br>Income/Expense Curr | Nominal                  | Book Cost                | Market Price | Market Value             |
| <b>Venture Capital and Partnerships</b>  |                                |                          |                          |              |                          |
| <b>Partnerships</b>  |                                |                          |                          |              |                          |
| <b>United Kingdom</b>  |                                |                          |                          |              |                          |
| Partnerships   |                                |                          |                          |              |                          |
| GRESHAM HOUSE, BRITISH SUSTAINABLE INFRASTRUCTURE FUND II CUSIP : 994FXD993    | 0.00 GBP                       | 24,740,491.880           | 24,740,491.880           | 1.18367020   | 29,284,582.970           |
| Partnerships   |                                |                          |                          |              |                          |
| GREYHOUND RETAIL PARK, CHESTER CUSIP : 9948YV998                               | 0.00 GBP                       | 18,840,863.000           | 18,840,863.000           | 1.00000000   | 18,840,863.000           |
| Partnerships   |                                |                          |                          |              |                          |
| HERMES GPE INNOVATION FUND CUSIP : 993NEB992                                   | 0.00 GBP                       | 15,108,008.000           | 15,108,008.000           | 1.26349830   | 19,088,942.420           |
| Partnerships   |                                |                          |                          |              |                          |
| INNISFREE PFI CONTINUATION FUND CUSIP : 9936FE992                              | 0.00 GBP                       | 8,672,972.000            | 8,672,972.000            | 1.03756700   | 8,998,789.540            |
| Partnerships   |                                |                          |                          |              |                          |
| INNISFREE PFI SECONDARY FUND 2 CUSIP : 9936FF999                               | 0.00 GBP                       | 7,728,331.000            | 7,728,331.000            | 1.14415470   | 8,842,406.240            |
| Partnerships   |                                |                          |                          |              |                          |
| St Arthur Homes CUSIP : 994NJF997  | 0.00 GBP                       | 18,233,525.280           | 18,233,525.280           | 0.93594420   | 17,065,562.230           |
| Partnerships   |                                |                          |                          |              |                          |
| Teesside Flexible Investment Fund - GBP CUSIP : 995EFQ996                      | 0.00 GBP                       | 3,616,330.630            | 3,616,330.630            | 1.02354970   | 3,701,494.130            |
| Partnerships   |                                |                          |                          |              |                          |
| TITAN - PRESTON EAST CUSIP : 995NRY996   | 0.00 GBP                       | 18,776,850.000           | 18,776,850.000           | 0.99323700   | 18,649,862.160           |
| Partnerships   |                                |                          |                          |              |                          |
| Titan- investors loan for Hogmor House, Templars way, bordon CUSIP : 995EEZ997 | 0.00 GBP                       | 10,983,472.000           | 10,983,472.000           | 0.98559820   | 10,825,290.230           |
| Partnerships   |                                |                          |                          |              |                          |
| TPF CO-INVESTMENT BSI LP - WASTE KNOT GBP CUSIP : 994FFL995                    | 0.00 GBP                       | 10,000,000.000           | 10,000,000.000           | 1.21728190   | 12,172,819.000           |
| Partnerships   |                                |                          |                          |              |                          |
| Verdant Regeneration Ltd - GBP CUSIP : 995J64994                               | 0.00 GBP                       | 25,000,000.000           | 25,000,000.000           | 1.00000000   | 25,000,000.000           |
| <b>Total United Kingdom</b>  | <b>0.00</b>                    | <b>1,129,519,989.516</b> | <b>1,068,362,656.540</b> |              | <b>1,147,215,099.380</b> |
| <b>United States</b>   |                                |                          |                          |              |                          |
| Partnerships   |                                |                          |                          |              |                          |
| BLACKROCK GLOBAL ENERGY AND POWER INFRASTRUCTURE FUND III CUSIP :              | 0.00 USD                       | 16,623,828.000           | 13,086,174.180           | 1.27198330   | 15,706,762.090           |
| Partnerships   |                                |                          |                          |              |                          |
| BLACKROCK GLOBAL RENEWABLE POWER FUND III CUSIP : 993QHY992                    | 0.00 USD                       | 21,124,248.850           | 16,696,254.950           | 0.67759230   | 10,632,220.040           |
| Partnerships   |                                |                          |                          |              |                          |
| BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL CUSIP : 993FYK997                | 0.00 USD                       | 19,472,522.000           | 14,765,855.300           | 1.35756140   | 19,636,130.220           |
| Partnerships   |                                |                          |                          |              |                          |
| BORDER TO COAST INFRASTRUCTURE SERIES 2B- GBP CUSIP : 9952EV992                | 0.00 GBP                       | 50,456,141.570           | 50,456,141.570           | 0.99211450   | 50,058,269.670           |
| Partnerships   |                                |                          |                          |              |                          |
| BRIDGES EVERGREEN TPF HOUSING CO-INVEST LP CUSIP : 993XEU998                   | 0.00 GBP                       | 806,792.760              | 806,792.760              | 0.94969620   | 766,208.020              |
| Partnerships   |                                |                          |                          |              |                          |
| CROWN CO-INVEST OPPORTUNITIES III CUSIP : 993XBM999                            | 0.00 USD                       | 24,276,932.670           | 19,007,317.070           | 1.32754160   | 23,939,560.450           |
| Partnerships   |                                |                          |                          |              |                          |
| CROWN GLOBAL OPPORTUNITIES VII CUSIP : 993FYN991                               | 0.00 USD                       | 22,589,474.140           | 17,877,069.930           | 1.45594680   | 24,430,133.860           |
| Partnerships   |                                |                          |                          |              |                          |
| LGT CAPITAL CROWN SECONDARIES SPECIAL OPPORTUNITIES II CUSIP : 993QEY995       | 0.00 USD                       | 19,857,837.380           | 15,487,203.770           | 1.44058570   | 21,249,331.340           |

◆ Asset Detail - Customizable

| Asset Subcategory                                     |                                |                   |                   |              |                   |
|---|--------------------------------|-------------------|-------------------|--------------|-------------------|
| Description/Asset ID                                  | Accrued<br>Income/Expense Curr | Nominal           | Book Cost         | Market Price | Market Value      |
| Venture Capital and Partnerships                      |                                |                   |                   |              |                   |
| Partnerships  |                                |                   |                   |              |                   |
| United States   |                                |                   |                   |              |                   |
| Partnerships  |                                |                   |                   |              |                   |
| PANTHEON SENIOR DEBT SECONDARIES II CUSIP : 993UAP999 | 0.00 USD                       | 22,960,905.880    | 18,091,247.520    | 0.75766780   | 12,922,366.910    |
| Total United States                                   | 0.00                           | 198,168,683.250   | 166,274,057.050   |              | 179,340,982.600   |
| Total Partnerships                                    | 0.00                           | 1,631,469,397.056 | 1,506,897,792.640 |              | 1,689,834,580.610 |
| Total Venture Capital and Partnerships                | 0.00                           | 1,631,469,397.056 | 1,506,897,792.640 |              | 1,689,834,580.610 |

◆ Asset Detail - Customizable

| Asset Subcategory             |                                |                |                |              |                |
|-------------------------------|--------------------------------|----------------|----------------|--------------|----------------|
| Description/Asset ID          | Accrued<br>Income/Expense Curr | Nominal        | Book Cost      | Market Price | Market Value   |
| Hedge Fund                    |                                |                |                |              |                |
| Hedge equity                  |                                |                |                |              |                |
| Global Region                 |                                |                |                |              |                |
| Hedge Equity                  |                                |                |                |              |                |
| IIF UK I LP CUSIP : 993FP3995 | 0.00 USD                       | 96,854,761.450 | 80,595,460.340 | 1.16036460   | 83,481,388.920 |
| Total Global Region           | 0.00                           | 96,854,761.450 | 80,595,460.340 |              | 83,481,388.920 |
| Total Hedge equity            | 0.00                           | 96,854,761.450 | 80,595,460.340 |              | 83,481,388.920 |
| Total Hedge Fund              | 0.00                           | 96,854,761.450 | 80,595,460.340 |              | 83,481,388.920 |

◆ Asset Detail - Customizable

| Asset Subcategory            |                                |         |           |              |              |
|------------------------------|--------------------------------|---------|-----------|--------------|--------------|
| Description/Asset ID         | Accrued<br>Income/Expense Curr | Nominal | Book Cost | Market Price | Market Value |
| All Other                    |                                |         |           |              |              |
| Recoverable taxes            |                                |         |           |              |              |
| Recoverable taxes            |                                |         |           |              |              |
| GBP - British pound sterling | 97,715.75                      | 0.000   | 0.000     | 0.00000000   | 0.000        |
| Recoverable taxes            |                                |         |           |              |              |
| DKK - Danish krone           | 296,766.60                     | 0.000   | 0.000     | 0.00000000   | 0.000        |
| Recoverable taxes            |                                |         |           |              |              |
| EUR - Euro                   | 1,123,864.92                   | 0.000   | 0.000     | 0.00000000   | 0.000        |
| Recoverable taxes            |                                |         |           |              |              |
| CHF - Swiss franc            | 2,518,815.99                   | 0.000   | 0.000     | 0.00000000   | 0.000        |
| Total                        | 4,037,163.26                   | 0.000   | 0.000     |              | 0.000        |
| Total Recoverable taxes      | 4,037,163.26                   | 0.000   | 0.000     |              | 0.000        |
| Total All Other              | 4,037,163.26                   | 0.000   | 0.000     |              | 0.000        |

◆ Asset Detail - Customizable

| Asset Subcategory                   |                                |                   |                   |              |                   |
|-------------------------------------|--------------------------------|-------------------|-------------------|--------------|-------------------|
| Description/Asset ID                | Accrued<br>Income/Expense Curr | Nominal           | Book Cost         | Market Price | Market Value      |
| Cash and Cash Equivalents           |                                |                   |                   |              |                   |
| Cash                                |                                |                   |                   |              |                   |
| Cash                                |                                |                   |                   |              |                   |
| AUD - Australian dollar             | 0.15                           | 3,883.550         | 3,883.550         | 1.00000000   | 3,883.550         |
| Cash                                |                                |                   |                   |              |                   |
| GBP - British pound sterling        | 0.00                           | 815.070           | 815.070           | 1.00000000   | 815.070           |
| Cash                                |                                |                   |                   |              |                   |
| THB - Thai baht                     | 0.00                           | 4,951.260         | 4,951.260         | 1.00000000   | 4,951.260         |
| Cash                                |                                |                   |                   |              |                   |
| USD - United States dollar          | 53.88                          | 68,290.330        | 68,290.330        | 1.00000000   | 68,290.330        |
| Total                               | 54.03                          | 77,940.210        | 77,940.210        |              | 77,940.210        |
| Total Cash                          | 54.03                          | 77,940.210        | 77,940.210        |              | 77,940.210        |
| Cash (externally held)              |                                |                   |                   |              |                   |
| Cash (externally held)              |                                |                   |                   |              |                   |
| GBP - British pound sterling        | 0.00                           | 462,753,639.070   | 462,753,639.070   | 1.00000000   | 462,753,639.070   |
| Cash (externally held)              |                                |                   |                   |              |                   |
| EUR - Euro                          | 0.00                           | 0.340             | 0.340             | 1.00000000   | 0.340             |
| Total                               | 0.00                           | 462,753,639.410   | 462,753,639.410   |              | 462,753,639.410   |
| Total Cash (externally held)        | 0.00                           | 462,753,639.410   | 462,753,639.410   |              | 462,753,639.410   |
| Funds - short term investment       |                                |                   |                   |              |                   |
| Funds - Short Term Investment       |                                |                   |                   |              |                   |
| GBP - British pound sterling        | 1,317.23                       | 407,000.000       | 407,000.000       | 1.00000000   | 407,000.000       |
| Total                               | 1,317.23                       | 407,000.000       | 407,000.000       |              | 407,000.000       |
| Total Funds - short term investment | 1,317.23                       | 407,000.000       | 407,000.000       |              | 407,000.000       |
| Total Cash and Cash Equivalents     | 1,371.26                       | 463,238,579.620   | 463,238,579.620   |              | 463,238,579.620   |
| Report Total:                       |                                |                   |                   |              |                   |
|                                     | 4,038,534.52                   | 5,934,915,574.522 | 5,237,531,274.930 |              | 6,383,587,842.730 |

◆ Asset Detail - Customizable

| Asset Subcategory    |                |      |         |           |              |
|----------------------|----------------|------|---------|-----------|--------------|
| Description/Asset ID | Accrued        |      | Nominal | Book Cost | Market Price |
|                      | Income/Expense | Curr |         |           |              |

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| <u>ASSET</u>  | <u>BOOK COST</u> | <u>PRICE</u> | <u>MARKET VALUE</u>     | <u>FUND %</u> |
|---|------------------|--------------|-------------------------|---------------|
| <b><u>GROWTH ASSETS</u></b>                                     |                  |              |                         |               |
| <b><u>UK EQUITIES</u></b>                                       |                  |              |                         |               |
| AFREN ORD GBP0.01   | 1,089,449.06     | 0.02         | 17,850.00               | 0.00%         |
| AMEDEO AIR FOUR PLUS LTD  | 3,907,776.01     | 0.02         | 2,623,998.69            | 0.04%         |
| BORDER TO COAST PE UK LISTED EQUITY FUND (AINC)                 | 612,577,167.00   | 1.26         | 681,737,129.21          | 11.47%        |
| CANDOVER INVESTMENTS PLC GBP0.25                                | 321,939.43       | 0.00         | 0.00                    | 0.00%         |
| CARILLION ORD GBP0.50   | 0.00             | 0.14         | 61,968.80               | 0.00%         |
| NEW WORLD RESOURCE ORD EURO0.0004 A                             | 1,294,544.76     | 0.00         | 375.00                  | 0.00%         |
| <b>TOTAL UK EQUITIES</b>  |                  |              | <b>684,441,321.70</b>   | <b>11.52%</b> |
| <b><u>OVERSEAS EQUITIES</u></b>                                 |                  |              |                         |               |
| BORDER TO COAST EMERGING MARKET HYBRID FUND                     | 246,131,815.69   | 0.97         | 270,073,595.24          | 4.54%         |
| BORDER TO COAST PE OVERSEAS DEV MKTS EQTY (AINC)                | 2,099,596,093.42 | 1.19         | 2,369,184,231.82        | 39.86%        |
| FINEXIA FINL GROUP NPV  | 85.00            | 0.29         | 6.07                    | 0.00%         |
| YOUNG AUSTRALIAN MINES LTD                                      | 225,391.00       | 0.07         | 7,656.14                | 0.00%         |
| <b>TOTAL OVERSEAS EQUITIES</b>                                  |                  |              | <b>2,639,265,489.27</b> | <b>44.41%</b> |
| <b>TOTAL EQUITIES</b>   |                  |              | <b>3,323,706,810.97</b> | <b>55.92%</b> |
| <b><u>PRIVATE EQUITY</u></b>                                    |                  |              |                         |               |
| ACCESS CAPITAL CO INVESTMENT FUND BUY OUT EUROPE II             | 7,858,117.11     | 0.98         | 13,570,123.09           | 0.23%         |
| ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE                  | 14,502,844.73    | 1.43         | 25,875,924.27           | 0.44%         |
| BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL                   | 15,821,278.95    | 1.20         | 19,636,130.22           | 0.33%         |
| BORDER TO COAST PRIVATE EQUITY SERIES 1A                        | 65,530,115.76    | 1.09         | 90,637,070.92           | 1.53%         |
| BORDER TO COAST PRIVATE EQUITY SERIES 1B                        | 28,741,211.36    | 0.99         | 41,231,551.81           | 0.69%         |
| BORDER TO COAST PRIVATE EQUITY SERIES 1C                        | 21,162,341.01    | 1.04         | 48,662,467.58           | 0.82%         |
| BORDER TO COAST PRIVATE EQUITY SERIES 2A                        | 4,957,913.17     | 0.76         | 46,679,831.40           | 0.79%         |
| BORDER TO COAST PRIVATE EQUITY SERIES 2B                        | 6,508,313.21     | 0.98         | 27,622,104.92           | 0.46%         |
| CAPITAL DYNAMICS GLOBAL SECONDARIES V                           | 11,042,925.55    | 1.66         | 15,534,283.13           | 0.26%         |
| CAPITAL DYNAMICS LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS 18/19 | 6,979,550.00     | 1.36         | 11,693,458.92           | 0.20%         |
| CAPITAL DYNAMICS MID-MARKET DIRECT V                            | 13,201,080.63    | 1.25         | 23,897,713.15           | 0.40%         |
| CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD                   | 12,309,133.55    | 2.04         | 21,336,790.65           | 0.36%         |
| CROWN CO INVESTMENT OPPORTUNITIES III                           | 10,447,059.01    | 1.14         | 23,939,560.45           | 0.40%         |

|  |                |                |                       |               |
|--|----------------|----------------|-----------------------|---------------|
| CROWN GLOBAL OPPORTUNITIES VII                               | 15,563,768.96  | 1.31           | 24,430,133.86         | 0.41%         |
| CROWN GROWTH OPPORTUNITIES GLOBAL III                        | 20,496,138.42  | 1.52           | 35,974,823.76         | 0.61%         |
| CROWN SECONDARIES SPECIAL OPPORTUNITIES II                   | 13,140,741.71  | 1.34           | 21,249,331.34         | 0.36%         |
| DARWIN LEISURE DEVELOPMENT FUND ACCUMULATION UNITS - D CLASS | 15,000,000.00  | 1.10           | 11,745,000.00         | 0.20%         |
| DARWIN LEISURE PRO UNITS CLS 'C'                             | 10,611,644.05  | 2.53           | 11,066,767.17         | 0.19%         |
| DARWIN LEISURE PROPERTY FUND, T INCOME UNITS                 | 5,000,000.00   | 1.00           | 3,400,500.00          | 0.06%         |
| DARWIN LEISURE PROPERTY FUND, K INCOME UNITS                 | 35,000,000.00  | 0.70           | 16,614,602.23         | 0.28%         |
| FORESIGHT REGIONAL INVESTMENTS IV LP                         | 777,508.40     | 0.85           | 1,539,942.01          | 0.03%         |
| GB BANK LIMITED  | 50,043,721.94  | 1.00           | 23,445,973.32         | 0.39%         |
| HERMES GPE INNOVATION FUND                                   | 13,341,398.86  | 1.32           | 19,088,942.42         | 0.32%         |
| PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV               | 19,141,292.79  | 1.63           | 26,035,729.08         | 0.44%         |
| UNIGESTION DIRECT II   | 14,547,379.23  | 1.33           | 25,580,794.79         | 0.43%         |
| UNIGESTION DIRECT III  | 7,213,426.37   | 0.90           | 26,632,143.26         | 0.45%         |
| UNIGESTION SA  | 22,917,577.35  | 1.35           | 40,979,996.21         | 0.69%         |
| <b>PRIVATE EQUITY</b>  |                |                | <b>698,101,689.96</b> | <b>11.75%</b> |
| FW CAPITAL TEESIDE FLEXIBLE INVESTMENT FUND                  | 2,850,019.00   | 0.00           | 3,701,494.13          | 0.06%         |
| <b>PRIVATE EQUITY - LOCAL INVESTMENT</b>                     |                |                | <b>3,701,494.13</b>   | <b>0.06%</b>  |
| <b>TOTAL PRIVATE EQUITY</b>                                  |                |                | <b>701,803,184.09</b> | <b>11.81%</b> |
| <b>PROPERTY</b>  |                |                |                       |               |
| <b>DIRECT PROPERTY</b>                                       |                |                |                       |               |
| TEESSIDE PENSION FUND - DIRECT PROPERTY (Stay Behind)        | 399,152,598.72 | 1.03           | 94,850,000.00         | 1.60%         |
| BORDER TO COAST UK REAL ESTATE                               | 388,608,029.85 | 395,875,000.00 | 398,711,838.63        | 6.71%         |
| <b>TOTAL DIRECT PROPERTY</b>                                 |                |                | <b>493,561,838.63</b> | <b>8.30%</b>  |
| <b>PROPERTY FUNDS</b>  |                |                |                       |               |
| ABERDEEN STANDARD LIFE EUROPEAN PROPERTY GROWTH FUND         | 20,636,888.60  | 120,966.80     | 22,973,425.52         | 0.39%         |
| GRESHAM HOUSE BSI HOUSING LP                                 | 15,638,997.82  | 1.10           | 20,565,579.55         | 0.35%         |
| HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP           | 10,000,000.01  | 0.96           | 10,226,296.01         | 0.17%         |
| HEARTHSTONE RESIDENTIAL FUND 2                               | 13,740,773.16  | 0.91           | 17,545,520.00         | 0.30%         |
| LEGAL & GENERAL PROPERTY FUND UNITS                          | 15,720,126.33  | 6.37           | 15,739,813.86         | 0.26%         |
| HERMES PROPERTY PUT  | 2,590.00       | 6.09           | 15,765.33             | 0.00%         |
| <b>TOTAL PROPERTY FUNDS</b>                                  |                |                | <b>87,066,400.27</b>  | <b>1.46%</b>  |
| BRIDGES EVERGREEN TPF HOUSING CO-INVESTMENT LP               | 765,180.38     | 0.93           | 766,208.02            | 0.01%         |
| <b>PROPERTY FUNDS - LOCAL INVESTMENT</b>                     |                |                | <b>766,208.02</b>     | <b>0.01%</b>  |

|                       |  |  |                       |              |
|-----------------------|--|--|-----------------------|--------------|
| <b>TOTAL PROPERTY</b> |  |  | <b>581,394,446.92</b> | <b>9.78%</b> |
|-----------------------|--|--|-----------------------|--------------|

**PROTECTION ASSETS****INFRASTRUCTURE**

|  |               |      |                       |               |
|--|---------------|------|-----------------------|---------------|
| ACCESS CAPITAL FUND INFRASTRUCTURE II                                | 13,946,299.76 | 1.11 | 16,607,391.50         | 0.28%         |
| ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2)                   | 7,629,082.71  | 1.02 | 13,093,596.35         | 0.22%         |
| ACIF INFRASTRUCTURE FUND LP  | 13,421,191.08 | 0.74 | 15,107,733.39         | 0.25%         |
| ANCALA INFRASTRUCTURE FUND II SCSP                                   | 16,729,179.08 | 1.12 | 21,580,517.19         | 0.36%         |
| BLACKROCK GLOBAL ENERGY & POWER INFRASTRUCTURE FUND III              | 15,874,716.01 | 0.98 | 15,706,762.09         | 0.26%         |
| BLACKROCK GLOBAL RENEWABLE POWER FUND III                            | 11,308,739.08 | 1.06 | 10,632,220.04         | 0.18%         |
| BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A                      | 12,551,872.31 | 1.02 | 41,868,572.40         | 0.70%         |
| BORDER TO COAST INFRASTRUCTURE SERIES 1A                             | 67,321,263.18 | 0.87 | 77,997,976.83         | 1.31%         |
| BORDER TO COAST INFRASTRUCTURE SERIES 1B                             | 24,942,901.60 | 0.89 | 39,264,217.51         | 0.66%         |
| BORDER TO COAST INFRASTRUCTURE SERIES 1C                             | 33,456,001.70 | 1.08 | 47,819,542.96         | 0.80%         |
| BORDER TO COAST INFRASTRUCTURE SERIES 2A                             | 32,109,979.63 | 0.98 | 92,462,329.33         | 1.56%         |
| BORDER TO COAST INFRASTRUCTURE SERIES 2B                             | 6,540,791.64  | 1.00 | 50,058,269.67         | 0.84%         |
| BORDER TO COAST INFRASTRUCTURE SERIES 3A                             |               | 1.00 | 7,577,791.31          | 0.13%         |
| CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSP           | 17,500,754.07 | 1.01 | 21,242,412.22         | 0.36%         |
| CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE UK                      | 3,770,000.00  | 1.00 | 5,516,460.10          | 0.09%         |
| CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP | 8,750,377.05  | 1.04 | 10,517,813.74         | 0.18%         |
| DARWIN BEREAVEMENT SERVICES FUND CLASS B ACCUMULATION                | 15,000,000.00 | 1.27 | 15,901,780.59         | 0.27%         |
| DARWIN BEREAVEMENT SERVICES FUND, INCOME UNITS                       | 30,000,000.00 | 1.01 | 24,739,485.00         | 0.42%         |
| FORESIGHT ENERGY INFRASTRUCTURE PARTNERS                             | 8,516,087.18  | 0.93 | 14,642,873.62         | 0.25%         |
| GRESHAM HOUSE BRITISH SUSTAINABLE INFRASTRUCTURE FUND II             | 18,010,845.93 | 1.07 | 29,284,582.97         | 0.49%         |
| GRESHAM HOUSE BSI INFRASTRUCTURE LP                                  | 19,070,660.40 | 1.21 | 24,197,597.16         | 0.41%         |
| IIF UK I LP  | 80,595,460.34 | 1.05 | 83,481,388.92         | 1.40%         |
| INNISFREE PFI CONTINUATION FUND                                      | 8,672,972.00  | 1.20 | 8,998,789.54          | 0.15%         |
| INNISFREE PFI SECONDARY FUND 2                                       | 7,728,331.00  | 1.17 | 8,842,406.24          | 0.15%         |
| <b>INFRASTRUCTURE</b>  |               |      | <b>697,142,510.67</b> | <b>11.73%</b> |
| CO-INVESTMENT BSI LP - WASTE KNOT                                    | 10,000,000.00 | 1.11 | 12,172,819.00         | 0.20%         |
| <b>INFRASTRUCTURE - LOCAL INVESTMENT</b>                             |               |      | <b>12,172,819.00</b>  | <b>0.20%</b>  |

|                             |  |  |                       |               |
|-----------------------------|--|--|-----------------------|---------------|
| <b>TOTAL INFRASTRUCTURE</b> |  |  | <b>709,315,329.67</b> | <b>11.93%</b> |
|-----------------------------|--|--|-----------------------|---------------|

**OTHER DEBT**

|                               |               |      |               |       |
|-------------------------------|---------------|------|---------------|-------|
| GREYHOUND RETAIL PARK CHESTER | 19,715,863.00 | 0.98 | 18,840,863.00 | 0.32% |
|-------------------------------|---------------|------|---------------|-------|

|   |               |      |                       |              |
|---|---------------|------|-----------------------|--------------|
| INSIGHT IIFIG SECURED FINANCE II FUND   | 50,000,000.00 | 0.98 | 50,981,085.00         | 0.86%        |
| LA SALLE REAL ESTATE DEBT STRATEGIES IV | 7,833,117.70  | 0.95 | 9,578,815.49          | 0.16%        |
| PANTHEON SENIOR DEBT SECONDARIES II     | 18,185,235.62 | 0.60 | 12,922,366.91         | 0.22%        |
| ST ARTHUR HOMES                         | 18,265,116.33 | 1.00 | 17,065,562.23         | 0.29%        |
| TITAN - PRESTON EAST                    | 18,776,850.00 | 1.00 | 18,649,862.16         | 0.31%        |
| TITAN - TEMPLAR'S WAY                   | 10,983,472.00 | 1.00 | 10,825,290.23         | 0.18%        |
| VERDANT REGENERATION LTD                | 25,000,000.00 | 1.00 | 25,000,000.00         | 0.42%        |
| <b>TOTAL OTHER DEBT</b>                 |               |      | <b>163,863,845.02</b> | <b>2.76%</b> |

|                       |           |      |                  |              |
|-----------------------|-----------|------|------------------|--------------|
| <b>CASH</b>           |           |      |                  |              |
|                       | 68,290.33 | 1.00 | 68,290.33        | 0.00%        |
|                       | 3,883.55  | 1.00 | 3,883.55         | 0.00%        |
|                       | 5,766.67  | 1.00 | 5,766.67         | 0.00%        |
| <b>CUSTODIAN CASH</b> |           |      | <b>77,940.55</b> | <b>0.00%</b> |

|                      |  |  |                       |              |
|----------------------|--|--|-----------------------|--------------|
| <b>INVESTED CASH</b> |  |  | <b>463,160,639.07</b> | <b>7.79%</b> |
|----------------------|--|--|-----------------------|--------------|

|                   |  |  |                       |              |
|-------------------|--|--|-----------------------|--------------|
| <b>TOTAL CASH</b> |  |  | <b>463,238,579.62</b> | <b>7.79%</b> |
|-------------------|--|--|-----------------------|--------------|

|   |  |  |                         |                |
|---|--|--|-------------------------|----------------|
| <b>TOTAL FUND VALUE - 30th SEPTEMBER 2025</b> |  |  | <b>5,943,322,196.29</b> | <b>100.00%</b> |
|---|--|--|-------------------------|----------------|

Market Value timing differences

## Market Value

Overseas Equities

BORDER TO COAST EMERGING MARKET HYBRID FUND

-942,860.80-942,860.80Private Equity

GB BANK LIMITED

-9,897,779.16-9,897,779.16Property

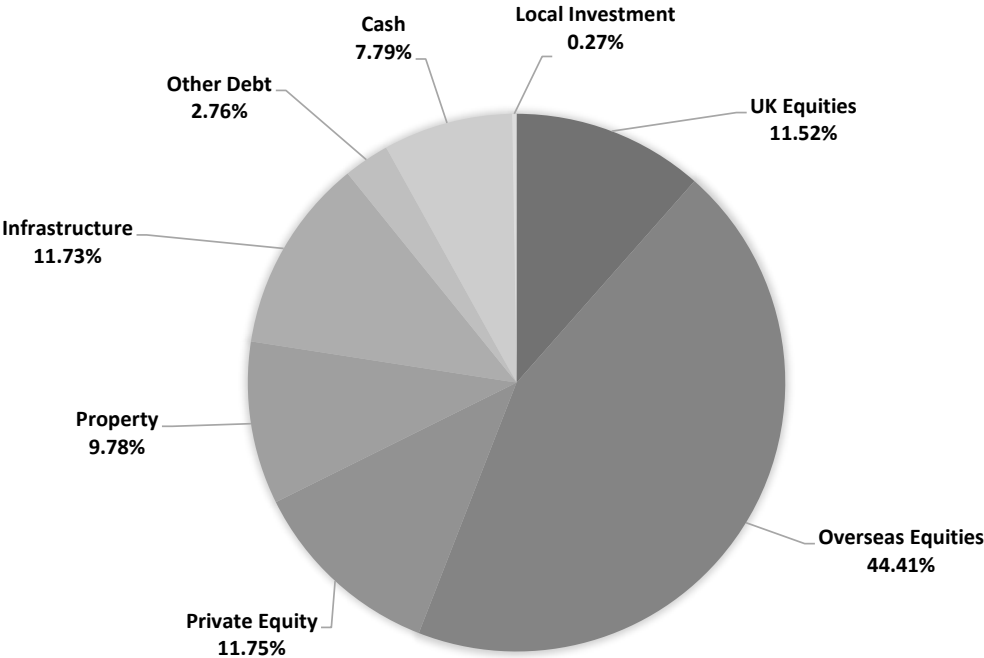
TEESSIDE PENSION FUND - DIRECT PROPERTY

-429,425,006.48-429,425,006.48**Total**-440,265,646.44

Asset Allocation Summary

|   |                  |         |
|---|------------------|---------|
| UK Equities   | 684,441,321.70   | 11.52%  |
| Overseas Equities   | 2,639,265,489.27 | 44.41%  |
| Private Equity  | 698,101,689.96   | 11.75%  |
| Property  | 581,394,446.92   | 9.78%   |
| Infrastructure  | 697,142,510.67   | 11.73%  |
| Other Debt  | 163,863,845.02   | 2.76%   |
| Cash & Bonds  | 463,238,579.62   | 7.79%   |
| Local Investments - Private Equity, Other Alternatives & Infrastructure | 15,874,313.13    | 0.27%   |
|   | 5,943,322,196.29 | 100.00% |

FUND % AT 30 SEPTEMBER 25



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# TEESSIDE PENSION FUND

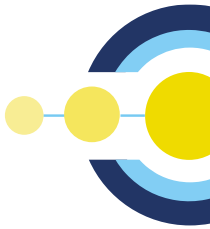
Border to Coast

Teesside Pensions Committee - December 2025

Agenda Item 2

# TEESSIDE PENSION FUND’S LISTED ACS INVESTMENTS

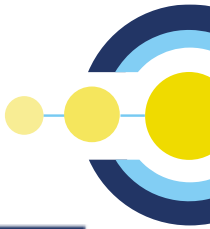
AS OF 30TH SEPTEMBER 2025



| Fund                       | Inception Date | Value (30/09/2025) | Value % of Total Assets |
|----------------------------|----------------|--------------------|-------------------------|
| UK Listed Equity           | 25/07/2018     | £682m              | 20.5%                   |
| Overseas Developed Markets | 16/10/2018     | £2,369m            | 71.3%                   |
| Emerging Markets Equity    | 18/05/2021     | £270m              | 8.1%                    |
|                            |                |                    |                         |
| UK Real Estate Main Fund   | 31/07/2025     | £398.7m            | 100%                    |

# PORTFOLIO PERFORMANCE (NET OF FEES)

AS OF 30TH SEPTEMBER 2025



| Fund                                   | Inception to Date |       |          | Quarter to Date |       |          | 1 Year |       |          | 3 Year |       |          | 5 Year |       |          |
|--|-------------------|-------|----------|-----------------|-------|----------|--------|-------|----------|--------|-------|----------|--------|-------|----------|
|  | Fund              | Index | Relative | Fund            | Index | Relative | Fund   | Index | Relative | Fund   | Index | Relative | Fund   | Index | Relative |
| Overseas Developed Markets Equity Fund | 11.59             | 10.73 | 0.86     | 7.90            | 8.42  | (0.52)   | 13.91  | 15.66 | (1.75)   | 15.83  | 15.05 | 0.78     | 12.60  | 11.69 | 0.92     |
| Emerging Markets Equity Fund           | 4.18              | 5.42  | (1.24)   | 12.33           | 12.47 | (0.14)   | 16.09  | 15.32 | 0.77     | 9.97   | 10.78 | (0.81)   | -      | -     | -        |
| UK Listed Equity Fund                  | 6.69              | 6.39  | 0.30     | 7.15            | 6.87  | 0.28     | 15.58  | 16.17 | (0.60)   | 13.68  | 14.47 | (0.79)   | 12.64  | 12.99 | (0.35)   |

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### Benchmarks

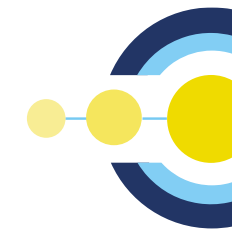
|  |  |
|--|--|
| Overseas Developed Markets Equity Fund | 40% S&P 500 (Net), 30% FTSE Developed Europe ex UK (Net), 20% FTSE Developed Asia Pacific ex Japan (Net), 10% FTSE Japan (Net)   |
| Emerging Markets Equity Fund           | FTSE Emerging Markets (Net) 29-Apr 2021 to current. 22-Oct-2018 to 09-Apr-2021 S&P Emerging Markets BMI (Net). 10-Apr 2019 to 28-Apr-2021 Fund Return (Performance Holiday). |
| UK Listed Equity Fund                  | FTSE All Share Index   |

### Note

- 1) Source: Northern Trust
- 2) Performance inception dates are since investor’s first investment, shown in the Executive Summary.
- 3) Performance for periods greater than one year are annualised.
- 4) Performance shown is net of charges incurred within the ACS, such as depository, audit and external manager fees. For the period to 31st March 2024, performance is gross of any fees paid to Border to Coast which are set out separately within the papers supporting the Shareholder Approval of the Border to Coast Strategic Business Plan. Effective 1st April 2024, performance is net of any fund specific fees paid to Border to Coast which are paid directly through the Funds via an Annual Management Charge (AMC).
- 5) Past performance is not an indication of future performance, and the value of investments can fall as well as rise.

# PORTFOLIO PERFORMANCE (COMMENTS)

AS OF 30TH SEPTEMBER 2025



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## Overseas Developed Markets Equity Fund

Over the quarter, the investment philosophy of buying the highest quality operators proved a headwind in US and Japan.

A key differentiation for your fund is its benchmark which allocates only 40% to US equities, compared to 70% in the MSCI World. Despite a challenging year we have kept pace with the MSCI World, not only year to date, but also over three and five years. This has been achieved despite the lower US exposure, where both significant opportunities but also the greatest risks associated with the recent AI euphoria reside.

### 3-month attribution by Sector:

Positive Contributors: Telecoms and Basic Materials.

Negative Contributors: Consumer Discretionary and Healthcare.

### 12-month attribution by Sector:

Positive Contributors: Technology and Basic Materials.

Negative Contributors: Financials, Industrials and Healthcare.

## UK Listed Equity Fund

UK equities reached new all-time highs during the quarter driven by financials and resources. Internationally exposed companies fared better than domestic facing companies against a backdrop of stagnant UK growth and concerns over any potential negative impact of November's budget.

### 3-month attribution by Sector:

Positive Contributors: Industrials and Financials.

Negative Contributors: Healthcare and Consumer Staples.

### 12-month attribution by Sector:

Positive Contributors: Industrials and Basic Materials.

Negative Contributors: Healthcare and Real Estate.

## Emerging Markets Equity Fund

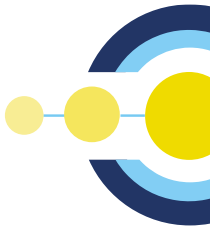
Over the quarter, Chinese equities significantly outperformed EM ex-China equities, with the FTSE China Index posting a 23.2% return in contrast to the FTSE EM ex-China index returning 7.3%.

**China Managers:** Both managers benefited from exposure to globally orientated companies demonstrating strong innovation and resilient overseas demand, helping to offset ongoing weakness seen in China's domestic economy.

**Ex-China Mandate:** Selection in Brazilian industrials detracted from returns as the nation's weak industrial production over the quarter posed a drag on the sector. Additionally, exposure to financials, particularly in India and Indonesia, weighed on performance resulting from macro headwinds and political unrest impacting both nations.

# FUND EXPOSURE TO DEFENCE AND TOBACCO

AS OF 30TH SEPTEMBER 2025



| Industry Classification | Fund                    | Number of Fund Holdings | Fund Exposure (£m) | Fund Exposure (%) | Benchmark Exposure (%) |
|-------------------------|-------------------------|-------------------------|--------------------|-------------------|------------------------|
| Defence                 | UK Listed Equity        | 5                       | 55.9               | 8.2               | 7.0                    |
|                         | Overseas Developed      | 4                       | 54.0               | 2.3               | 2.7                    |
|                         | Emerging Markets Equity | 1                       | 2.0                | 0.7               | 0.6                    |
|                         |                         |                         |                    |                   |                        |
| Tobacco                 | UK Listed Equity        | 2                       | 33.6               | 4.9               | 4.0                    |
|                         | Overseas Developed      | 0                       | 0                  | 0                 | 0.4                    |
|                         | Emerging Markets Equity | 1                       | 2.3                | 0.8               | 0.2                    |

**Benchmarks**

|  |  |
|--|--|
| Overseas Developed Markets Equity Fund | 40% S&P 500 (Net), 30% FTSE Developed Europe ex UK (Net), 20% FTSE Developed Asia Pacific ex Japan (Net), 10% FTSE Japan (Net) |
| Emerging Markets Equity Fund           | FTSE Emerging Markets (Net)  |
| UK Listed Equity Fund                  | FTSE All Share Index   |

**Note**

- 1) Source: Northern Trust / Border to Coast
- 2) Defence exposure is defined as companies classified as Aerospace and Defence under GICS Industry for Equity
- 3) Tobacco exposure is defined as Tobacco under GICS Industry for Equity

# UK REAL ESTATE FUND PERFORMANCE (NET OF FEES)

AS OF 30TH SEPTEMBER 2025

|           | 3 Mths | 6 Mths | 1 Yr   | Since Launch<br>p.a |
|-----------|--------|--------|--------|---------------------|
| Fund      | 1.88   | 3.37   | 7.79   | 7.79                |
| Benchmark | 1.28   | 4.07   | 7.94   | 7.94                |
| Relative  | 0.60   | (0.70) | (0.15) | (0.15)              |

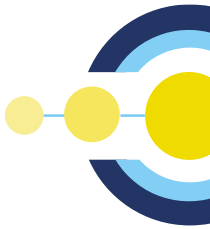
Page 7 of 8

**Benchmarks**  
UK Real Estate Main Fund      UK Consumer Price Index +4%  
Comparator Benchmark      MSCI Quarterly Index

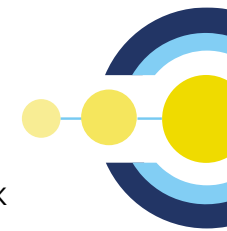
**Performance Comments**

- Over the three months to 30 September 2025 UK Main Fund delivered a total return of 1.88% at Fund level (1.53% at a property level) compared to 1.36% for the MSCI Quarterly Index (the comparator benchmark) and 1.28% for the Fund Performance Target (CPI +4% over a rolling 10-year period).
- Since Inception UK Main Fund has delivered a total return of 7.79% at Fund level (6.86% at a property level) compared to 6.33% for the comparator benchmark and 7.94% for the Fund Performance Target.
- Overall high inflation means that the performance target remains challenging. However, performance remains above MSCI comparator benchmark.

**Note**  
1) Source: Northern Trust .  
2) Performance for periods greater than one year are annualised.  
3) Performance has been calculated over the stated period on the share price performance basis and net of fees.  
4) Past performance is not an indication of future performance, and the value of investments can fall as well as rise.



# UK REAL ESTATE FUND (PURCHASES AND SALES)



The Fund transitioned the Teesside Pension Fund Portfolio which comprised 29 assets with a total value of c.£395 million. The portfolio comprises commercial real estate assets located across the UK with sector allocations broadly in line with UK Main and a very low void rate. This is a highly compatible portfolio that has added c.£23.6 million p.a. of additional income to UK Main which will help underpin the income return and contribute to future performance.

The Fund completed the sale of Plot C1 Castlewood Business Park, South Normanton to P3 Logistics Parks Ltd for £25.075 million. Plot C1 comprises a prime logistics/distribution warehouse constructed in 2016 totalling approximately 219,454 sq ft.

The Fund also sold 13-17 Calverley Road, Tunbridge Wells to Gentian Capital Properties Ltd for £2.2 million. The property comprises a high street retail unit located in central Tunbridge Wells let to URBN UK Limited.



51-54 Long Acre, London (Teesside Portfolio)



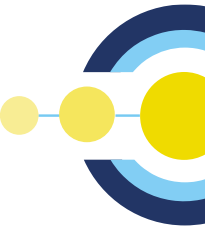
Plot C1 Castlewood Business Park, South Normanton



13-17 Calverley Road, Tunbridge Wells

# PRIVATE EQUITY - SUMMARY

AS OF 30 SEPTEMBER 2025 (PERFORMANCE AS OF 30 JUNE 2025)



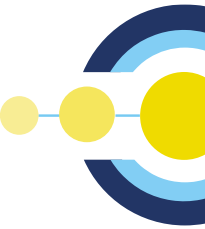
|  | Total                            | Series 1A                                | Series 1B | Series 1C | Series 2A  | Series 2B | Series 3A |
|--|----------------------------------|--|-----------|-----------|--|-----------|-----------|
| Commitment                               | £450m                            | £100m                                    | £50m      | £50m      | £100m  | £100m     | £50m      |
| Capital Deployment                       | Capital Committed                | 99.7%                                    | 99.1%     | 100.0%    | 99.8%  | 99.0%     | 39.6%     |
|  | Capital Drawn                    | 91.1%                                    | 91.4%     | 84.3%     | 47.6%  | 29.4%     | 0.0%      |
|  | Capital Distributed <sup>1</sup> | 34.1%                                    | 26.2%     | 0.7%      | 1.5%   | 1.3%      | 0.0%      |
| Performance Target (IRR): 10% p.a. (net) | IRR / TVPI                       | 10.7% / 1.30                             |           |           | 5.6% / 1.06  | N/M       | N/M       |
| Key Update                               | New Commitment                   | BPEA Private Equity Fund IX (April 2025) |           |           | A pan-Asian private equity manager focused on control-oriented upper mid-market/large-cap buyouts across the Asia Pacific region. Takes an active ownership approach with a focus on operational improvements.   |           |           |
|  | New Commitment                   | Hg Saturn 4 (April 2025)                 |           |           | European based, focusses on investments in the software and services sector. Seeks to acquire market-leading businesses with products that are mission critical and represent a relatively low spend for their end customers. Strategy targets upper mid-market and large cap investments. |           |           |
|  | New Commitment                   | Hg Genesis (July 2025)                   |           |           | As above but strategy targets mid-market investments.  |           |           |

Source: Albourne / Private Monitor / Border to Coast

<sup>1</sup>Including Recallable Distributions.

# INFRASTRUCTURE - SUMMARY

AS OF 30 SEPTEMBER 2025 (PERFORMANCE AS OF 30 JUNE 2025)



|   | Total                            | Series 1A  | Series 1B | Series 1C | Series 2A   | Series 2B | Series 3A |
|---|----------------------------------|--|-----------|-----------|---|-----------|-----------|
| Commitment                              | £550m                            | £100m  | £50m      | £50m      | £150m   | £150m     | £50m      |
| Capital Deployment                      | Capital Committed                | 98.7%  | 98.7%     | 100.0%    | 99.7%   | 99.9%     | 59.1%     |
|   | Capital Drawn                    | 92.3%  | 81.1%     | 91.0%     | 63.5%   | 34.6%     | 26.2%     |
|   | Capital Distributed <sup>1</sup> | 29.6%  | 7.5%      | 16.9%     | 5.5%  | 0.3%      | 0.2%      |
| Performance Target (IRR): 8% p.a. (net) | IRR / TVPI                       | 6.2% / 1.18  |           |           | 5.6% / 1.09   | N/M       | N/M       |
| Key Update                              | New Commitment                   | iCON VII (May 2025)  |           |           | Targeting brownfield infrastructure investments in energy distribution and storage, water, waste, digital, renewables, healthcare, and transport and logistics across Europe and North America.   |           |           |
|   | New Commitment                   | Project Olympus – Co-investment alongside KKR Diversified Core Infrastructure Fund         |           |           | Looks to take advantage of an expectation of an unprecedented level of electricity load growth from diverse sources, including AI/data centres, manufacturing and industrial growth, electrification, and renewable interconnection needs.      |           |           |
|   | New Commitment                   | Stepstone Infrastructure Secondaries Fund (April 2025)                                     |           |           | Will acquire fund limited partner interests and invest in GP-Led secondary funds, targeting what Stepstone believes are high quality infrastructure funds and assets managed by experienced third-party infrastructure GPs.                     |           |           |
|   | New Commitment                   | Project IBANEZ – co-investment alongside Meridiam Infrastructure North America (July 2025) |           |           | The project (SR 400) consists of 16 miles of Express Lanes to be constructed north of Atlanta, offering paid alternative to the existing congested route, delivering improve mobility, more consistent travel speeds and reliable travel times. |           |           |
|   | New Commitment                   | StonePeak Asian Infrastructure Fund 'SAIF' II (September 2025)                             |           |           | Targeting the communications, transportation and logistics, energy transition and social infrastructure sectors, within the often less crowded and less mature Asia market.   |           |           |

Source: Albourne / Private Monitor / Border to Coast

<sup>1</sup>Including Recallable Distributions.

Border to Coast – Teesside Pensions Committee

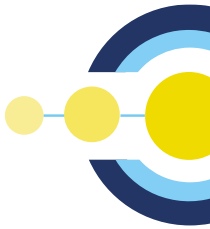
# CLIMATE OPPORTUNITIES - SUMMARY

AS OF 30 SEPTEMBER 2025 (PERFORMANCE AS OF 30 JUNE 2025)

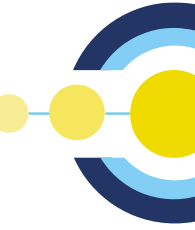
|   | Total                            | Series 1 |
|---|----------------------------------|----------|
| Commitment                              | £80m                             | £80m     |
| Capital Deployment                      | Capital Committed                | 99.9%    |
|   | Capital Drawn                    | 56.8%    |
|   | Capital Distributed <sup>1</sup> | 7.5%     |
| Performance Target (IRR): 8% p.a. (net) | IRR / TVPI                       | N/M      |

Page 32

Source: Albourne / Private Monitor / Border to Coast  
<sup>1</sup>Including Recallable Distributions.



# BORDER TO COAST UPDATE



## EXPANDED PARTNERSHIP

In October, all current and incoming Partner Funds agreed to move forward with our expanded partnership. This marks the start of an exciting new chapter. In coming together, we strengthen our ability to operate with resilience and innovation – while ensuring we deliver on the most important goal: paying the pensions of LGPS members in an affordable and sustainable way.

## STEWARDSHIP IN ACTION

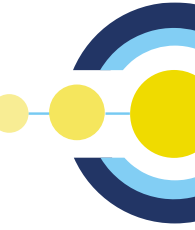
Engagement with companies to drive more sustainable performance, and ultimately better long-term value, is central to our investment philosophy. A recent success has been our engagement with water companies in collaboration with Royal London. This two-year programme saw Yorkshire Water and Northumbria Water agree to defined investor expectations and a framework to assess their performance, improving commitments across water infrastructure, leaks, and sewage. A real sign of the impact long-term proactive engagement can have.

## GIRLS ARE INVESTORS

We are proud of Border to Coast's continued support for 'GAIN' (Girls Are INvestors) and its quest to encourage more women into careers in investment management. Over the summer, we welcomed two interns from the charity.

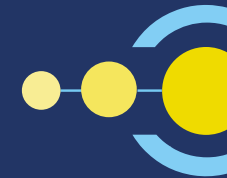


# PRIVATE EQUITY / INFRASTRUCTURE – IRR AND TVPI DEFINITIONS



## IRR and TVPI (Pages 8 - 10)

- **Internal Rate of Return (IRR):** Most common measure of Private Equity performance. IRR is technically a discount rate: the rate at which the present value of a series of investments is equal to the present value of the returns on those investments.
- **Total Value to Paid-in Capital (TVPI):** TVPI is the sum of the DPI and RVPI. TVPI is net of fees. TVPI is expressed as a ratio.
- **Distributions to Paid-in-Capital (DPI):** The amount a partnership has distributed to its investors relative to the total capital contribution to the fund. DPI is expressed as a ratio. Also known as realization ratio.
- **Residual Value to Paid-in Capital (RVPI):** The measure of value of the limited partner's interest held within the fund, relative to the cumulative paid-in capital. RVPI is net of fees and carried interest. This is a measure of the fund's "unrealized" return on investment. RVPI is expressed as a ratio.



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## **TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 10**

### **PENSION FUND COMMITTEE REPORT**

**10 DECEMBER 2025**

**DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE**

#### **INVESTMENT ADVISORS' REPORTS**

**1. PURPOSE OF THE REPORT**

- 1.1 To provide Members with an update on current capital market conditions to inform decision-making on short-term and longer-term asset allocation.

**2. RECOMMENDATION**

- 2.1 That Members note the report.

**3. FINANCIAL IMPLICATIONS**

- 3.1 Decisions taken by Members, in light of information contained within this report, will have an impact on the performance of the Fund.

**4. BACKGROUND**

- 4.1 The Fund has appointed Peter Moon and William Bourne to act as its independent investment advisors. The advisors will provide written and verbal updates to the Committee on a range of investment issues, including investment market conditions, the appropriateness of current and proposed asset allocation and the suitability of current and future asset classes.
- 4.2 Brief written summaries of current market conditions from William Bourne and Peter Moon are enclosed as Appendices A and B. Further comments and updates will be provided at the meeting.

CONTACT OFFICER: Andrew Lister – Head of Pensions Governance and Investments

TEL NO.: 01642 726328

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# **Investment report for Teesside Pension Fund**

## **December 2025**

### **Political and economic outlook**

Another quarter passes with another deterioration in the political situation mainly driven by President Trump's antics. Trump's already tentative grip on a Nobel peace prize looks to have taken a severe knock with less than impressive results in the Gaza / Israel conflict and his presentation and timelines of the Russian crafted peace deal for Ukraine. Thankfully Europe and Canada have responded in a robust fashion so that potentially a lasting and just conclusion to the conflict can be achieved. Unfortunately Trump's personality and intellectual and mental faculties make it impossible to predict much at all. There has to come a time when the rest of the world's politicians step up to the plate and really tell him what they think of him and his policies. It won't come soon enough but it could still be some considerable time away. Trump is facing stiffer competition on the domestic front with the Republican Marjorie Taylor Greene and Gavin Newsom, Democratic governor of California calling him to account. There are some signs that the US judicial system is starting to take its responsibilities seriously with the charges against Letitia James, New York Attorney General and James Comey, former FBI director being dropped albeit on a technical infringement. We can only hope that the message gets through to the US Supreme Court as they have a vital role to play in restoring democratic values to the United States.

Trump has finally bowed to pressure to release the Epstein files. I would imagine that the administration is busily redacting a large number of email messages. We can only hope that a whistle blower has already

downloaded the files to a safe area so that full publication can take place at an appropriate time in the future.

The hope that the Chancellor would introduce a radical budget which would increase growth and improve the state of the UK economy over the longer term has been confounded. Despite the government's majority it has chickened out and introduced a pretty mundane set of policies and kicked much needed reforms down the road. The most significant policy change has been the removal of the two child cap on child benefits which should significantly improve the lot of 450,000 children. The Chancellor will be pleased and relieved that financial markets responded slightly positively to her budget.

The prospects for economic growth have deteriorated in an increasingly protectionist environment. The degree of uncertainty over American economic and foreign policy will have impacted adversely on growth prospects across the world. This is not good news in an era of extremely high borrowing by western countries. Unfortunately I do not expect the position to change in the medium term.

## **Markets**

Equity markets have in general risen slightly over the past three months and relatively strongly over the year. There is no reason to think that equities will fall sharply from their current levels but it is difficult to see them outperforming other asset classes significantly over the medium term. The increasingly difficult economic environment would tend to confirm this. Bonds are likely to underperform equities slightly as the real yield is still relatively modest and the potential for higher inflation is becoming more of a reality.

Index linked bonds I've been showing signs of bottoming out for quite some time now. The bottoming out period has taken quite some time but it looks set to continue for some time yet.

The economic environment has improved somewhat for commercial property but the outlook remains unsettled and as an asset class it is unlikely to outperform.

Lack of finance has weighed heavily on the private equity and unquoted sector of the market. This situation is unlikely to change going forward. A lack of opportunity to refinance and float companies will continue to hold back the sector.

We are looking at a period of low return across all market sectors.

## **Portfolio recommendation**

Given the low return environment and the likelihood of similar returns across asset classes there is little to be done with the portfolio. The difficult liquidity environment in the unquoted sector will lead to this being a drag on the performance of the fund. Unfortunately the nature of these particular investments means that there could be a long wait for the environment to improve. Fortunately the scheme is in a good funding position and for the time being is able to sit these difficulties out.

**Peter Moon**

**28 November 2025**





## Independent Adviser's Report for Teesside Pension Fund Committee

William Bourne

28<sup>th</sup> November 2025

### Market Commentary

1. When I last reported, I said that market resilience was largely down to easy monetary policy. The U.S. has now started cutting interest rates too, and markets have accordingly continued to rise. I also said that at some point we should brace for market volatility, and I have not changed that view.
2. The Federal Reserve has cut interest rates twice, despite inflation well above the formal 2% target. The reason given is the slowing economy, but it is hard to avoid the conclusion that **central banks are increasingly relaxed with inflation at 3%, perhaps even 4%**. It helps indebted governments too because it reduces the real value of their debt piles.
3. However, 3% or 4% inflation is significantly different from 2% for consumers – and pension funds. At 2% inflation the real value of money declines by just over a third over 15 years. At 3% it falls by over 50%. At 4% it reduces by 80%. Pension fund liabilities will (other things being equal) rise similarly. In practice inflation stood at 3.0% in December in the U.S. 3.8% in the U.K and 2.1% in the E.U. As last time, the big exception is China, which is now firmly in deflationary territory.
4. The U.S. 2Q economic growth was revised up to 3.8%. Some of this is a bounce-back after two relatively weak quarters, but consumption and investment were both stronger than expected. Economic growth elsewhere has been anaemic, with the E.U., U.K. and Japan all growing at about 1%.
5. The U.S. Senate's failure to agree a funding settlement shut down the federal government for six weeks. A temporary solution is in place until the end of January. This must have a negative impact on U.S. activity going forward, but markets may not care if it is used as a reason for more rate-cuts.
6. The new Federal Reserve Chair will surely be in Trump's camp, but markets have taken this in their stride. The risk for markets is that a loss of central bank independence will result in higher bond yields. In the short term, however, a more political Chair may just mean easier monetary policy.

7. There has been some progress over tariffs. The U.S. have come to an agreement with a range of countries, including China (temporarily), Japan, the E.U. and the U.K. **In all cases tariffs are now higher than they were, albeit not as high as Trump's initial threats.** However, he has lashed out at Switzerland and India. Trump's willingness to use tariff threats to amend other parties' behaviour seems firmly engrained, and we can expect more sudden changes going forward.
8. **In aggregate higher tariffs will be bad for global prosperity.** They contravene the bedrock principle of economics that trade benefits both parties. The private sector, whether consumers or producers, must in the end pay for them. The U.S. may win in the short term, but not in the longer term. The uncertainty also impacts corporate behaviour – it is harder to invest when the rules keep changing.
9. The U.K. budget saw significant net tax rises, as expected and was therefore broadly welcomed by the gilt markets. But there was some scepticism whether it would engender any real growth or solve the nations long-term financial problems.
10. Easy monetary policy and the Artificial Intelligence mania have continued to boost equity market valuations, though there was a sell-off in November. Earnings (and rises in markets) were driven by a small number of large tech stocks and there was little growth in the rest of the market. Japanese equities performed well, as the first female Prime Minister was elected.
11. There has been a flicker of improvement in China, with upticks in manufacturing and exports leading to expected 2025 growth of 4.8%. The Shanghai Composite index is up nearly 30% from its April low. But China's problems are more deep-rooted than just the economic cycle and growth is being held back by i) the indebted property sector ii) tight monetary policy to avoid a devaluation of the yuan.
12. Although the last seven months since the Liberation Day low have been good for equity investors, there are signs of stress below the surface. For example, the reverse repo rate (the rate at which U.S. corporates borrow overnight) spiked to the highest since 2008 in early November.
13. The authorities' reaction to trouble remains the same as previously: print money in one form or other. This is a short-term palliative, albeit beneficial in the short term for financial investors. But there will be a reckoning at some point in the future.

## Portfolio Recommendations

14. We are back to an environment of quantitative easing. For the time being this is benign for assets, but there will be a reckoning sooner or later. I believe that eventually (much) higher inflation is almost inevitable unless politicians grow a backbone, and we should look for ways to mitigate that risk. The Fund's equity weighting is lower than it has been historically, and I believe that is appropriate.

## **TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 11**

### **PENSION FUND COMMITTEE REPORT**

**10 DECEMBER 2025**

**DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE**

#### **GOVERNANCE POLICIES REVIEW**

**1. PURPOSE OF THE REPORT**

- 1.1 To provide Members with updated versions of a number of governance policies for comment / noting as appropriate.

**2. RECOMMENDATION**

- 2.1 That Members note the report and provide any comments in respect of the updated policies.

**3. FINANCIAL IMPLICATIONS**

- 3.1 There are no specific financial implications arising from this report.

**4. UPDATED GOVERNANCE POLICIES**

- 4.1 Most of the Pension Fund's governance policies are required to be formally updated every three years. At the last review, in December 2024, an overarching review of Local Government Pension Scheme (LGPS) governance had been expected for over a year, as a follow-on from work carried out on behalf of the Scheme Advisory Board. This review is in the process of being consulted upon with governance issues at a fund and pool level as a key element of the Government's LGPS (England and Wales) 'Fit for the Future' reforms.
- 4.2 The latest consultation legislating to introduce amended governance arrangements is expected to mean further guidance on LGPS governance will be published in the New Year.
- 4.3 The Fund has a different pensions administrator since June 2025 and the policies need to be updated to reflect this and align the Pensions Administration Strategy to their approach. Consequently, this is a 'light touch' review of the Fund's governance policies, as further changes are likely to be required for some of them during 2026.

4.3 The following documents have been reviewed and updated (where necessary) based on the existing regulations and guidance:

- Governance Policy & Compliance Statement
- Training Policy
- Conflict of Interest Policy
- Risk Management Policy
- Procedures for Reporting Breaches of Law
- Communication Policy
- Pension Administration Strategy and Charging Policy
- Fund Officers' Scheme of Delegation

4.3 The documents are enclosed as appendices A to H. Most of the changes made have been minor and cosmetic.

## **5. NEXT STEPS**

5.1 The revised governance policies will take immediate effect, subject to any comments from the Committee.

CONTACT OFFICER: Andrew Lister – Head of Pensions Governance and Investments

TEL NO.: 01642 726328

# **Teesside Pension Fund**

## **Governance Policy and Compliance Statement 2025**



## Governance Policy and Compliance Statement– Administering Authority

Middlesbrough Council ('the Council') is the Administering Authority of the Teesside Pension Fund ('the Fund') and administers the Local Government Pension Scheme on behalf of participating employers.

Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires Local Government Pension Scheme (LGPS) Administering Authorities to publish Governance Compliance Statements setting out information relating to how the Administering Authority delegates its functions under those regulations and whether it complies with guidance given by the Secretary of State. It also requires the Authority to keep the statement under review and to make revisions as appropriate and where such revisions are made to publish a revised statement.

### Aims and Objectives

The Council recognises the significance of its role as Administering Authority to the Fund on behalf of its stakeholders which include:

- Over 80,000 current and former members of the Fund, and their dependants
- Over 160 employers within the Fund
- Local taxpayers within the council areas participating in the Teesside Pension Fund and taxpayers nationally who contribute to funding some of the major Fund employers.

In relation to the governance of the Fund, our objectives are to ensure that:

- All staff and Pension Fund Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.
- All Teesside Pension Board Members have the necessary knowledge and understanding required for them to carry out their (oversight and assistance) role.
- The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties.
- All relevant legislation is understood and complied with.
- The Fund aims to be at the forefront of best practice for LGPS funds.
- The Fund manages Conflicts of Interest appropriately.

### Structure

The Constitution of the Council sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and that those who made the decisions are accountable to local people. The framework under which the Pension Fund is administered is described below.

### Pension Fund Committee

The Pension Fund Committee's principal aim is to carry out the functions of the Council as the Scheme Manager and Administering Authority for the Fund in accordance with Local Government Pension Scheme and any other relevant legislation.

In its role as the administering authority, the Council owes fiduciary duties to the employers and members of the Teesside Pension Fund and must not compromise this with its own particular interests. Consequently, this fiduciary duty is a responsibility of the Pension Fund Committee, and its members must not compromise this with their own individual interests.

The Committee's specific roles as outlined in the Council's Constitution are shown in Appendix B. No matters relating to the Council's responsibilities as an employer participating within the Fund are delegated to the Pension Fund Committee.

The Pension Fund Committee is composed of 15 members as outlined below:

- Nine Councillors of Middlesbrough Council, determined by the Council.
- One Councillor from each of Hartlepool Borough Council, Stockton Borough Council and Redcar & Cleveland Borough Council.
- One representative of the other Scheme Employers in the Teesside Pension Fund appointed in accordance with procedures agreed by the Chief Finance Officer and Monitoring Officer.
- Two representatives of the scheme members of the Teesside Pension Fund, appointed in accordance with procedures agreed by the Chief Finance Officer and Monitoring Officer.

Named substitutes are permitted providing they satisfy the knowledge and skills policy of the Fund.

Voting rights are held by all members including the scheme member representatives other than where any are employees of Middlesbrough Council.

The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties; meetings are open to members of the public who are welcome to attend. However, there may be occasions when members of the public are excluded from meetings when it is likely in view of the nature of the business to be transacted or the nature of the proceedings that confidential information would be disclosed.

### Officers

Under the Council's Constitution the Chief Finance Officer has an overarching responsibility for "ensuring lawfulness and financial prudence of decision making" and is "responsible for the administration of the Council's financial affairs". This includes the Council's role as Administering Authority for the Teesside Pension Fund.

In other words, the Chief Finance Officer has a statutory responsibility for the proper financial administration of the Teesside Pension Fund, in addition to that of Middlesbrough Council.

### Border To Coast Pensions Partnership (Asset Pooling)

At its meeting on the 15th February 2017, Middlesbrough Council approved its participation, acting as the Administering Authority for the Teesside Pension Fund, in the Border to Coast Pensions Partnership ("Border to Coast") asset pooling arrangement as the Council's approach to pooling the Fund's assets to satisfy the Government's requirements to pool assets with the goal of reducing investment related costs. At the same meeting, the Council also agreed to create Border to Coast Pensions Partnership Limited, an Authorised Contractual Scheme Operator to provide the required services for the (at that time) twelve Partner Funds in Border to Coast.

The following are responsibilities delegated by the Council relating to its participation in Border to Coast. These are in addition to those mentioned in part (f) of the Teesside Pension Fund Committee responsibilities as outlined in Appendix B.

- The Mayor (or whomever he decides to nominate) is the nominated person to exercise the Council's rights as a shareholder in Border to Coast Pensions Partnership Limited and be its representative at shareholder meetings, on behalf of the Teesside Pension Fund. The responsibilities are as set out in the Shareholders Agreement, Articles, Inter Authority Agreement and any other agreements entered into and include, but are not limited to the areas outlined in Appendix C.
- The Chairman (or Vice Chairman in their absence) of the Teesside Pension Fund Committee is the nominated representative of the Council on behalf of Teesside Pension Fund on the Border to Coast Pension Partnership Joint Committee, noting that the Joint Committee shall not making binding decisions on the matters in the Terms of Reference but may make recommendations to each Authority to individually determine.
- The Chief Finance Officer is:
  - The nominated officer to meet and resolve any Deadlock Situation as per Clause 10 of the Shareholder Agreement.
  - The nominated officer to consider and resolve any Dispute as per Clause 13 of the Inter Authority Agreement.

### Pension Board

With effect from 1 April 2015, each Administering Authority was required to establish a local Pension Board to assist them with

- securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme, and requirements imposed in relation to the LGPS by the Pensions Regulator
- ensuring the effective and efficient governance and administration of the Pension Fund

Such Pension Boards are not local authority committees - as such the Constitution of Middlesbrough Council does not apply to the Pension Board unless it is expressly referred to in the Board's terms of reference. The Teesside Pension Board was established by Middlesbrough Council on 1<sup>st</sup> April 2015 and the full terms of reference of the Board can be found on the [Council's website at this link](#). The key points are summarised below.

### *Role of the Pension Board*

The Pension Board is providing oversight of the matters set out above and, accordingly, the Pension Board is not a decision-making body in relation to the management of the Fund but instead makes recommendations to assist in such management. The Fund's management powers and responsibilities which have been, and may be, delegated by the Council to committees, sub-committees and officers of the Council, remain solely the powers and responsibilities of those committees, sub-committees and officers including but not limited to the setting and delivery of the Fund's strategies, the allocation of the Fund's assets and the appointment of contractors, advisors and investment managers.

### *Membership of the Pension Board*

The Board consists of six voting members, which includes three Employer Representatives and three Scheme Member Representatives.

### *Meetings*

The Pension Board must meet at least twice a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work. In practice, the Pension Board has typically met four times a year.

The Pension Board is administered in the same way as a Committee of the Council and, as such, members of the public may attend and papers will be made public in the same way as described above for the Pension Fund Committee.

### **Policy Documents**

There are a number of documents, other than this and the Constitution as previously described, which are relevant to the Governance and management of the Pension Fund. Brief details of these are listed below and the full copies of all documents can either be found on the Teesside Pension Fund Website [www.twpf.info/Teesside](http://www.twpf.info/Teesside) or by writing to the address given at the end of this document.

### *Governance Compliance Statement*

This sets out the Pension Fund's compliance with the Secretary of State's Statutory Guidance on Governance in the LGPS. This is attached as Appendix A and shows where the Fund is compliant or not compliant with best practice and (if applicable) any reasons why it may not be fully compliant.

### *Funding Strategy Statement*

The Funding Strategy Statement forms part of the framework for the funding and management of the Fund. It sets out how the Fund calculates contribution rates and how money will be collected from employers to meet the Fund's obligations. The Funding Strategy Statement (FSS) is drawn up by the Administering Authority in collaboration with the Fund's actuary and after consultation with the Fund's employers. The FSS forms part of a broader framework which covers the Fund and applies to all employers participating in the Fund. The FSS represents a summary of the Fund's approach to funding the liabilities of the Fund.

### *Investment Strategy Statement*

The Local Government Pension Scheme (Management and Investment of Funds) (Amendment) Regulations 2016 require pension fund administering authorities to prepare, maintain and publish a statement of the principles governing their decisions on the investment of the pension fund.

The main areas covered in the Investment Strategy Statement (ISS) are as follows:

- a requirement to invest Fund money in a wide variety of investments;
- an assessment of the suitability of particular investments and types of investments;
- the approach to risk, including the ways in which risks are to be assessed and managed;
- the approach to pooling investments, including the use of collective investment vehicles and shared services;
- the policy on how social, environmental and corporate governance considerations are taken into account in the selection, non-selection, retention and realisation of investments; and
- the policy on the exercise of the rights (including voting rights) attaching to investments.

The ISS also sets out the maximum percentage of the total value of all investments of Fund money that will be invested in particular investments or classes of investment.

The ISS does not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with the Council within the meaning of section 212 of the Local Government and Public Involvement in Health Act 2007.

The Council must consult such persons as it considers appropriate as to the proposed contents of its investment strategy, these persons are (typically) the Committee, including officers and advisors, and the Fund employers.

The Council must review and if necessary revise its investment strategy from time to time, and at least every 3 years, and publish a statement of any revisions.

The Council must invest, in accordance with its investment strategy, any Fund money that is not needed immediately to make payments from the Fund.

### *Training Policy*

Middlesbrough Council has a Training Policy which has been put in place to assist the Fund in achieving its governance objectives and all Pension Fund Committee members, Pension Board members and senior officers are expected to continually demonstrate their own personal commitment to training and to ensuring that the objectives within that Training Policy are met.

To assist in achieving these objectives, the Teesside Pension Fund aims to comply with:

- the CIPFA Knowledge and Skills Frameworks and
- the knowledge and skills elements of the Public Service Pensions Act 2013 and the Pensions Regulator's (TPR) Code of Practice for Public Service Schemes

as well as any other LGPS specific guidance relating to the knowledge and skills of Pensions Fund Committee members, Pension Board members or pension fund officers which may be issued from time to time.

Members of the Pension Fund Committee, Pension Board and officers involved in the management of the Fund will receive training to ensure that they meet the aims of the Training Policy with training schedules drawn up and reviewed on at least an annual basis.

### *Conflicts of Interest Policy*

Conflicts of interest have always existed for those with LGPS administering authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an elected member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Further any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of the Fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document within a policy how any such conflicts or potential conflicts are to be managed.

Teesside Pension Fund's Conflict of Interest Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Fund whether directly or in an advisory capacity. The Policy is established to guide the Pension Fund Committee members, Pension Board members, officers and advisers. It aims to ensure that those individuals do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

### *Annual Report and Accounts*

As part of the financial standing orders it is the duty of the Chief Financial Officer to ensure that record keeping and accounts are maintained by the Pension Fund. The Pension Fund accounts are produced in accordance with the accounting recommendations of the Financial Reports of Pension Schemes - Statement of Recommended Practice. The financial statements summarise the transactions of the Scheme and deal with the net assets of the Scheme. The statement of accounts is reviewed by both the Pension Fund Committee and the Audit Committee and incorporated in the Statement of Accounts for the Council. The Annual Report provides additional information about the Fund to supplement the financial information within the accounts. Full copies of the Annual Report and Accounts are distributed to employers in the Fund and other interested parties and a copy placed on the Fund's website: [www.twpf.info/Teesside](http://www.twpf.info/Teesside)

### *Risk Management Policy*

The Risk Management Policy details the risk management strategy for the Fund, including:

- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for, risk
- how risk management is implemented
- risk management responsibilities
- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund.

The Administering Authority adopts best practice risk management, which supports a structured and focused approach to managing risks, and ensures risk management is an integral part in the governance of the Fund at a strategic and operational level.

### *Procedures for Reporting Breaches of the Law*

This document sets out the procedures to be followed by certain persons involved with the Teesside Pension Fund, in relation to reporting breaches of the law to the Pensions Regulator.

Middlesbrough Council, as Administering Authority, has delegated responsibility for the implementation of these procedures to the Head of Pensions Governance and Investments.

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

The Procedure document applies, in the main, to:

- all members of the Pension Fund Committee and the Local Pension Board
- all senior officers involved in the management of the Fund including the Chief Finance Officer, Monitoring Officer and Head of Pensions Governance and Investments and their teams.
- any professional advisers and third party suppliers including auditors, actuaries, independent advisers, third party administrators, legal advisers and fund managers
- officers of employers participating in the Fund who are responsible for pension matters.

### *Communication Policy*

This document sets out the communications policy of the administering authority and sets out the strategy for ensuring that all interested parties are kept informed of developments in the Fund. This helps to ensure transparency as well as an effective communication process for all interested parties, with a particular focus on engagement with scheme members and employers of the Fund.

### *Pension Administration Strategy and Employer Guide*

In order to assist with the management and efficient running of the Pension Fund, the Pension Administration Strategy encompassing administrative procedures and

responsibilities for the Fund for both the Administering Authority and Employing Authorities has been made available to employers within the Fund, having been developed following consultation. This represents part of the process for ensuring the ongoing efficient management of the Fund and maintenance of accurate data and is integral to the effective management of the Fund and the payment of benefits to scheme members.

### *Discretions Policies*

Under the LGPS regulations, the Council, as the Administering Authority of the Fund, has a level of discretion in relation to a number of areas of policy. The Administering Authority reviews these policies as appropriate and will notify interested parties of any significant changes. Employing Authorities are also required to set out their discretions policies in respect of areas under the Regulations where they have a discretionary power.

### Monitoring Governance of the Teesside Pension Fund

The Fund's governance objectives will be monitored as follows:

| Objective   | Monitoring Arrangements  |
|---|--|
| All staff and Pension Fund Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. | <ul style="list-style-type: none"> <li>• A Training Policy is in place and regularly reviewed (in line with timescales in the document).</li> <li>• On-line training resource is available for all Committee and Board members,</li> <li>• Compare and report attendance at training / use of training resources events, as outlined in the Fund's Training Policy.</li> </ul>   |
| The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties.  | <ul style="list-style-type: none"> <li>• All meetings of the Pension Fund Committee and Teesside Pension Board are open to the public and publicised on the Council Website.</li> <li>• All Committee and Board meeting agendas, reports and minutes, with the exception of reserved matters, are published on the Council website in accordance with the Council's required timescales.</li> <li>• The Administering Authority has a communication plan that sets out how it will communicate with members and other relevant parties.</li> </ul> |
| All relevant legislation is understood and complied with  | <ul style="list-style-type: none"> <li>• The Governance of the Fund is considered by both the External and Internal Auditors. All External and Internal Audit Reports are reported to Committee.</li> <li>• The Administering Authority maintains a log of all breaches of the law in accordance with the Fund's breaches procedure.</li> <li>• The Pension Board prepares and publishes an annual report which may include comment on compliance matters.</li> </ul>  |
| The Fund aims to be at the forefront of best practice for LGPS funds.   | <ul style="list-style-type: none"> <li>• Officers, Pension Fund Committee and Pension Board Members will maintain their knowledge of LGPS legislation and best practice, measured as per the first objective.</li> <li>• The Administering Authority will respond to government LGPS consultations and other consultations that have an impact on the LGPS.</li> </ul>   |
| The Fund manages Conflicts of Interest appropriately  | <ul style="list-style-type: none"> <li>• A Conflicts of Interest Policy is in place and regularly reviewed (in line with timescales in the document).</li> <li>• A Conflict of Interest log is in place, where all potential and actual conflicts are recorded and managed as required by the Conflicts of Interest Policy.</li> </ul>   |

## Key Risks

The key risks to the delivery of this Strategy are outlined below. The Pension Fund Committee will monitor these and other key risks and consider how to respond to them.

- Changes in Pension Fund Committee membership, Pension Board membership and/or key officers resulting in loss of continuity and potentially diminishing knowledge and understanding.
- Changes in government/legislative requirements meaning insufficient time allocated to ongoing management, either at Pension Fund Committee meetings or as part of key officers' duties.
- Ineffective delegation of duties and/or presentation of Pension Fund Committee items resulting in insufficient time spent on key matters.
- Poor attendance and/or a lack of engagement at training and/or formal meetings by Committee members, Board members and/or other key officers resulting in a poor standard of decision making and/or monitoring.
- Conflicts of interest not being appropriately managed by Committee members, Board members and/or key officers.

## Approval, Review and Consultation

This Governance Policy and Statement was reviewed at the Teesside Pension Fund Committee meeting on 10<sup>th</sup> December 2025. It will be formally reviewed and updated at least every three years or sooner if the governance arrangements or other matters included within it merit reconsideration.

## Contact Information

Further information on the Teesside Pension Fund can be found as shown below:

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Website: [www.twpf.info/Teesside](http://www.twpf.info/Teesside)

Middlesbrough Council Website: <https://www.middlesbrough.gov.uk/> (Minutes, Agendas, etc.)

**Appendix A****Teesside Pension Fund Governance Compliance Statement**

| <b>Best Practice (from latest <a href="#">Statutory Guidance</a> issued December 2008)</b>   | <b>Compliant? With explanation where relevant.</b>  |
|--|---|
| <b>A. STRUCTURE</b>  |   |
| a. The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.   | <b>Fully Compliant</b><br>The management of the administration of benefits and strategic management of fund assets are delegated by the Council to the Pension Fund Committee.  |
| b. That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee. | <b>Fully Compliant</b><br>Representatives covering most employers and scheme members are Co-opted Members of the Pension Fund Committee and have voting rights.<br>The Pension Board, although not a formal secondary committee, also includes representatives of scheme members and employers. |

| Best Practice (from latest <a href="#">Statutory Guidance</a> issued December 2008)   | Compliant? With explanation where relevant.   |
|---|---|
| c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.  | <p><b>Not Applicable</b></p> <p>There is no formal secondary committee or panel. However it is worth noting that the Pension Board members are entitled to attend all Pension Fund Committee meetings and are invited to participate. All Pension Board minutes are circulated around Pension Fund Committee members as soon as they are available as well as being included in Pension Fund Committee reports.</p> |
| d. That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel. | <p><b>Not Applicable</b></p> <p>No secondary committee or panel exists.</p>   |

| Best Practice (from latest <a href="#">Statutory Guidance</a> issued December 2008)   | Compliant? With explanation where relevant.  |
|---|--|
| <b>B. REPRESENTATION</b>  |  |
| <p>a. That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:-</p> <p>i) employing authorities (including non-scheme employers, e.g. admitted bodies);</p> <p>ii) scheme members (including deferred and pensioner scheme members),</p> <p>iii) where appropriate, independent professional observers, and</p> <p>iv) expert advisors (on an ad-hoc basis).</p> | <p><b>Fully Compliant</b></p> <p>The Pension Fund Committee includes the following Co-opted Members:</p> <ul style="list-style-type: none"> <li>• an employer representative covering all employers</li> <li>• two scheme member representatives (representing all categories of scheme member)</li> </ul> <p>The Fund also has independent investment advisers who regularly attend meetings. It has a range of other expert advisors, such as the Fund Actuary, who attend on an ad-hoc basis.</p> <p>The Pension Board, although not a formal secondary committee, also includes representatives of scheme members and employers.</p> |

| Best Practice (from latest <a href="#">Statutory Guidance</a> issued December 2008)  | Compliant? With explanation where relevant.  |
|--|--|
| <p><i>b.</i> That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.</p> | <p><b>Fully Compliant</b></p> <p>All Pension Fund Committee members, including Co-opted Members, are treated equally with full opportunity to contribute to the decision making process and with unrestricted access to papers and training, and with full voting rights. The only exception is if any are employees of Middlesbrough Council, as they are not legally permitted to have voting rights on a committee of the Council.</p> <p>There is no formal secondary committee or panel. However it is worth noting that the Pension Board members are entitled to attend all Pension Fund Committee meetings and are invited to participate.</p> |
| <b>C. SELECTION AND ROLE OF LAY MEMBERS</b>  |  |
| <p><i>a.</i> That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.</p>   | <p><b>Fully Compliant</b></p> <p>This is highlighted via induction training for members on joining the Pension Fund Committee (also for Pension Board members) and through ongoing training and participation in meetings.</p>   |
| <p><i>b.</i> That at the start of any meeting committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.</p>  | <p><b>Fully Compliant</b></p> <p>We recognise that potential conflicts of interest can arise between a Committee member's existing personal and professional roles and Committee business. The Fund has a Conflicts of Interest Policy outlining the process for identifying and managing actual and potential conflicts of interest. Declarations of interest form a part of every Committee agenda.</p>  |

| Best Practice (from latest <a href="#">Statutory Guidance</a> issued December 2008)   | Compliant? With explanation where relevant.   |
|---|---|
| <b>D. VOTING</b>  |   |
| a. The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.   | <p><b>Fully Compliant</b></p> <p>The Council's Constitution and the Fund's Governance Policy and Compliance Statement make it clear that all Pension Fund Committee members have equal voting rights, other than any employees of Middlesbrough Council (for legal reasons).</p>  |
| <b>E. TRAINING / FACILITY TIME / EXPENSES</b>   |   |
| a. That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process. | <p><b>Fully Compliant</b></p> <p>The Fund has a Training Policy that applies to all Pension Fund Committee members, Pension Board members and officers. Training is delivered through several avenues including:</p> <ul style="list-style-type: none"> <li>• An initial induction for new Pension Fund Committee and Pension Board Members when an individual training plan will be developed</li> <li>• On-going training through written reports or presentations at Committee meetings</li> <li>• Conferences and seminars.</li> </ul> <p>The actual costs and expenses relating to approved training are met directly or can be reimbursed from the Teesside Pension Fund. Some members of the Pension Committee and Board receive payments for attendance at meetings (including training events) as detailed within the Middlesbrough Council Members' Remuneration Scheme and the Pension Board terms of reference.</p> |

| <b>Best Practice (from latest <a href="#">Statutory Guidance</a> issued December 2008)</b>   | <b>Compliant? With explanation where relevant.</b>   |
|--|--|
| <i>b.</i> That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.  | <b>Fully Compliant</b>   |
| <i>c.</i> That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.  | <b>Fully Compliant</b><br><br>A log of individual Member training is maintained. In addition, the Fund has adopted the CIPFA Knowledge and Skills Framework and has a Fund specific Training Policy. |
| <b>F. MEETINGS (FREQUENCY/QUORUM)</b>  |  |
| <i>a.</i> That an administering authority's main committee or committees meet at least quarterly.  | <b>Fully Compliant</b><br><br>The Pension Fund Committee meets five times a year – once every quarter with an additional meeting to consider the draft annual report and accounts.                   |
| <i>b.</i> That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.   | <b>Not Applicable</b><br><br>No secondary committee or panel exists.   |
| <i>c.</i> That an administering authority who do not include lay members in their formal governance arrangements, must provide a forum outside of those arrangements by which the interests of key stakeholders can be represented | <b>Not Applicable</b><br><br>Lay members are included in the Pension Fund Committee.   |

| Best Practice (from latest <a href="#">Statutory Guidance</a> issued December 2008)   | Compliant? With explanation where relevant.  |
|---|--|
| <b>G. ACCESS</b>  |  |
| a. That subject to any rules in the council's constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee.               | <b>Fully Compliant</b><br><br>All Members of the Pension Fund Committee have equal access to papers. In addition, all Pension Board members have access to the same papers.  |
| <b>H. SCOPE</b>   |  |
| a. That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements   | <b>Fully Compliant</b><br><br>The remit of the Pension Fund Committee covers all Fund matters, including administration, communications, funding, investments and governance. The Pension Board provides further opportunity for these matters to be considered                              |
| <b>I. PUBLICITY</b>   |  |
| a. That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements. | <b>Fully Compliant</b><br><br>The Fund publishes a detailed Annual Report, newsletters for active and pensioner members. In addition all Pension Fund Committee and Board agendas, reports and minutes are available to view on the Middlesbrough Council website (other than exempt items). |

**Appendix B****Teesside Pension Fund Committee Responsibilities**

The Pension Fund Committee's principal aim is to carry out the functions of Middlesbrough Council as the Scheme Manager and Administering Authority for the Teesside Pension Fund in accordance with Local Government Pension Scheme and any other relevant legislation.

In its role as the administering authority, Middlesbrough Council owes fiduciary duties to the employers and members of the Teesside Pension Fund and must not compromise this with its own particular interests. Consequently this fiduciary duty is a responsibility of the Pension Fund Committee and its members must not compromise this with their own individual interests.

The Pension Fund Committee will have the following specific roles and functions, taking account of advice from the Chief Finance Officer and the Fund's professional advisers:

- a) Ensuring the Teesside Pension Fund is managed and pension payments are made in compliance with the extant Local Government Pension Scheme Regulations, HM Revenue & Customs requirements for UK registered pension schemes and all other relevant statutory provisions.
- b) Ensuring robust risk management arrangements are in place.
- c) Ensuring the Council operates with due regard and in the spirit of all relevant statutory and non-statutory best practice guidance in relation to its management of the Teesside Pension Fund.
- d) Determining the Pension Fund's aims and objectives, strategies, statutory compliance statements, policies and procedures for the overall management of the Fund, including in relation to the following areas:
  - i. Governance – approving the Fund's Governance Policy and Compliance Statement for the Fund within the framework as determined by Middlesbrough Council and making recommendations to Middlesbrough Council about any changes to that framework.
  - ii. Funding Strategy – approving the Fund's Funding Strategy Statement including ongoing monitoring and management of the liabilities, ensuring appropriate funding plans are in place for all employers in the Fund, overseeing the triennial valuation and interim valuations, and working with the actuary in determining the appropriate level of employer contributions for each employer.
  - iii. Investment strategy - approving the Fund's Investment Strategy Statement and Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite.
  - iv. Administration Strategy – approving the Fund's Administration Strategy determining how the Council will the administer the Fund including collecting payments due, calculating and paying benefits, gathering information from and providing information to scheme members and employers.

- v. Communications Strategy – approving the Fund's Communication Strategy, determining the methods of communications with the various stakeholders including scheme members and employers.
- vi. Discretions – determining how the various administering authority discretions are operated for the Fund.
- e) Monitoring the implementation of these policies and strategies on an ongoing basis.
- f) In relation to the Border to Coast Pensions Partnership Limited ('Border to Coast'); the Asset Pooling Collaboration arrangements:
  - i. Monitoring of the performance of Border to Coast and recommending actions to the Joint Committee, The Mayor or his Nominee (in his role as the nominated person to exercise Shareholder rights and responsibilities), Officers Groups or Border to Coast, as appropriate.
  - ii. Undertake the role of Authority in relation to the Inter Authority Agreement, including but not limited to:
    - Requesting variations to the Inter Authority Agreement
    - Withdrawing from the Inter Authority Agreement
    - Appointing Middlesbrough Council officers to the Officer Operations Group.
- g) Considering the Fund's financial statements and the Fund's annual report.
- h) Selection, appointment, dismissal and monitoring of the Fund's advisers, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension funds administrator, independent professional advisers and AVC provider.
- i) Liaison with internal and external audit, including providing recommendations in relation to areas to be covered in audit plans, considering audit reports and ensuring appropriate changes are made following receipt of audit findings.
- j) Making decisions relating to employers joining and leaving the Fund. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.
- k) Agreeing the terms and payment of bulk transfers into and out of the Fund.
- l) Agreeing Pension Fund business plans and monitoring progress against them.

- m) Agreeing the Fund's Knowledge and Skills Policy for all Pension Fund Committee members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy.
- n) Agreeing the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.
- o) Receiving ongoing reports from the Chief Finance Officer, the Head of Pensions Governance and Investments and other relevant officers in relation to delegated functions.

No matters relating to Middlesbrough Council's responsibilities as an employer participating within the Teesside Pension Fund are delegated to the Pension Fund Committee.

## **Appendix C**

### **Border to Coast Pensions Partnership Limited ('Border to Coast' / 'the Company') Shareholder Responsibilities of the Mayor**

The Mayor (or whomever he decides to nominate) is the nominated person to exercise the Council's rights as a shareholder in Border to Coast and be its representative at shareholder meetings, on behalf of the Teesside Pension Fund. The responsibilities are as set out in the Shareholders Agreement, Articles, Inter Authority Agreement and any other agreements entered into and include, but are not limited to the areas shown below.

- a) To serve a written notice on the Board of the Company to cease to be a Shareholder in the Company
- b) To vote on matters, including the reserved matters in Schedule 1 of the Shareholder Agreement as replicated below:

#### **Reserved Matters**

##### **PART A – Matters for approval by all of the Shareholders (unanimous consent required)**

1. subject to Financial Conduct Authority (FCA) rules, extend the activities of the Company outside the scope of the Business or close down any operation of the Business;
2. subject to FCA rules, give any guarantee or indemnity outside the ordinary course of the Business to secure the liabilities of any person or assume the obligations of any person (other than a wholly owned subsidiary) (e.g. guaranteeing a lease that does not relate to the Business of the Company);
3. subject to FCA rules and save for any Permitted Contract, enter into or vary any contracts or arrangements with any of the Shareholders or any person with whom any shareholder is connected (whether as director, consultant, shareholder or otherwise) on terms which could give preferential rights to a specific Shareholder. For the purposes of this paragraph a "Permitted Contract" means any advisory or management agreement that puts into effect services to be provided to a Shareholder as a customer of the Company that are approved under the Strategic Plan and, where applicable, the agreement is on materially the same terms that have been agreed with any other Shareholder that is a recipient of the same services;
4. enter into any agreement not in the ordinary course of the Business and/or which is not on an arm's length basis;
5. enter into or vary any agreement for the provision of consultancy, management or other services by any person which will, or is likely to result in, the Company being managed otherwise than by its directors;
6. change the name of the Company;
7. pass a resolution or present a petition to wind up the Company or apply for an administration order or any order having similar effect in a different jurisdiction in relation to the Company unless in any case the Company is at the relevant time unable to pay its debts within the meaning of section 123 Insolvency Act 1986;

8. reduce or cancel any share capital of the Company, purchase its own shares, hold any shares in treasury, allot or agree to allot, whether actually or contingently, any of the share capital of the Company or any security of the Company convertible into share capital, grant any options or other rights to subscribe for or to convert any security into shares of the Company or alter the classification of any part of the share capital of the Company (in each case other than as expressly permitted by this Agreement and/or the Articles where no prior consent shall be required including, without limitation, pursuant to either clause 4 (Finance & Regulatory Capital) and/or clause 16 (Consequences of Breach) and/or Article 26 of the Articles (Issue of Shares and Pre-Emption Rights));
9. other than as expressly permitted by this Agreement and/or the Articles, redeem or buy any existing Shares or otherwise reorganise the share capital of the Company;
10. admit any person as a member of the Company or an investor in the Border to Coast pool;
11. enter into any partnership, joint venture or profit sharing arrangement with any person (excluding entering into any investment or investment vehicle);
12. save in the event of a Required Amendment, alter any of the provisions of the Articles or any of the rights attaching to the Shares. For the purposes of this paragraph a "Required Amendment" means any amendment to the Articles that is either (i) required pursuant to a direct request from the FCA; or (ii) the Company has received written advice from its legal advisers that a change to the Articles is required to comply with FCA rules;
13. amalgamate or merge with any other company or business undertaking;
14. sell, lease (as lessor), license (as licensor), transfer or otherwise dispose of any of its material assets otherwise than in the ordinary course of the Business;
15. commence or settle any claim, proceedings or other litigation brought by or against Border to Coast, except (i) in relation to debt collection (not exceeding £500,000) in the ordinary course of the Business and (ii) in relation to any investment related claims or proceedings relevant to the investment sub-funds or other collective investment vehicles established by Border to Coast; or (iii) in respect of non-material claims, proceedings or other litigation which involve actions for losses of less than £1,000,000 or such lower amount as the Company and the Shareholders may determine from time to time;
16. take out any third party loan(s) in respect of Border to Coast which (in aggregate) exceed the sum of £5,000,000;
17. form any subsidiary of Border to Coast, or acquire any shares in any other company, whether through subscription or transfer, such that the company concerned becomes a subsidiary of Border to Coast; other than where such action is taken in accordance with the Strategic Plan;
18. determine the composition, governance arrangements and limits of authority of any and all subsidiaries of Border to Coast in such a way that will not invalidate the continued application to Border to Coast of the "Teckal exemption" codified under Regulation 12 of the Public Contracts Regulations 2015;
19. make any capitalisation, repayment or other distribution of any amount standing to the credit of any reserve of the Company or pay or declare any dividend or other distribution to the Shareholders;

20. register the transfer of Shares on the replacement of any Shareholder as the administering authority of an LGPS fund pursuant to clause 15.1.5.

## **PART B – Matters for approval by a Shareholder Majority<sup>1</sup> only**

1. enter into or materially vary any licence or other similar agreement relating to intellectual property to be licensed to or by the Company which is otherwise than in the ordinary course of the Business;
2. appoint or remove the auditors of the Company;
3. alter the Company's accounting reference date;
4. make any significant change to any of the Company's accounting or reporting practices other than conforming with any changes made to the accounting standards adopted by the Company;
5. any proposal to not table the annual accounts of the Company at the Company's annual general meeting;
6. approve the remuneration policy for any directors from time to time and to assist in the approval of the policy the Company will provide such information to support the Shareholders in exercising their authority with respect to the reserved matter as may be reasonably required and at all times in line with good remuneration disclosure practice in the United Kingdom, including but not limited to the UK Corporate Governance Code, and shall confirm indications of remuneration amounts implied under the policy;
7. establish any pension scheme (i.e. for employees of the Company);
8. incur in any financial year any item or series of items of capital expenditure including finance leases (but excluding operating leases) of more than £5,000,000 (unless provided for in the Strategic Plan);
9. enter into or vary any operating lease either as lessor or lessee, of any plant, property or equipment of a duration exceeding 5 years or involving aggregate premium and annual rental payments in excess of £500,000 (unless provided for in the Strategic Plan or such other amount as the Company and the Shareholders may determine from time to time);
10. approval of any conflict or potential conflict of interest any director may have which would preclude him or her from being included in the quorum of any meeting of the directors;
11. appointment of the Chair and any director, any alternate director (who is not at the time a director of the Company) and including, for the avoidance of doubt any subsequent Chair in accordance with the Companies Act 2006 or otherwise;
12. removal of any director and, for the avoidance of doubt, the Chair in accordance with the Companies Act 2006 or otherwise; and
13. approving and adopting a Strategic Plan (including the Annual Budget) and / or amending any such plan.

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<sup>1</sup> Defined as the holders of 66.6% or more of the A shares from time to time. With eleven Partner Funds a Shareholder Majority means agreement from at least eight.

# **Teesside Pension Fund**

## **Training Policy 2025**



## TRAINING POLICY

### Introduction

This is the Training Policy of the Teesside Pension Fund (the Fund), which is managed and administered by Middlesbrough Council. It details the training strategy for those involved in the management of the Fund.

The Training Policy is established to aid Pension Fund Committee members, local Pension Board members and senior officers in performing and developing in their individual roles, with the ultimate aim of ensuring that the Fund is managed by individuals who have the appropriate levels of knowledge and skills.

### Aims and Objectives

Middlesbrough Council recognises the significance of its role as Administering Authority to the Teesside Pension Fund.

In relation to knowledge and skills of those managing the Fund, the Administering Authority's objectives are to ensure that:

- the Fund is appropriately managed and that its services are delivered by people who have the requisite knowledge and expertise, and that this knowledge and expertise is maintained within the continually changing Local Government Pension Scheme (LGPS) and wider pensions landscape.
- those persons responsible for governing the Fund have sufficient expertise to be able to evaluate and challenge the advice they receive, ensure their decisions are robust and well based, and manage any potential conflicts of interest.

All Pension Fund Committee members, local Pension Board members and senior officers to whom this Policy applies are expected to continually demonstrate their own personal commitment to training and to ensuring that these objectives are met.

To assist in achieving these objectives, the Fund will aim to comply with:

- the CIPFA Knowledge and Skills Frameworks and
- the knowledge and skills elements of the Public Service Pensions Act 2013 and the Pensions Regulator's (TPR's) Code of Practice.

### To whom this Policy Applies

This Training Policy applies to all members of the Pension Fund Committee and the local Pension Board, including scheme member and employer representatives. It also applies to all managers of the Teesside Pension Fund and the Section 151 Officer.

Less senior officers involved in the daily management of the Fund will also be required to have appropriate knowledge and skills relating to their roles, which will be determined and managed by the Head of Pensions Governance and Investments.

Advisers to the Fund are also expected to be able to meet the objectives of this Policy.

Officers of employers participating in the Fund who are responsible for pension matters are also encouraged to maintain a high level of knowledge and understanding in relation to LGPS matters, and Middlesbrough Council will provide appropriate training for them.

## CIPFA and tPR Knowledge and Skills Requirements

### *CIPFA Knowledge and Skills Framework and Code of Practice*

In January 2010 CIPFA launched technical guidance for pension committees and non-executives in the public sector within a knowledge and skills framework. The Framework set the skill set for those responsible for pension scheme financial management and decision making.

Subsequently, in July 2015 CIPFA launched technical guidance for local pension board members by extending the existing knowledge and skills frameworks in place. This Framework sets the skill set to enable pension board members to properly exercise their functions under Section 248a of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013.

The Code of Practice and Framework were updated and revised versions were published in July 2021.

The Framework covers eight areas of knowledge and skills identified as the core requirements:

- Pensions legislation and guidance
- Pensions governance
- Funding strategy and actuarial methods
- Pension administration and communications
- Pensions financial strategy, management, accounting, reporting and audit standards
- Investment strategy, asset allocation, pooling, performance and risk management
- Financial markets and products
- Pension services procurement, contract management and relationship management

CIPFA's Code of Practice recommends (amongst other things) that administering authorities:

- formally adopt the CIPFA Knowledge and Skills Framework (or an alternative training programme);
- recognise that effective management, governance and decision making for the LGPS can only be achieved where those involved have the necessary knowledge and skills;
- ensure that the appropriate policies and procedures are put in place to meet the requirements of the Framework (or an alternative training programme);
- report how these arrangements have been put into practice each year; and
- delegate responsibility for implementing the Code of Practice to the appropriate officer.

### *The Pension Regulator's Code of Practice*

The Public Service Pensions Act 2013 (PSPA13) requires Pension Board members to:

- be conversant with the rules of the scheme and any document recording policy about the administration of the scheme, and
- have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pension Board.

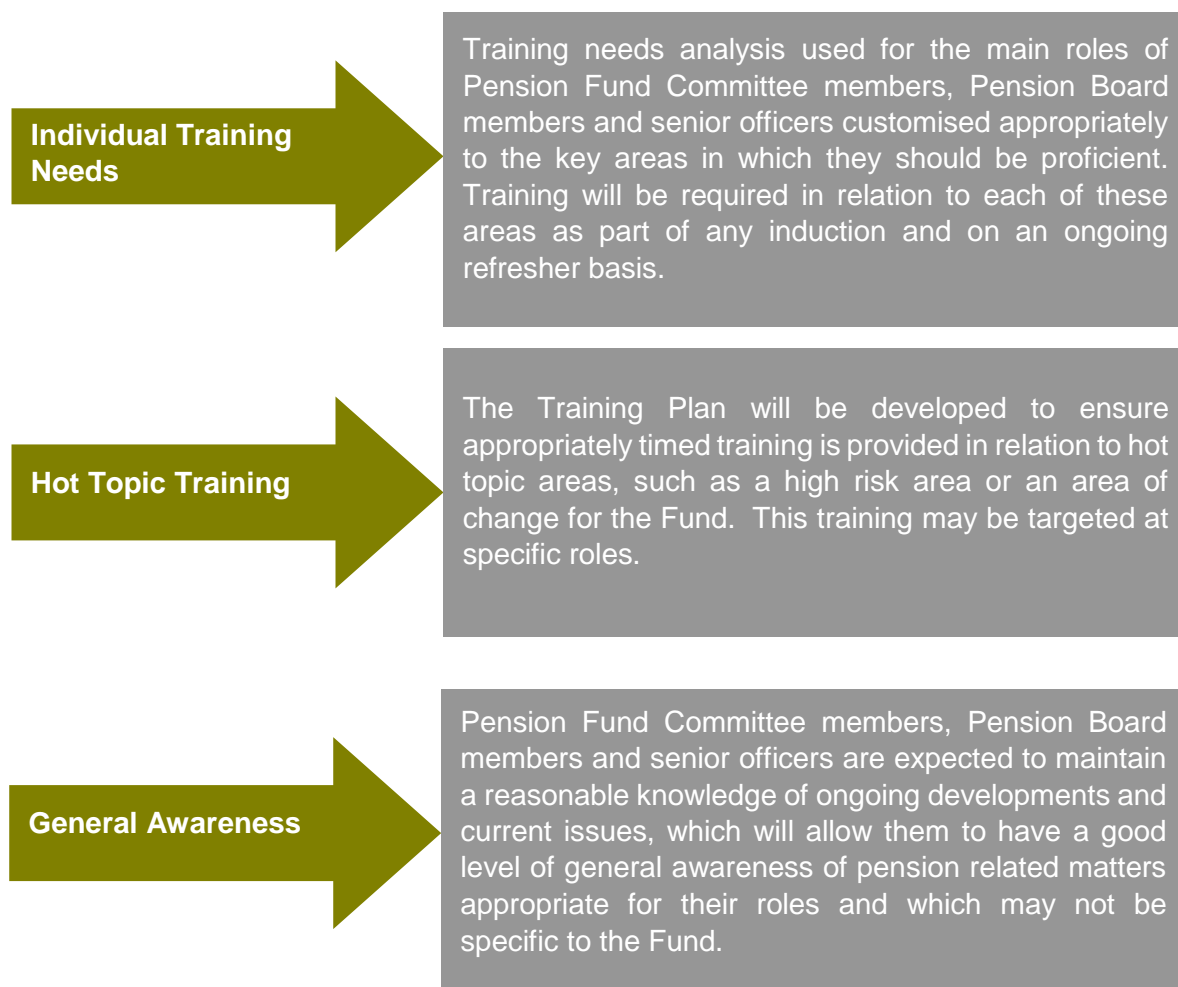
These requirements have been incorporated and expanded on within TPR's Code of Practice which came into force in March 2024.

#### *Application to the Teesside Pension Fund*

Middlesbrough Council fully supports the use of the CIPFA Knowledge and Skills Framework, and TPR's Code of Practice and adopts the principles they set out. This Training Policy highlights how the Administering Authority will strive to achieve those principles through use of a rolling Training Plan together with regular monitoring and reporting.

#### **The Teesside Pension Fund Training Plan**

Middlesbrough Council recognises that attaining, and then maintaining, relevant knowledge and skills is a continual process for Pension Fund Committee members, local Pension Board members and senior officers, and that training is a key element of this process. Middlesbrough Council will develop a rolling Training Plan based on the following key elements:



The training requirement analysis will be focus on an individual's training needs i.e. a Pension Fund Committee member, a Pension Board member or the specific role of the officer, but will also look to ensure that collectively the Committee and Board have the skills needed to carry out their respective roles.

Training will be delivered through a variety of methods including:

- In-house training provided by officers and/or external providers
- Training as part of meetings (e.g. Pension Fund Committee and Pension Board meetings) provided by officers and/or external advisers
- External training events
- Circulation of reading material
- Attendance at seminars and conferences offered by industry-wide bodies
- Attendance at meetings and events with the Fund's investment managers and advisers
- Access to on-line training, such as the LGPS On-line Learning Academy or equivalent, and the Pensions Regulator's training.
- Access to the Middlesbrough Council website where useful Fund specific material is available

In addition, Fund officers and advisers are available to answer any queries on an ongoing basis including providing access to materials from previous training events.

### Initial Information and Induction Process

On joining the Pension Fund Committee, the Pension Board or on appointment as a Senior Officer of the Teesside Pension Fund, a new member, officer or adviser will be provided with copies of or links to the following documentation to assist in providing a basic understanding of the Fund:

- An Introduction to the Local Government Pension Scheme (Welcome Pack for Committee and Board members prepared by Teesside Pension Fund officers)
- The members' guide to the Local Government Pension Scheme (LGPS)
- The latest Actuarial Valuation report
- The Annual Report and Accounts, which incorporate:
  - The Funding Strategy Statement
  - The Governance Policy and Compliance Statement
  - The Statement of Investment Principles including the Fund's statement of compliance with the LGPS Myners Principles
  - The Communications Policy
  - The Administration Strategy
- This Training Policy

In addition, an individual training plan will be developed to assist each member, Pension Board member or officer in achieving their identified individual training requirements within six months of those requirements being identified.

### Monitoring Knowledge and Skills

In order to identify whether the objectives of this policy are being met, the Administering Authority will compare and report on attendance at training based on the following:

- Individual Training Needs – ensuring refresher training on the key elements takes place for each individual at least once every three years.
- Hot Topic Training – attendance by at least 75% of the required Pension Fund Committee members, Pension Board members and senior officers at planned hot topic training sessions. This target may be focussed at a particular group

of Pension Fund Committee members, Pension Board members or senior officers depending on the subject matter.

- General Awareness – each Pension Fund Committee, Pension Board member or officer attending at least one day each year of general awareness training or events.
- Induction training – ensuring areas of identified individual training are completed within six months.

### Key Risks

The key risks to the delivery of this Policy are outlined below. The Pension Fund Committee, with the assistance of the Pension Board, will monitor these and other key risks and consider how to respond to them.

- Changes in Pension Fund Committee and/or Pension Board membership and/or senior officers potentially diminishing knowledge and understanding.
- Poor attendance and/or a lack of engagement at training and/or formal meetings by Committee Members, Pension Board Members and/or other senior officers resulting in a poor standard of decision making and/or monitoring.
- Insufficient resources being available to deliver or arrange the required training.
- The quality of advice or training provided is not an acceptable standard.

### Reporting

A report will be presented to the Pension Fund Committee on an annual basis setting out:

- The training provided / attended in the previous year at an individual level
- The results of the measurements identified above.

This information will also be included in the Fund's Annual Report and Accounts.

At each Pension Fund Committee and Pension Board meeting members will be provided with details of forthcoming seminars, conferences and other relevant training events.

### Costs

All training costs related to this Training Policy are met directly by the Teesside Pension Fund.

### Approval, Review and Consultation

This Training Policy was presented to the Teesside Pension Fund Committee meeting on 10 December 2025. It will be formally reviewed and updated at least every three years or sooner if the training arrangements or other matters included within it merit reconsideration.

### Further Information

If you require further information about anything in or related to this Training Policy, please contact:

Andrew Lister, Head of Pensions Governance and Investments

Middlesbrough Council

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Middlesbrough, TS1 2DT

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# **Teesside Pension Fund**

## **Conflicts of Interest Policy 2025**



## Introduction

Conflicts of interest have always existed for those with Local Government Pension Scheme (LGPS) administering authority responsibilities as well as for advisers to LGPS funds. This simply reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the scheme, as an Elected Member of an employer participating in the LGPS or as an adviser to more than one LGPS administering authority. Also, any of those persons may have an individual personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.

It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interests of both the scheme beneficiaries and participating employers. This, however, does not preclude those involved in the management of the fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed.

This is the Conflicts of Interest Policy of the Teesside Pension Fund (the Fund), which is managed by Middlesbrough Council. The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Fund, whether directly or in an advisory capacity.

This Conflicts of Interest Policy is established to guide the Pension Fund Committee members, local Pension Board members, officers and advisers. Along with other constitutional documents, including the various Codes of Conduct, it aims to ensure that they do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund otherwise.

## Aims and Objectives

In relation to the governance of the Fund, the Administering Authority's objectives are to ensure that:

- all staff and Pension Fund Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them
- the Fund is open in all its dealings and readily provides information to interested parties
- all relevant legislation is understood and complied with
- the Fund is at the forefront of best practice for LGPS funds
- all Conflicts of Interest are managed appropriately

The identification and management of potential and actual conflicts of interest is therefore integral to the Administering Authority achieving its governance objectives.

### To whom this Policy Applies

This Conflicts of Interest Policy applies to all members of the Pension Fund Committee and the Pension Board, including scheme member and employer representatives. It applies to all members of the Teesside Fund Management Team and the Director of Finance (Section 151 Officer).

This Policy and the issue of conflicts of interest in general must be considered in light of each individual's role, whether this is a management, advisory or assisting role.

The Head of Pensions Governance and Investments will monitor potential conflicts for less senior officers involved in the daily management of the Fund and highlight this Policy to them as appropriate.

This Policy also applies to all advisers and suppliers to the Fund, whether advising the Pension Board, Pension Fund Committee or Fund officers, in relation to their role in advising or supplying the Fund.

In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Administering Authority in relation to pension fund matters. This includes but is not limited to actuaries, investment consultants, independent advisers, benefits consultants, third party administrators, fund managers, lawyers, custodians and Additional Voluntary Contributions (AVC) providers. Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the lead adviser(s) responsible for the delivery of advice and services to the Administering Authority rather than the firm as a whole.

In accepting any role covered by this Policy, those individuals agree that they must:

- acknowledge any potential conflict of interest they may have;
- be open with the Administering Authority on any conflicts of interest they may have;
- adopt practical solutions to managing those conflicts; and
- plan ahead and agree with the Administering Authority how they will manage any conflicts of interest which arise in future.

The procedures outlined later in this Policy provide a framework for each individual to meet these requirements.

### Legislative and related context

There are a number of overriding requirements relating to the management of potential or actual conflicts of interest for those involved in LGPS funds which are included in legislation or guidance. These are summarised in Appendix 1.

### Other Administering Authority Requirements

Individuals to whom this policy applies may also be required to adhere to other requirements in relation to conflicts of interest. This includes:

- Pension Fund Committee Members who are required to adhere to the Middlesbrough Council Members' Code of Conduct
- local Pension Board Members who are required to adhere to the Middlesbrough Council Members' Code of Conduct
- employees who are required to adhere to the Middlesbrough Council Employees' Code of Conduct
- advisers who are expected to have their own policies or protocols.

Further information is provided in Appendix 2.

### What is a Conflict or Potential Conflict and how will they be managed?

The Public Service Pensions Act 2013 defines a conflict of interest as a financial or other interest which is likely to prejudice a person's exercise of functions.

Therefore, a conflict of interest may arise when an individual:

- has a responsibility or duty in relation to the management of, or provision of advice to, the LGPS fund administered by Middlesbrough Council, and
- at the same time, has:
  - a separate personal interest (financial or otherwise) or
  - another responsibility in relation to that matter,

giving rise to a possible conflict with their first responsibility. An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.

Some examples of potential conflicts are included in Appendix 3.

Middlesbrough Council will encourage a culture of openness and transparency and will encourage individuals to be vigilant; have a clear understanding of their role and the circumstances in which they may have a conflict of interest, and of how potential conflicts should be managed.

Middlesbrough Council 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.

Ways in which conflicts of interest may be managed include:

- the individual concerned abstaining from discussion, decision-making or providing advice relating to the relevant issue
- the individual being excluded from the meeting(s) and any related correspondence or material in connection with the relevant issue (for example, a report for a Pension Fund Committee meeting)

- a working group or sub-committee being established, excluding the individual concerned, to consider the matter outside of the formal meeting (where the terms of reference permit this to happen)

Provided that the Administering Authority (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, Middlesbrough Council shall endeavour to avoid the need for an individual to resign due to a conflict of interest. However, where the conflict is considered to be so fundamental it cannot be effectively managed, or where a Pension Board member has an actual conflict of interest as defined in the Public Service Pensions Act 2013, the individual will be required to resign from the Committee, Board or appointment.

### *Minor Gifts*

For the purposes of this Policy, gifts such as t-shirts, pens, trade show bags and other promotional items (subject to a notional maximum value of £50 per item and an overall maximum value of £100 from an individual company per event) obtained at events such as conferences, training events, seminars, and trade shows, that are offered equally to all individuals attending the event do not need to be declared. Pension Fund Committee members should, however, be aware that they may be subject to lower limits and a separate notification procedure in the Middlesbrough Council Members' Code of Conduct.

### Responsibility

The Administering Authority for the Teesside Pension Fund must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Head of Pensions Governance and Investments is the designated individual for ensuring the procedure outlined below is adhered to.

However, it is the responsibility of each individual covered by this Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their pension fund duties.

### Operational procedure for officers, Pension Fund Committee members and Pension Board members

| <b>What is required</b>  | <b>How this will be done</b>   |
|--|--|
| <i>Step 1 - Initial identification of interests which do or could give rise to a conflict.</i> | <p>On appointment to their role or on the commencement of this Policy if later, all individuals will be provided with a copy of this Policy and be required to complete a Declaration of Interest the same or similar to that included in Appendix 4.</p> <p>The information contained in these declarations will be collated into the Pension Fund's Register of conflicts of</p> |

|  |   |
|--|---|
|  | interest in a format the same or similar to that included in Appendix 5.  |
| <i>Step 2 - Ongoing notification and management of potential or actual conflicts of interest</i> | <p>At the commencement of any Pension Fund Committee, Pension Board or other formal meeting where pension fund matters are to be discussed, the Chairman will ask all those present who are covered by this Policy to declare any new potential conflicts. These will be recorded in the Fund's Register of conflicts of interest.</p> <p>Any individual who considers that they or another individual has a potential or actual conflict of interest which relates to an item of business at a meeting, must advise the Chairman and the Head of Pensions Governance and Investments prior to the meeting, where possible, or state this clearly at the meeting at the earliest possible opportunity. The Chairman, in consultation with the Head of Pensions Governance and Investments, should then decide whether the conflicted or potentially conflicted individual needs to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter.</p> <p>If such a conflict is identified outside of a meeting the notification must be made to the Head of Pensions Governance and Investments and where it relates to the business of any meeting, also to the Chairman of that meeting. The Head of Pensions Governance and Investments, in consultation with the Chairman where relevant, will consider any necessary action to manage the potential or actual conflict.</p> <p>Where information relating to any potential or actual conflict has been provided, the Head of Pensions Governance and Investments may seek such professional advice as he or she thinks fit (such as legal advice from the Monitoring Officer) on how to address any identified conflicts.</p> <p>Any such potential or actual conflicts of interest and the action taken must be recorded on the Fund's Register of conflicts of interest.</p> |
| <i>Step 3 - Periodic review of potential and actual conflicts</i>                                | At least once every 12 months, the Head of Pensions Governance and Investments will provide to all individuals to whom this Policy applies a copy of the Fund's Register of conflicts of interest. All individuals will complete a new Declaration of Interest (see   |

|  |  |
|--|--|
|  | Appendix 4) confirming that their information contained in the Register is correct or highlighting any changes that need to be made to the declaration. The updated Register will then be circulated by the Head of Pensions Governance and Investments to all individuals to whom it relates. |
|--|--|

### *Conduct at Meetings*

There may be occasions / circumstances when a representative of employers or members wishes to provide a specific point of view on behalf of an employer (or group of employers) or member (or group of members). The Administering Authority requires that any individual wishing to speak from an employer's or member's viewpoint must state this clearly, e.g. at a Pension Board or Pension Fund Committee meeting, and that this will be recorded in the minutes.

### Operational procedure for advisers

Although this Policy applies to all of the key advisers, the operational procedures outlined in steps 1 and 3 above relating to completing ongoing declarations are not expected to apply to advisers. Instead, all advisers must:

- be provided with a copy of this Policy on appointment and whenever it is updated
- adhere to the principles of this Policy
- provide, on request, information to the Head of Pensions Governance and Investments in relation to how they will manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to Middlesbrough Council as Administering Authority
- notify the Head of Pensions Governance and Investments immediately should a potential or actual conflict of interest arise.

All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of conflicts of interest.

### Monitoring and Reporting

The Fund's Register of conflicts of interest may be viewed by any interested party at any point in time. It will be made available on request to the Head of Pensions Governance and Investments.

In order to identify whether the objectives of this Policy are being met the administering authority will review the Register of conflicts of interest on an annual basis and consider whether there has been any potential or actual conflicts of interest that were not declared at the earliest opportunity.

## Key Risks

The key risks to the delivery of this Policy are outlined below all of which could result in an actual conflict of interest arising and not being properly managed. The Head of Pensions Governance and Investments will monitor these and other key risks and consider how to respond to them.

- Insufficient training or poor understanding in relation to individuals' roles on pension fund matters
- Insufficient training or failure to communicate the requirements of this Policy
- Absence of the individual nominated to manage the operational aspects of this Policy and no one deputising, or failure of that individual to carry out the operational aspects in accordance with this Policy
- Failure by a chairperson to take appropriate action when a conflict is highlighted at a meeting.

## Costs

All costs related to the operation and implementation of this Policy will be met directly by Teesside Pension Fund. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest under this Policy.

## Approval, Review and Consultation

This Conflicts of Interest Policy was presented to the Teesside Pension Fund Committee meeting on 11 December 2024. It will be formally reviewed and updated at least every three years or sooner if the conflict management arrangements or other matters included within it merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be taken into account.

## Further Information

If you require further information about anything in or related to this Conflicts of Interest Policy, please contact:

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Middlesbrough Council

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Middlesbrough, TS1 2DT

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Telephone: 01642 726328

## Legislative and Related Context

The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in LGPS funds are contained in various elements of legislation and guidance. These are considered further below.

### *The Public Service Pensions Act 2013*

Section 5 of this Act requires that the scheme manager (in the case of the LGPS, this is the administering authority) must be satisfied that a local pension board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires local pension board members (or nominated members) to provide reasonable information to the scheme manager for this purpose.

The Act defines a conflict of interest as “a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the scheme or any connected scheme).”

Further, the Act requires that scheme managers must have regard to any such guidance that the national scheme advisory board issue (see below).

### *The Local Government Pension Scheme Regulations 2013*

Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act (as outlined above) to the LGPS, placing a duty on each administering authority to satisfy itself that local pension board members do not have conflicts of interest on appointment or whilst they are members of the board. It also requires those pension board members to provide reasonable information to the administering authority in this regard.

Regulation 109 states that each administering authority must have regard to guidance issued by the Secretary of State in relation to local pension boards. Further, regulation 110 provides that the national scheme advisory board has a function of providing advice to administering authorities and local pension boards. There is also guidance relating to the creation of local pension boards including a section on conflicts of interest on the Scheme Advisory Boards website. This Conflicts of Interest Policy has been developed having regard to that guidance.

### *The Pensions Act 2004*

The Public Service Pensions Act 2013 also added a number of provisions to the Pensions Act 2004 related to the governance of public service pension schemes and, in particular, conflicts of interest.

Section 90A requires the Pensions Regulator to issue a code of practice relating to conflicts of interest for pension board members. The Pensions Regulator has issued such a code and this Conflicts of Interest Policy has been developed having regard to that code.

Further, under section 13, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for Pension Board members are not being adhered to.

### *The Localism Act 2011*

Chapter 7 of this Act requires councillors to comply with the code of conduct of their local authority and that code of conduct must be consistent with the Seven Principles of Public Life (considered further below). In addition the Act requires that the code of conduct must include provisions requiring the disclosure and registration of pecuniary interests and interests other than pecuniary interests.

### *The Seven Principles of Public Life*

Otherwise known as the 'Nolan Principles', the seven principles of public life apply to anyone who works as a public office-holder. This includes people who are elected or appointed to public office, nationally and locally, and all people appointed to work in:

- the civil service
- local government
- the police
- the courts and probation services
- non-departmental public bodies
- health, education, social and care services

The principles also apply to all those in other sectors that deliver public services.

Many of the principles are integral to the successful implementation of this Policy. The principles are as follows:

- selflessness
- integrity
- objectivity
- accountability
- openness
- honesty
- leadership.

### *Advisers' Professional Standards*

Many advisers will be required to meet professional standards relating to the management of conflicts of interest, for example, the Fund Actuary will be bound by the requirements of the Institute and Faculty of Actuaries. Any Protocol or other document entered into between an adviser and the Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.

## Appendix 2

### Other Administering Authority Requirements

#### *Pension Fund Committee Members*

In addition to the requirements of this Policy, Pension Fund Committee members and co-opted members are required to adhere to the Middlesbrough Council Members' Code of Conduct which includes requirements in relation to the disclosure and management of pecuniary and other interests.

#### *Local Pension Board Members*

In addition to the requirements of this Policy, Local Pension Board members are required to adhere to Parts 30 - 32 of the Terms of Reference of the Local Pension Board. This includes the following requirements:

*30. All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.*

*31. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.*

*32. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Board Secretary, with the assistance of the Monitoring Officer if required, shall ensure that any potential conflict is effectively managed in line with both the requirements of the Board's conflicts policy and the requirements of the Code (the Pensions Regulator's Code of Practice No 14: governance and administration of public service pension schemes).*

#### *Employees*

In addition to the requirements of this Policy, officers of Middlesbrough Council are required to adhere to the Middlesbrough Council Code of Conduct for Employees which includes requirements in relation to aiming to avoid conflicts of interests and declaring them in writing should they occur.

#### *Advisers*

The Administering Authority appoints its own advisers. There may be circumstances where these advisers are asked to give advice to Middlesbrough Council or other scheme employers, or even to scheme members or member representatives such as the Trades Unions, in relation to pension matters. Similarly, an adviser may also be appointed to another administering authority which is involved in a transaction involving the Teesside Pension Fund and on which advice is required. An adviser can only continue to advise the Administering Authority and another party where there is no conflict of interest in doing so. Where the Pension Board decides to appoint an adviser, this can be the same person as is appointed to advise the Pension Fund Committee or Fund officers as long as there is no conflict of interest between the two roles. The key advisers are all expected to have their own policies or protocols on how conflicts of interest will be managed in their relationships with their clients, and these should have been shared with Middlesbrough Council.

## Appendix 3

### Examples of Potential Conflicts of Interest

- a) An elected member on the Pension Fund Committee is asked to provide views on a funding strategy which could result in an increase in the employer contributions required from the employer he or she represents.
- b) A member of the Pension Fund Committee is on the board of a Fund Manager that the Committee is considering appointing.
- c) An officer of the Fund or member of the Pension Fund Committee accepts a dinner invitation from a firm that has submitted a bid as part of a tender process.
- d) An employer representative on the Local Pension Board is employed by a company to which the administering authority has outsourced its pension administration services and the Local Pension Board is reviewing the standards of service provided by that company.
- e) The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- f) The administering authority is considering buying its own payroll system for paying pensioners, rather than using the payroll system used for all employees of the Council. The Finance Director, who has responsibility for the Council budget, is expected to approve the report to go to the Pension Fund Committee, which, if agreed, would result in a material reduction in the recharges to the Council from the Fund.
- g) Officers of the Fund are asked to provide a report to the Local Pension Board or Pension Fund Committee on whether the administration services should be outsourced which, if it were to happen, could result in a change of employer or job insecurity for the officers.
- h) An employer representative employed by the administering authority and appointed to the pension board to represent employers generally could be conflicted if he or she only acts in the interests of the administering authority, rather than those of all participating employers. Equally, a member representative, who is also a trade union representative, appointed to the pension board to represent the entire scheme membership could be conflicted if he or she only acts in the interests of their union and union membership, rather than all scheme members.
- i) A Fund adviser is party to the development of a strategy which could result in additional work for their firm, for example, delegated consulting of fund monies or providing assistance with monitoring the covenant of employers.
- j) An employer representative has access to information by virtue of his or her employment, which could influence or inform the considerations or decisions of the Pension Fund Committee or Local Pension Board. He or she has to consider whether to share this information in light of their duty of confidentiality to their employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the Pension Fund Committee or Local Pension Board.

## Appendix 4

### Declaration of Interests relating to the management of the Teesside Pension Fund administered by Middlesbrough Council

I, [insert full name], am:

*Tick as appropriate*

- an officer involved in the management ☐
- a Pension Fund Committee Member ☐
- a Pension Board Member ☐

of the Teesside Pension Fund and I set out below under the appropriate headings my interests, which I am required to declare under the Teesside Pension Fund Conflicts of Interest Policy. I have put “none” where I have no such interests under any heading.

**Responsibilities or other interests that could result in a conflict of interest** (please list and continue on a separate sheet if necessary):

*1. Relating to me*

*a. Responsibilities relating to an employer in the pension fund*

*b. Membership of the LGPS (not technically a conflict, can be declared for transparency)*

*c. Other (see examples)*

2. *Relating to family members or close colleagues*

a. *Responsibilities relating to an employer in the pension fund*

b. *Membership of the LGPS (not technically a conflict, can be declared for transparency)*

c. *Other (see examples)*

**Undertaking:**

I declare that I understand my responsibilities under the Teesside Pension Fund Conflicts of Interest Policy. I undertake to notify the Monitoring Officer of any changes in the information set out above.

Signed \_\_\_\_\_ Date \_\_\_\_\_

Name (CAPITAL LETTERS) \_\_\_\_\_



## Appendix 5

**Teesside Pension Fund - Register of Potential and Actual Conflicts of Interest**

All reported conflicts of interest will be recorded in the minutes and a register of conflicts will be maintained and reviewed annually by Middlesbrough Council, the Administering Authority.

| Date identified | Name of Person | Role of Person | Details of conflict | Actual or potential conflict | How notified(1) | Action taken(2) | Follow up required | Date resolved |
|-----------------|----------------|----------------|---------------------|------------------------------|-----------------|-----------------|--------------------|---------------|
|                 |                |                |                     |                              |                 |                 |                    |               |
|                 |                |                |                     |                              |                 |                 |                    |               |
|                 |                |                |                     |                              |                 |                 |                    |               |

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<sup>(1)</sup> E.g. verbal declaration at meeting, written conflicts declaration, etc.

<sup>(2)</sup> E.g. withdrawing from a decision making process, left meeting

# Teesside Pension Fund

## Risk Management Policy 2025



## Risk Management Policy

### Introduction

This is the Risk Management Policy of the Teesside Pension Fund ("the Fund"), part of the Local Government Pension Scheme ("LGPS") managed and administered by Middlesbrough Council ("the Administering Authority"). The Risk Management Policy details the risk management strategy for the Fund, including:

- the risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for, risk
- how risk management is implemented
- risk management responsibilities
- the procedures that are adopted in the Fund's risk management process
- the key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund.

The Administering Authority recognises that effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, the Administering Authority can:

- demonstrate best practice in governance
- improve financial management
- minimise the risk and effect of adverse conditions
- identify and maximise opportunities that might arise
- minimise threats.

The Administering Authority adopts best practice risk management, which supports a structured and focused approach to managing risks, and ensures risk management is an integral part in the governance of the Fund at a strategic and operational level.

### To whom this Policy Applies

This Risk Management Policy applies to all members of the Pension Fund Committee and the local Pension Board, including both scheme member and employer representatives. It also applies to senior officers involved in the management of the Fund.

Less senior officers involved in the daily management of the Fund are also integral to managing risk for the Fund, and will be required to have appropriate understanding of risk management relating to their roles, which will be determined and managed by the Head of Pensions Governance and Investments.

Advisers and suppliers to the Fund are also expected to be aware of this Policy, and assist officers, Committee members and Board members as required, in meeting the objectives of this Policy.

### Aims and Objectives

In relation to understanding and monitoring risk, the Administering Authority aims to:

- integrate risk management into the culture and day-to-day activities of the Fund
- raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners)
- anticipate and respond positively to change
- minimise the probability of negative outcomes for the Fund and its stakeholders
- establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice
- ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships.

To assist in achieving these objectives in the management of the Fund, the Administering Authority will aim to comply with:

- the CIPFA Managing Risk publication and

- the Pensions Act 2004 and the Pensions Regulator's Code of Practice as they relate to managing risk.

## **Risk Management Philosophy**

The Administering Authority recognises that it is not possible or even desirable to eliminate all risks. For example, the Fund's investment strategy shows a strong preference for growth assets, which involves accepting a level of risk. Accepting and actively managing risk is therefore a key part of the risk management strategy for the Fund. A key determinant in selecting the action to be taken in relation to any risk will be its potential impact on the Fund's objectives in light of the Administering Authority's risk appetite, particularly in relation to investment matters. Equally important is striking a balance between the cost of risk control actions against the possible effect of the risk occurring.

In managing risk, the Administering Authority will:

- ensure that there is a proper balance between risk taking and the opportunities to be gained
- adopt a system that will enable the Fund to anticipate and respond positively to change
- minimise loss and damage to the Fund and to other stakeholders who are dependent on the benefits and services provided
- make sure that any new areas of activity (new investment strategies, joint-working, framework agreements etc.), are only undertaken if the risks they present are fully understood and taken into account in making decisions.

The Administering Authority also recognises that risk management is not an end in itself; nor will it remove risk from the Fund or the Administering Authority. However it is a sound management technique that is an essential part of the Administering Authority's stewardship of the Fund. The benefits of a sound risk management approach include better decision-making, improved performance and delivery of services, more effective use of resources and the protection of reputation.

## **CIPFA and The Pensions Regulator's Requirements**

### *CIPFA Managing Risk Publication*

CIPFA has published technical guidance on managing risk in the LGPS. The publication explores how risk manifests itself across the broad spectrum of activity that constitutes LGPS financial management and administration, and how, by using established risk management techniques, those risks can be identified, analysed and managed effectively.

The publication also considers how to approach risk in the LGPS in the context of the role of the administering authority as part of a wider local authority and how the approach to risk might be communicated to other stakeholders.

### *The Pension Regulator's Code of Practice*

The Public Service Pensions Act 2013 added the following provision to the Pensions Act 2004 relating to the requirement to have internal controls in public service pension schemes.

#### ***"249B Requirement for internal controls: public service pension schemes***

*(1) The scheme manager of a public service pension scheme must establish and operate internal controls which are adequate for the purpose of securing that the scheme is administered and managed—*

*(a) in accordance with the scheme rules, and*

*(b) in accordance with the requirements of the law.*

*(2) Nothing in this section affects any other obligations of the scheme manager to establish or operate internal controls, whether imposed by or by virtue of any enactment, the scheme rules or otherwise.*

*(3) In this section, "enactment" and "internal controls" have the same meanings as in section 249A."*

Section 90A of the Pensions Act 2004 requires the Pensions Regulator to issue a code of practice relating to internal controls. The Pensions Regulator has issued such a code in which they encourage governing bodies (i.e. administering authorities in the LGPS) to employ a risk based approach to assessing the adequacy of their internal controls and to ensure that sufficient time and attention is spent on identifying, evaluating and managing risks and developing and monitoring appropriate controls.

The Pensions Regulator's guidance states that

"Internal controls refer to all the following:

- the arrangements and procedures to be followed in the administration and management of the scheme
- the systems and arrangements for monitoring that administration and management, and
- arrangements and procedures to be followed for the safe custody and security of the assets of the scheme.

Before designing internal controls, the governing body should identify risks, record them, review them regularly, and evaluate them. The evaluation of risks will help the governing body to determine which risks require internal controls to be put in place to reduce their incidence and impact.

The governing body should design internal controls which ensure that the scheme is administered and managed in accordance with the requirements of the law and the scheme rules. The scheme's internal controls should also:

- include a clear separation of duties for those performing them, and processes for escalation and decision-making
- require the exercise of judgement, where appropriate, in assessing the risk profile of the scheme and in designing appropriate controls.
- The governing body should then make sure that their internal controls are documented.

A scheme's internal controls should be reviewed:

- in line with the timescales for own risk assessments for the governing body, who are required to carry out such assessments,
- at least annually for governing bodies of public service pension schemes

However, the review of controls can be staggered if they address different areas of a scheme's operations or governance."

Further key points from the Pensions Regulator's guidance include:

"It is not necessary, nor possible, to eliminate all risks from a pension scheme. For example, some investment risks may be accepted by the governing body in their desire to seek greater returns.

The governing body should decide what internal controls are appropriate to mitigate the key risks they have identified and how best to monitor them. They should exercise judgement, both in assessing the scheme risk profile and in designing appropriate controls to mitigate such key risks.

The legal responsibility for internal controls always rests with the governing body, even if functions or activities are delegated to advisers or service providers."

Under section 13 of the Pensions Act 2004, the Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to internal controls are not being adhered to.

### **Application to the Teesside Pension Fund**

The Administering Authority adopts the principles contained in CIPFA's Managing Risk in the LGPS document and the Pension Regulator's code of practice in relation to the Fund. This Risk Policy highlights how the Administering Authority strives to achieve those principles through use of risk management processes and internal controls incorporating regular monitoring and reporting.



## Responsibility

The Administering Authority must be satisfied that risks are appropriately managed. For this purpose, the Head of Pensions Governance and Investments is the designated individual for ensuring the process outlined below is carried out, subject to the oversight of the Pension Fund Committee.

However, it is the responsibility of each individual covered by this Policy to identify any potential risks for the Fund and ensure that they are fed into the risk management process.

## The Teesside Pension Fund Risk Management Process

The Administering Authority's risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections:



### 1. Risk Identification

The risk identification process is both a proactive and reactive one: looking forward i.e. horizon scanning for potential risks, and looking back, by learning lessons from reviewing how previous decisions and existing processes have manifested in risks to the organisation.

Risks are identified by a number of means including, but not limited to:

- formal risk assessment exercises managed by the Pension Fund Committee
- performance measurement against agreed objectives
- findings of internal and external audit and other adviser reports
- feedback from the local Pension Board, employers and other stakeholders
- informal meetings of senior officers or other staff involved in the management of the Fund
- liaison with other organisations, regional and national associations, professional groups, etc.
- legal determinations, including from the Pensions Ombudsman, Pensions Regulator and court cases

Once identified, risks will be documented on the Fund's risk register, which is the primary control document for the subsequent analysis, control and monitoring of those risks.

### 2. Risk Analysis & Evaluation

Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the impact if it does occur, with the score for likelihood multiplied by the score for impact to determine the current overall risk rating, as illustrated in Middlesbrough Council's Risk Matrix on the next page.



|                   |          |                                   |                      |                        |                       |                        |                       |
|-------------------|----------|-----------------------------------|----------------------|------------------------|-----------------------|------------------------|-----------------------|
| <b>Likelihood</b> | <b>5</b> | <b>Almost Certain<br/>&gt;80%</b> | <b>Low<br/>(5)</b>   | <b>Medium<br/>(10)</b> | <b>High<br/>(15)</b>  | <b>High<br/>(25)</b>   | <b>High<br/>(35)</b>  |
|                   | <b>4</b> | <b>Likely<br/>51% - 80%</b>       | <b>Low<br/>(4)</b>   | <b>Medium<br/>(8)</b>  | <b>High<br/>(12)</b>  | <b>High<br/>(20)</b>   | <b>High<br/>(28)</b>  |
|                   | <b>3</b> | <b>Possible<br/>21% - 50%</b>     | <b>Low<br/>(3)</b>   | <b>Medium<br/>(6)</b>  | <b>Medium<br/>(9)</b> | <b>High<br/>(15)</b>   | <b>High<br/>(21)</b>  |
|                   | <b>2</b> | <b>Unlikely<br/>6- 20%</b>        | <b>Low<br/>(2)</b>   | <b>Low<br/>(4)</b>     | <b>Medium<br/>(6)</b> | <b>Medium<br/>(10)</b> | <b>High<br/>(14)</b>  |
|                   | <b>1</b> | <b>Rare<br/>&lt;6%</b>            | <b>Low<br/>(1)</b>   | <b>Low<br/>(2)</b>     | <b>Low<br/>(3)</b>    | <b>Low<br/>(5)</b>     | <b>Medium<br/>(7)</b> |
|                   |          |                                   | <b>1</b>             | <b>2</b>               | <b>3</b>              | <b>5</b>               | <b>7</b>              |
|                   |          |                                   | <b>Insignificant</b> | <b>Minor</b>           | <b>Moderate</b>       | <b>Major</b>           | <b>Extreme</b>        |

| Risk/Impact Type  | Impact   |   |  |  |   |
|-------------------|--|---|--|--|---|
| Financial         | <£0.1m   | £0.1m - £0.5m   | £0.5m - £1m  | £1m - £3m  | >£3m  |
| Reputation        | No publicity   | Adverse internal publicity  | Local media coverage   | National media < 3 day coverage  | National media > 3 day coverage   |
| Health and Safety | No/minor injury  | Superficial injuries, minor cuts and bruises, nuisance and irritation, ill health leading to temporary minor disability | Occupational deafness, dermatitis, allergy, WRULDs, RSIs, VWF, ill health leading to permanent minor disability. HSE Enquiry | Amputations, permanent loss of eyesight, major fractures, poisonings and gassings, severe/multiple/fatal injuries<br>Long term disability or need for redeployment | Multiple fatalities   |
| Data              |  | Business critical information compromised   | Serious breach of information confidentiality  | Temporary loss of business critical information  | Indefinite loss of business critical information                                |
| Staff Morale      | Passing Problem, Days                                      | Short term issue (weeks)  | Staff morale – longer term issue (months)  | Staff morale – significant problem (>12 months)  | Staff morale – major breakdown/loss of staff confidence or management authority |
| Business Targets  | Occasional missing of business targets by more than 20%    | Frequent missing of business targets by more than 30%   | Frequent missing of business targets by more than 40%  | Frequent missing of business targets by more than 50%  | Frequent missing of all business targets  |
| Operational       | Operational inconvenience not affecting quality of service | Service disruption causing operational inconvenience for up to 12 hours   | Service interrupted and/or work area unusable, necessitating temporary working arrangements for up to 24 hours               | Services curtailed for up to 48 hours and/or areas beyond the directorate affected   | Services curtailed for more than 48 hours                                       |
| Partnership       | Weak partnerships – general inconvenience only             | Weak partnerships – minor issues readily overcome   | Significant weakness in partner relationships  | Unreliable partner(s) in contracts   | Partnership performance so bad needs dissolving                                 |
| Legal             |  | Minor out-of-court settlement   | Civil action – no defence  | Class action   | Criminal prosecution – no defence   |

When considering the risk rating, the Administering Authority will have regard to the existing controls in place and these will be summarised on the risk register.

### 3. Risk Response

The Head of Pensions Governance and Investments will review the extent to which the identified risks are covered by existing internal controls and determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur. Before any such action can be taken, Pension Fund Committee approval may be required where appropriate officer delegations are not in place. The result of any change to the internal controls could result in any of the following:

- **Tolerate** – the exposure of a risk may be tolerable without any further action being taken; this is partially driven by the Administering Authority's risk 'appetite' in relation to the Pension Fund;
- **Treat** – action is taken to constrain the risk to an acceptable level;
- **Terminate** – some risks will only be treatable, or containable to acceptable levels, by terminating the activity;
- **Transfer** - for example, transferring the risk to another party either by insurance or through a contractual arrangement.

The Fund's risk register details all further action in relation to a risk and the owner for that action.

### 4. Risk Monitoring & Review

Risk monitoring is the final part of the risk management cycle and will be the responsibility of the Pension Fund Committee. In monitoring risk management activity, the Committee will consider whether:

- the risk controls taken achieved the desired outcomes
- the procedures adopted and information gathered for undertaking the risk assessment were appropriate
- greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk
- there are any lessons to be learned for the future assessment and management of risks.

### 5. Risk Reporting

Progress in managing risks will be monitored and recorded on the risk register. The risk register, including any changes to the internal controls, will be provided on an annual basis to the Pension Fund Committee.

The Pension Fund Committee will be provided with updates on a quarterly basis in relation to any changes to risks and any newly identified risks.

As a matter of course, the local Pension Board will be provided with the same information as is provided to the Pension Fund Committee and they will be able to provide comment and input to the management of risks.

In order to identify whether the objectives of this policy are being met, the Administering Authority will review the delivery of the requirements of this Policy on an annual basis taking into consideration any feedback from the local Pension Board.

The risks identified are of significant importance to the Pension Fund. Where a risk is identified that could be of significance to the Council it could also be included in the Council's Risk Register.

### Key risks to the effective delivery of this Policy

The key risks to the delivery of this Policy are outlined below. The Pension Fund Committee will monitor these and other key risks and consider how to respond to them.

- Risk management becomes mechanistic, is not embodied into the day to day management of the Fund and consequently the objectives of the Policy are not delivered
- Changes in Pension Fund Committee and/or local Pension Board membership and/or senior officers mean key risks are not identified due to lack of knowledge
- Insufficient resources are available to satisfactorily assess or take appropriate action in relation to

identified risks

- Risks are incorrectly assessed due to a lack of knowledge or understanding, leading to inappropriate levels of risk being taken without proper controls
- Lack of engagement or awareness of external factors means key risks are not identified.
- Conflicts of interest or other factors lead to a failure to identify or assess risks appropriately

## Costs

All costs related to this Risk Policy are met directly by the Fund.

## Approval, Review and Consultation

This Risk Policy will be presented to the Teesside Pension Fund Committee meeting on 11 December 2024. It will be formally reviewed and updated at least every three years or sooner if the risk management arrangements or other matters included within it merit reconsideration.

## Further Information

If you require further information about anything in or related to this Risk Policy, please contact:

Andrew Lister, Head of Pensions Governance and Investments

Middlesbrough Council

Fountain Court, 119 Grange Road

Middlesbrough, TS1 2DT

Email: [andrew\\_lister@middlesbrough.gov.uk](mailto:andrew_lister@middlesbrough.gov.uk)

Telephone: 01642 726328

# Teesside Pension Fund

## Procedure for Reporting Breaches of the Law (2025)



# Reporting Breaches Procedure

## Introduction

This document sets out the procedures to be followed by certain persons involved with the Teesside Pension Fund ("the Fund"), the Local Government Pension Scheme managed and administered by Middlesbrough Council, in relation to reporting breaches of the law to the Pensions Regulator.

Middlesbrough Council, as Administering Authority, has delegated responsibility for the implementation of these procedures to the Head of Pensions Governance and Investments.

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions.

This Procedure document applies, in the main, to:

- all members of the Pension Fund Committee and the Local Pension Board
- all senior officers involved in the management of the Fund including the Chief Finance Officer, Monitoring Officer, Head of Pensions Governance and Investments and any members of their teams.
- any professional advisers and third-party suppliers including auditors, actuaries, independent advisers, third party administrators, legal advisers and fund managers
- officers of employers participating in the Fund who are responsible for pension matters.

The next section clarifies the full extent of the legal requirements and to whom they apply.

## Requirements

### *Pensions Act 2004*

Section 70 of the Pensions Act 2004 (the Act) imposes a requirement on the following persons:

- a trustee or manager of an occupational or personal pension scheme
- a member of the pension board of a public service pension scheme
- a person who is otherwise involved in the administration of an occupational or personal pension scheme
- the employer in relation to an occupational pension scheme
- a professional adviser in relation to such a scheme
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme,

to report a matter to The Pensions Regulator as soon as is reasonably practicable where that person has reasonable cause to believe that:

- (a) a legal duty relating to the administration of the scheme has not been or is not being complied with, and
- (b) the failure to comply is likely to be of material significance to The Pensions Regulator.

The Act states that a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse.

The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However, the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

### *The Pensions Regulator's Code of Practice*

Practical guidance in relation to this legal requirement is provided in The Pensions Regulator's Code of Practice including in the following areas:

- implementing adequate procedures
- judging whether a breach must be reported
- submitting a report to The Pensions Regulator
- whistleblowing protection and confidentiality.

### *Application to the Teesside Pension Fund*

Middlesbrough Council has developed this procedure which reflects the guidance contained in The Pensions Regulator's Code of Practice in relation to the Fund and this document sets out how the Council will strive to achieve best practice through use of a formal reporting breaches procedure.

Training on reporting breaches and related statutory duties, and the use of this procedure is provided to Pension Fund Committee members, Pension Board members and key officers involved with the management of the Fund on a regular basis. Further training can be provided on request to the Head of Pensions Governance and Investments.

## The Teesside Pension Fund Reporting Breaches Procedure

The following procedure details how individuals responsible for reporting and whistleblowing can identify, assess and report (or record if not reported) a breach of law relating to the Fund.

It aims to ensure individuals responsible are able to meet their legal obligations and avoid placing any reliance on others to report. The procedure will also assist in providing an early warning of possible malpractice and reduce risk.

### *1. Clarification of the law*

Individuals may need to refer to regulations and guidance when considering whether or not to report a possible breach. Some of the key provisions are shown below:

- Section 70(1) and 70(2) of the Pensions Act 2004:  
[www.legislation.gov.uk/ukpga/2004/35/contents](http://www.legislation.gov.uk/ukpga/2004/35/contents)
- Employment Rights Act 1996:  
[www.legislation.gov.uk/ukpga/1996/18/contents](http://www.legislation.gov.uk/ukpga/1996/18/contents)
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):  
[www.legislation.gov.uk/uksi/2013/2734/contents/made](http://www.legislation.gov.uk/uksi/2013/2734/contents/made)
- Public Service Pension Schemes Act 2013:  
[www.legislation.gov.uk/ukpga/2013/25/contents](http://www.legislation.gov.uk/ukpga/2013/25/contents)
- Local Government Pension Scheme Regulations (various):  
<http://www.lgpsregs.org/timelineregs/Default.html> (pre 2014 schemes)  
<http://www.lgpsregs.org/index.php/regs-legislation> (2014 scheme)
- The Pensions Regulator's Code of Practice:

<https://www.thepensionsregulator.gov.uk/-/media/thepensionsregulator/files/import/pdf/general-code-of-practice.ashx>

In particular, individuals should refer to the section on 'Reporting to TPR', and, within this, for information about reporting late payments of employee or employer contributions, the section of the Code on 'Reporting payment failures'.

Further guidance and assistance can be provided by the Head of Pensions Governance and Investments, as long as requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence).

## *2. Clarification when a breach is suspected*

Individuals need to have reasonable cause to believe that a breach has occurred, not just a suspicion. Where a breach is suspected the individual should carry out further checks to confirm the breach has occurred.

Where the individual does not know the facts or events, it will usually be appropriate to check with the Head of Pensions Governance and Investments at Middlesbrough Council, a member of the Pension Fund Committee or Pension Board or others who are able to explain what has happened. However there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases The Pensions Regulator should be contacted without delay.

## *3. Determining whether the breach is likely to be of material significance*

To decide whether a breach is likely to be of material significance an individual should consider the following, both separately and collectively:

- cause of the breach (what made it happen)
- effect of the breach (the consequence(s) of the breach)
- reaction to the breach
- wider implications of the breach.

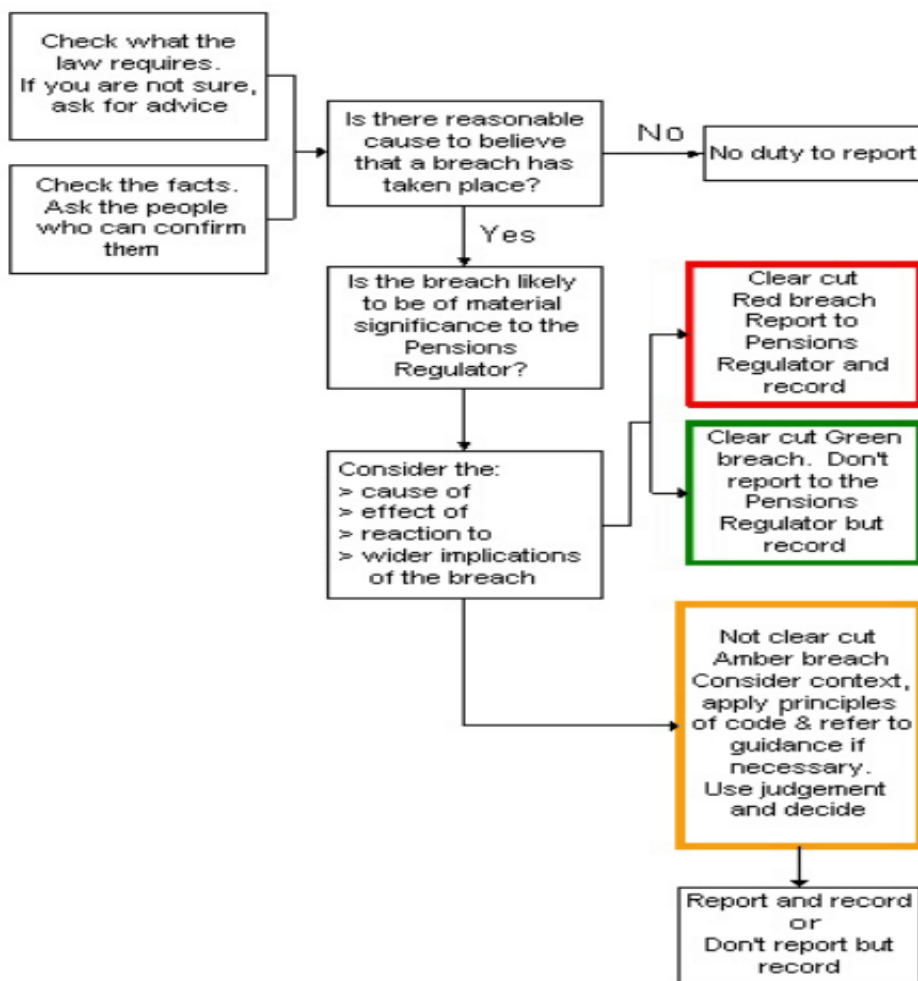
Individuals may also request the most recent breaches report from the Head of Pensions Governance and Investments, as there may be details on other breaches which may provide a useful precedent on the appropriate action to take.

Further details on the above four considerations are provided in Appendix A to this procedure.

The individual should use the traffic light framework described in Appendix B to help assess the material significance of each breach and to formally support and document their decision.

A decision tree is provided below to show the process for deciding whether or not a breach has taken place and whether it is materially significant and therefore needs to be reported.

## Decision-tree: deciding whether to report



### 4. Referral to a level of seniority for a decision to be made on whether to report

Middlesbrough Council has designated an officer (the Head of Pensions Governance and Investments) to ensure this procedure is appropriately followed. They are considered to have appropriate experience to help investigate whether there is reasonable cause to believe a breach has occurred, to check the law and facts of the case, to maintain records of all breaches and to assist in any reporting to The Pensions Regulator, where appropriate.

If breaches relate to late or incorrect payment of contributions or pension benefits, information the matter should be highlighted to the Head of Pensions Governance and Investments at the earliest opportunity to ensure the matter is resolved as a matter of urgency.

Individuals must bear in mind, however, that the involvement of the Head of Pensions Governance and Investments is to help clarify the potential reporter's thought process and to ensure this procedure is followed. The potential reporter remains responsible for the final decision as to whether a matter should be reported to The Pensions Regulator.

The matter should not be referred to the Head of Pensions Governance and Investments if doing so would alert any person responsible for a possible serious offence to the investigation (as highlighted in section 2). If that is the case, the individual should report the matter to The Pensions Regulator setting out the reasons for reporting, including any uncertainty – a

telephone call to the Regulator before the submission may be appropriate, particularly in the case of a more serious breach.

### *5. Dealing with complex cases*

The Head of Pensions Governance and Investments may be able to provide guidance on particularly complex cases. Guidance may also be obtained by reference to previous cases, information on which will be retained by Middlesbrough Council, or via discussions with those responsible for maintaining the records. Information may also be available from national resources such as the Scheme Advisory Board or the LGPC Secretariat (part of the Local Government Association (LGA)) - <http://www.local.gov.uk/our-support/workforce-and-hr-support/local-government-pensions> ).

If timescales allow, legal advice or other professional advice can be sought and the case can be discussed at the next Committee or Board meeting.

### *6. Timescales for reporting*

The Pensions Act and The Pensions Regulator's Code require that, if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable. Individuals should not wait for others to report and nor is it necessary for a reporter to gather all the evidence which The Pensions Regulator may require before taking action. A delay in reporting may exacerbate or increase the risk of the breach. The time taken to reach the judgements on "reasonable cause to believe" and on "material significance" should be consistent with the speed implied by 'as soon as reasonably practicable'. In particular, the time taken should reflect the seriousness of the suspected breach.

### *7. Early identification of very serious breaches*

In cases of immediate risk to the scheme, for instance, where there is any indication of dishonesty, The Pensions Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary.

The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty the reporter should avoid, where possible, checks which might alert those implicated. In serious cases, reporters should use the quickest means possible to alert The Pensions Regulator to the breach.

### *8. Recording all breaches even if they are not reported*

The record of past breaches may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). Middlesbrough Council will maintain a record of all breaches identified by individuals and reporters should therefore provide copies of reports submitted to The Pensions Regulator to the Head of Pensions Governance and Investments. Records of unreported breaches should also be provided to the Head of Pensions Governance and Investments as soon as reasonably practicable and certainly no later than within 20 working days of the decision made not to report. These will be recorded alongside all reported breaches. The record of all breaches (reported or otherwise) will be included in the quarterly Monitoring Report at each Pension Fund Committee meeting, and this will also be shared with the Pension Board.

## Reporting a breach

Reports must be submitted in writing via The Pensions Regulator's online system at [www.tpr.gov.uk/exchange](http://www.tpr.gov.uk/exchange), or by post, email or fax, and should be marked urgent if appropriate. If necessary a written report can be preceded by a telephone call.

Reporters should ensure they receive an acknowledgement for any report they send to The Pensions Regulator. The Pensions Regulator will acknowledge receipt of all reports within five working days and may contact reporters to request further information. Reporters will not usually be informed of any actions taken by The Pensions Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- full scheme name (Teesside Pension Fund)
- description of breach(es)
- any relevant dates
- name, position and contact details
- role in connection to the scheme
- employer name or name of scheme manager (the latter is Middlesbrough Council).

If possible, reporters should also indicate:

- the reason why the breach is thought to be of material significance to The Pensions Regulator
- scheme address (provided at the end of this procedures document)
- scheme manager contact details (provided at the end of this procedures document)
- pension scheme registry number (PSR – 10171072)
- whether the breach has been reported before.

The reporter should provide further information or reports of further breaches if this may help The Pensions Regulator in the exercise of its functions. The Pensions Regulator may make contact to request further information.

## Confidentiality

If requested, The Pensions Regulator will do its best to protect a reporter's identity and will not disclose information except where it is lawfully required to do so.

If an individual's employer decides not to report and the individual employed by them disagrees with this and decides to report a breach themselves, they may have protection under the Employment Rights Act 1996 if they make an individual report in good faith.

## Reporting to Pension Fund Committee

A report will be presented to the Pension Fund Committee on a quarterly basis setting out:

- all breaches, including those reported to The Pensions Regulator and those not reported, with the associated dates.
- in relation to each breach, details of what action was taken and the result of any action (where not confidential)
- any future actions for the prevention of the breach in question being repeated

- new breaches which have arisen in the last year/since the previous meeting.

This information will also be provided upon request by any other individual or organisation (excluding sensitive/confidential cases or ongoing cases where discussion may influence the proceedings).

An example of the information to be included in the quarterly reports is provided in Appendix C to this procedure.

## Review

This Reporting Breaches was approved at the Teesside Pension Fund & Investment Panel (later renamed as the Teesside Pension Fund Committee) meeting on 28<sup>th</sup> June 2017. It will be kept under review and updated as considered appropriate by the Head of Pensions Governance and Investments. It may be changed as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure.

## Further Information

If you require further information about reporting breaches or this procedure, please contact:

Andrew Lister, Head of Pensions Governance and Investments

Middlesbrough Council

Fountain Court, 119 Grange Road

Middlesbrough, TS1 2DT

Email: [Andrew\\_Lister@middlesbrough.gov.uk](mailto:Andrew_Lister@middlesbrough.gov.uk)

Telephone: 01642 726328

## Appendix A – Determining whether a breach is likely to be of material significance

To decide whether a breach is likely to be of material significance individuals should consider the following elements, both separately and collectively:

- cause of the breach (what made it happen)
- effect of the breach (the consequence(s) of the breach)
- reaction to the breach
- wider implications of the breach

### *The cause of the breach*

Examples of causes which are likely to be of concern to The Pensions Regulator are provided below:

- Acting, or failing to act, in deliberate contravention of the law.
- Dishonesty.
- Incomplete or inaccurate advice.
- Poor administration, i.e. failure to implement adequate administration procedures.
- Poor governance.
- Slow or inappropriate decision-making practices.

When deciding whether a cause is likely to be of material significance individuals should also consider:

- whether the breach has been caused by an isolated incident such as a power outage, fire, flood or a genuine one-off mistake
- whether there have been any other breaches (reported to The Pensions Regulator or not) which when taken together may become materially significant

### *The effect of the breach*

Examples of the possible effects (with possible causes) of breaches which are considered likely to be of material significance to The Pensions Regulator in the context of the LGPS are given below:

- Committee/Board members not having enough knowledge and understanding, resulting in pension boards not fulfilling their roles, the scheme not being properly governed and administered and/or scheme managers breaching other legal requirements
- Conflicts of interest of Committee or Board members, resulting in them being prejudiced in the way in which they carry out their role and/or the ineffective governance and administration of the scheme and/or scheme managers breaching legal requirements
- Poor internal controls, leading to schemes not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the scheme at the right time
- Inaccurate or incomplete information about benefits and scheme information provided to members, resulting in members not being able to effectively plan or make decisions about their retirement

- Poor member records held, resulting in member benefits being calculated incorrectly and/or not being paid to the right person at the right time
- Misappropriation of assets, resulting in scheme assets not being safeguarded
- Other breaches which result in the scheme being poorly governed, managed or administered

#### *The reaction to the breach*

A breach is likely to be of concern and material significance to The Pensions Regulator where a breach has been identified and those involved:

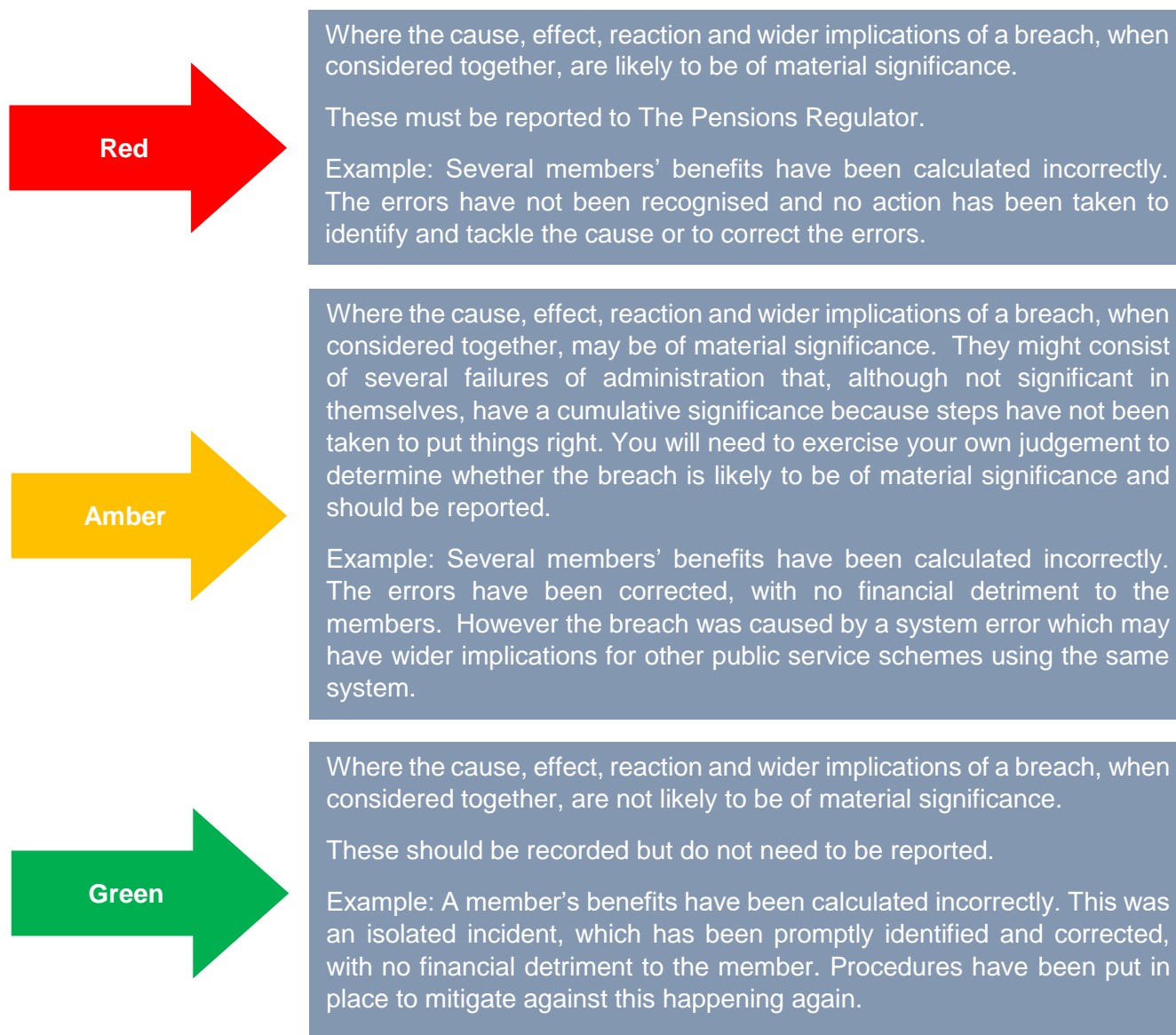
- do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence
- are not pursuing corrective action to a proper conclusion, or
- fail to notify affected scheme members where it would have been appropriate to do so.

#### *The wider implications of the breach*

Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to The Pensions Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

## Appendix B - Traffic light framework for deciding whether or not to report

Middlesbrough Council recommends those responsible for reporting to use the traffic light framework when deciding whether to report to The Pensions Regulator. This is illustrated below:



All breaches should be recorded even if the decision is not to report.

When using the traffic light framework individuals should consider the content of the red, amber and green sections for each of the cause, effect, reaction and wider implications of the breach, before you consider the four together. Some useful examples of this framework is provided by The Pensions Regulator at the following link

[http:// www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx](http://www.thepensionsregulator.gov.uk/codes/code-related-report-breaches.aspx)

## Appendix C – Example Record of Breaches

[illegible]

\*New breaches since the previous meeting should be highlighted

# Teesside Pension Fund

## Communication Policy

## Administering the Local Government Pension Scheme

December 2025

## Contents

1. Introduction
2. Who we Communicate with?
3. Key Objectives
4. Methods of Communication
5. Monitoring and Reporting
6. Overview of key documents
7. Further Information

## **1. Introduction**

Middlesbrough Council (the "administering authority") is responsible for the local administration of the Fund, which is part of the Local Government Pension Scheme ("the LGPS"). Operationally, the administration of the Fund is partly outsourced to a third-party administrator (currently Tyne and Wear Pension Fund), and partly carried out by Council staff. The third-party administrator's staff and Council staff work together to provide a seamless service to scheme employers and members, and as such effective communication between the two organisations is vitally important.

This policy sets out the Fund's intentions regarding engagement with its stakeholders and has been produced to meet the requirements of the LGPS Regulations 2013.

Our communications are accurate and accessible as expected by the Pensions Regulator. We communicate to our stakeholders in an understandable and clear way with this in mind.

## **2. Who we communicate with?**

The Key Stakeholders for the Fund are:

- Scheme Members and their representatives
- Prospective Scheme members
- Scheme Employers
- Prospective Scheme Employers
- Pension Fund Committee and Pension Board members
- Pension Fund Staff

Other Interested Organisation:

- The Fund Actuary
- Investment Advisors and Managers
- Border to Coast Pensions Partnership Limited (the asset pooling company)
- Asset Custodian
- AVC Provider
- Fund Solicitor
- Government Departments
- Scheme Advisory Board and Advisors to the Pension Fund

## **3. Key Objectives**

The objectives are:

- To inform stakeholders regularly around the administration and management of the Fund

- Communicate in a clear, concise manner
- Promote the Scheme as a valuable benefit and provide sufficient information to educate members to help them to make informed decisions about their benefits.
- Ensure we use the most appropriate means of communication, taking into account the different needs of different stakeholders
- Regularly evaluate the effectiveness of communications and shape future communications appropriately for example through greater use of technology to provide up to date and timely information

#### 4. Methods of Communication

Communicating to Scheme Members:

To increase efficiency and reduce costs our preferred method of communication is electronic. However, paper copies can be provided when needed on request.

| Communication   | When                           | How  |
|---|--------------------------------|--|
| Scheme Literature                                     | Permanently Available          | Website  |
| Telephone Helpline                                    | Available during working hours | Telephone  |
| Website   | Permanently Available          | Website  |
| Annual benefit statements / Pension Saving Statements | Annually                       | Online, Paper on request.                        |
| Pensioner Pay Slip                                    | Monthly                        | Online, Paper on request.                        |
| Member Self Service                                   | Permanently Available          | Online   |
| Member Pension Awareness Sessions                     | As Required                    | Via Employer, delivered by Employer Liaison Team |

Communication to Scheme Employers:

| Communication      | When                  | How     |
|--------------------|-----------------------|---------|
| Employer Bulletins | As Required           | Email   |
| Technical Updates  | As Required           | Email   |
| Website            | Permanently Available | Website |

|                                  |                       |  |
|----------------------------------|-----------------------|--|
| Employer Training                | As Required           | Via Employer, delivered by Employer Liaison Team |
| Employer Guide                   | Permanently           | Website  |
| Employer Annual Conference       | Annually              | Face to Face or Virtual                          |
| Pensions Administration Strategy | Permanently Available | Website  |
| Charging Policy                  | Permanently Available | Website  |
| Admission Agreements Guide       | Permanently Available | Website  |
| Academies Guide                  | Permanently Available | Website  |

#### Communicating with Pension Fund Committee and Pension Board:

| Communication                  | When        | How                     |
|--------------------------------|-------------|-------------------------|
| Committee Papers               | Quarterly   | Website / Email / Paper |
| Workshops                      | As Required | Face to Face / Virtual  |
| Board Reports                  | Quarterly   | Website / Email / Paper |
| 3 <sup>rd</sup> Party Training | As Required | Face to Face / Virtual  |

## 5. Monitoring and Reporting

To manage expectations and meet regulatory requirements we will evaluate the effectiveness of our communications by the methods listed below:

- Satisfaction Surveys
- Assess compliments and complaints
- Report and reviews by the Local Pension Board

In order to continually develop we plan to:

- Increase the use of Member Self Serve
- Produce and simplify the annual benefit statements
- Actively review letter content to benefit members and employers
- Continuously update the website
- Continuously update guides and policies

- Increase communication and information we provide to employers

## **6. Overview of Communications**

The below are the other key documents available on our website relating to the administration and governance of the fund:

- Administration Strategy
- Charging Policy
- Employers Guide
- Annual Report and accounts
- Investment Strategy Statement
- Funding Strategy Statement
- Internal Dispute Resolution Procedure

## **7. Further Information**

Any enquiries in relation to the day to day communications with scheme members and employers of the Fund should be sent to:

Tyne and Wear Pension Fund  
Westoe Road  
South Shields  
NE33 2RL

E-Mail: [pensions@southtyneside.gov.uk](mailto:pensions@southtyneside.gov.uk)  
Telephone: 0191 424 4141

Any other enquiries in relation the Fund's communications or the principles or content of this Policy should be sent to:

Andrew Lister,  
Middlesbrough Council,  
Head of Pensions, Governance and Investments,  
Fountain Court,  
119 Grange Road  
Middlesbrough,  
TS1 2DT

E-mail: [Andrew\\_Lister@middlesbrough.gov.uk](mailto:Andrew_Lister@middlesbrough.gov.uk)  
Telephone: 01642 726328

# Teesside Pension Fund

## Pensions Administration Strategy

### Administering the Local Government Pension Scheme

December 2025

## Contents

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## 1. Purpose and Intent of Strategy

The LGPS is a statutory scheme, established by an Act of Parliament. The Local Government Pension Scheme Regulations 2013 provide the conditions and regulatory guidance surrounding the production and implementation of Administration Strategies.

Whilst this document is a statement of strategy prepared in line with the requirements of the Local Government Pension Scheme Regulations it is not intended to be a prescriptive document other than to outline legislative requirements.

In delivering this Administration Strategy, the Administering Authority has a number of specific objectives, as follows;

- Provide a high quality, professional, proactive, timely and customer focussed administration service to the Fund's stakeholders
- Administer the Fund in a cost effective and efficient manner utilising technology appropriately to obtain value for money
- Ensure the Fund's employers are aware of and understand their roles and responsibilities under the LGPS regulations and in the delivery of the administration functions of the Fund
- Ensure the correct benefits are paid to, and the correct income collected from, the correct people at the correct time
- Maintain accurate records and ensure data is protected and has authorised use only.

To achieve these objectives we rely on the good will of all stakeholders; be they employer, administrator, scheme member or professional adviser.

This Strategy outlines how the Administering Authority will achieve these objectives, including the level of service the Administering Authority aims to provide to scheme members and employers, as well as the role employers will need to play in providing that quality of service.

It is recognised that the aims and objectives in this Strategy are ambitious in some cases, and meeting these is dependent on the implementation of some changes in the existing ways of working.

Whilst we can, if required, resort to financial penalties, we will only do so as a final measure. From our point of view, as the administering authority, it is critically important that our focus is on building and maintaining strong relationships with the employers of the Fund.

## 2. Review of the Strategy

Middlesbrough Council (the "Administering Authority") is responsible for the local administration of the Fund, which is part of the Local Government Pension Scheme ("the LGPS"). Operationally, the administration of the Fund is partly outsourced to a third party administrator (XPS Administration), and partly carried out by Council staff. The third party administrator's staff and Council staff work together to provide a seamless service to scheme employers and members. It is for that reason that references to Administering Authority in this document are not separated out between the Council and administrator.

The administering authority will review this policy statement annually and make revisions as are considered appropriate.

In subsequent reviews or when making revisions to this policy, the administering authority will consult with its employing authorities. Subsequent revisions will be published, and copies made available to each employing authority and to the Secretary of State.

This Pension Administration Strategy does not supersede any contractual arrangements between the Administering Authority and the administrators or between the Administering Authority and the employers. However, it is intended to complement such arrangements and provide greater clarity in relation to each party's role and responsibilities.

This Strategy applies to all existing employers in the Fund, and all new employers joining the Fund. The Statement sets out the expected levels of administration performance of both the Administering Authority and the employers within the Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

## 3. Levels of Performance

Overriding legislation, including The Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (as amended), dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the scheme. Further, the LGPS itself sets out a number of requirements for the Administering Authority or employers to provide information to each other, to scheme members and to prospective scheme members, dependants, other pension arrangements or other regulatory bodies. In addition to the legal requirements, local performance standards have been agreed which cover all aspects of the administration of the Fund. In many cases these go beyond the overriding legislative requirements.

We will keep these levels of performance under review to reflect changing expectations and legislation and all locally agreed performance standards will be monitored on an ongoing basis by the administering authority.

The Fund introduced a Charging Policy from April 2022 to be used where necessary from the financial year 2022/23 onwards.

#### 4. Responsibilities and Duties of Employers

The following are responsibilities of the Employer:

| Function / Task  | Performance Target   |
|--|--|
| <b>General</b>   |  |
| For new employers supply all required pension liaison contact details, authorised signatories and employer web portal systems users.<br><br>Confirm nominated representative(s) to send and receive information from the Fund. | Within 30 days of becoming a Scheme Employer.  |
| When changes occur to pension liaison contact details, authorised signatories and employer web portal system users.  | Immediately  |
| Advise of any appointment of or change to a third-party payroll provider.  | Notify the Fund 1 month in advance of the change.  |
| Appoint a nominated adjudicator for stage 1 appeals made under the Internal Disputes Resolution Procedure (IDRP).  | Within 30 days of becoming as Scheme Employer.   |
| Appoint an Independent Registered Medical Practitioner (IRMP) for decision relating to ill health benefits.  | Within 30 days of becoming as Scheme Employer.   |
| Formulate, publish and keep under review policies in relation to all areas where the employer may exercise a discretion within the LGPS.   | A copy of the policy should be supplied to the Fund within one month of the employer joining the Fund, or within one month of any changes to the policy. |
| Notify the Fund of any planned employer events or changes, including but not limited to the following:   | As soon as possible.   |

|  |   |
|--|---|
| <ul style="list-style-type: none"> <li>• TUPE transfers</li> <li>• Outsourcing.</li> </ul>   | Within 3 months of the potential commencement date.   |
| <ul style="list-style-type: none"> <li>• Changes to policy on admission of new joiners</li> </ul>  | Within 1 month of implementation.   |
| <ul style="list-style-type: none"> <li>• Termination of Admission Agreement or Decision to cease business.</li> </ul>  | Within 1 month before the event.  |
| <b>New Joiners</b>   |   |
| To decide any rights or liabilities of any person under the LGPS (for example, what rate of contributions a person pays and whether or not a person is entitled to any benefit under the scheme).  | At appointment.   |
| To formally notify that person of the decision in relation to their rights or liabilities in writing as soon as is reasonably practicable (including a decision where a person is not entitled to a benefit and why not), including information about their internal dispute resolution procedure. | As soon as is reasonably practicable.   |
| Notify the Fund that an employee has joined the Fund by providing the appropriate new joiner information.  | Within 42 calendar days of the employee joining.  |
| Notify the Fund that an employee has opted out of the Fund within three months of joining, and contributions have been refunded via payroll.   | Within 35 days of the refund being paid.  |
| Ask all members for a written statement of all previous periods of employment, which is to be submitted to the Fund.   | Within three months of the employee joining. (The Fund also request this information on an employer's when members join the Scheme).  |
| <b>Changes</b>   |   |
| Notify the Fund of all changes to member details, including any personal details and breaks in pensionable service.  | Within 42 calendar days of the change.  |
| <b>Contributions and Payments to the Fund</b>  |   |
| Ensure that employee and employer contributions are deducted at the correct rate and paid to the Fund.   | All contributions deducted in any month must be received by the Fund on or before the 19th of the following month. If the 19th of a particular month is a non-banking day, then payment should be made by the last banking day before the 19th. |

|   |  |
|---|--|
| Ensure all contributions in relation to Additional Pension Contributions (APC) and Additional Regular Contributions (ARC) arrangements are deducted at the correct rate and paid to the Fund.   | To comply with The Pensions Regulator's Requirements All contributions deducted in any month must be received by the Fund on or before the 19th of the following month. If the 19th of a particular month is a non-banking day, then payment should be made by the last banking day before the 19th. |
| Ensure all employee contributions deducted under the Additional Voluntary Contribution (AVC) facility are paid directly to the appropriate provider.  | To comply with The Pensions Regulator's Requirements Pass your contributions to the provider by the 22nd day of the following month (19th if paying by cheque) after they were deducted from salary.   |
| Make additional Fund payments in relation to early payment of benefits from flexible retirement, redundancy or business efficiency retirement or where a member retires early with employer's consent and a funding strain cost arises. | Within 30 days of date benefits are due for payment.   |
| Implement changes to employee contribution rates.   | When required.   |
| Implement changes to employer contribution rates.   | When instructed by the Fund.   |
| If correct contributions have not been deducted, the employer must immediately pay outstanding employer's contributions and, unless an alternative has been agreed, employee's contributions to the Fund.                               | On next monthly contribution.  |
| <b>Year-end Contribution Information</b>  |  |
| <b>For those employers providing information on an annual basis</b> - Supply year-end information to 31st March each year, in the format advised by the Fund.   | On the date advised by the Fund each year.   |
| Reply to all queries sent by the Fund in relation to year-end data. This could include mismatch of information, or missing leaver notifications.  | As soon as possible  |
| <b>For those employers providing information monthly</b>  | As agreed by the Fund.   |
| <b>Leavers</b>  |  |
| Notify the Fund where a member leaves before being entitled to immediate pension.   | Supply appropriate termination notification, supporting documents and certificates within 35 calendar days of leaving date.  |
| Notify the Fund where a member leaves with an entitled to immediate pension.  | Supply appropriate termination notification, supporting documents and  |

|   |   |
|---|---|
|   | certificates within 20 calendar days of leaving date.   |
| Notify the Fund where a member dies in service.   | Supply appropriate termination notification, supporting documents and certificates within 20 calendar days of leaving date. |
| Determine eligibility for ill health retirement and notify the Fund.  | Supply appropriate termination notification, supporting documents and certificates within 20 calendar days of leaving date. |
| Review all Tier 3 ill health retirements and notify the Fund if payment is to cease (following re-employment) or increase (following further medical review). | Review when required.<br><br>Notify the Fund immediately of any changes to avoid overpayment of benefits.                   |
| Supply revised termination details for all leavers where necessary.   | Notify the Fund immediately of any changes to avoid overpayment of benefits.  |

## 5. Responsibilities of the Teesside Pension Fund

The table below sets out the main duties and responsibilities of the Fund as the administering authority:

| <b>Process</b>  | <b>Disclosure Regulations Standard</b>  | <b>Key Performance Indicators</b>  |
|---|---|--|
| Death of a member combined to include active deferred and pensioner | <p>Within two months of receipt of notification of death provide details of</p> <ul style="list-style-type: none"> <li>the rights and options available and the procedures for exercising them</li> <li>the provisions under which any survivor benefits will be increased</li> <li>the extent, if any, to which such increases are discretionary.</li> </ul> | Issue details of entitlement within 10 days of receiving all information required to calculate and pay beneficiary pensions. |
| Death in service – (Revised)  | Issue revised details of benefits due within one month of event causing revision  | Within 10 days of receiving all information required to recalculate any revised benefits.                                    |
| Deferred Benefit – Notification of entitlement                      | Within two months of a member or employer notifying us of the termination of pensionable  | Provide member with details of deferred benefits within 30 days of receiving   |

|                               |   |  |
|-------------------------------|---|--|
|                               | service, supply a notification showing the rights and options available.  | notification of termination from employer.   |
| Deferred Benefit into Payment | Issue details of benefits due in respect of <ul style="list-style-type: none"> <li>• a leaver at Normal Pension Age or later within one month of date becoming payable</li> <li>• a leaver before Normal Pension Age within two months of date becoming payable.</li> </ul> | Issue member with confirmation of payment of pension and lump sum within 15 days of receiving members benefit options.   |
| Deferred Refund into Payment  | Issue details within one month of the date that the member becomes entitled to payment (Normal Pension Age) or issue details of benefits due within two months of the date that the member becomes entitled to payment (Early payment).                                     | Issue details of deferred benefit due within 1 or 2 months of the date becoming entitled as appropriate.   |
| Divorce Quotation             | Issue details within 3 months of the request from the member or the court.  | Issue details of cash equivalent and other benefits within 45 days of receiving request.   |
| Estimate of Benefits          | Issue quote within two months of date member requests estimate, unless previously supplied within the last twelve months. Disclosure applies to member requests only  | Issue quote to member within 15 days of receiving request.   |
| Immediate Pension             | Issue details of benefits due in respect of <ul style="list-style-type: none"> <li>• a leaver at Normal Pension Age or later within one month of date becoming payable</li> <li>• a leaver before Normal Pension Age within two months of date becoming payable.</li> </ul> | Issue member with details of retirement options available within 15 days of being notified member has left. Issue member with confirmation of payment of pension and lump sum within 15 days of receiving members benefit options. |
| Immediate Pension (Revised)   | Issue revised benefit details of benefits due within one  | Within 10 days of receiving all information required to  |

|                        |   |  |
|------------------------|---|--|
|                        | month of the decision to alter the benefits.  | recalculate any revised benefits.  |
| Joiner                 | Issue "Basic Scheme Information" within two months of the member joining the scheme if we are not advised of the jobholder status of the member.                                    | Issue membership certificate and new entrants pack within 20 days of being notified member has joined the Scheme.  |
| Refund                 | On the request of the ex-employee, confirm within 2 months of the date of the request being made whether a refund is available, an estimate of its amount and how it is calculated. | Issue details to member of options available and amount of refund within 20 days of being notified the member has left. Issue payment of refund within 15 days of receiving members option form. |
| Refund (Revised)       | Within one month of the event causing revision.   | Issue revised details within 1 month of the revision event.  |
| Transfer In Quotation  | Inform the member of the amount of the transfer credit the TV will purchase within two months of the member's request.  | Issue member with details of transfer in quotation within 10 days of being notified of the date the member provided TV information from.   |
| Transfer In Payment    | Issue the member with confirmation that the transfer is complete.   | Within 30 days of receiving the transfer payment from the previous provider.   |
| Transfer Out Quotation | Provide a transfer out quotation within three months of a member's request being made (other than where a CETV quote has been provided in the previous 12 months).                  | Issue a transfer out quote within 10 days of receiving request (including authorisation from member).  |
| Transfer Out Payment   | Pay, on receipt of the member's option, a CETV within six months of the guarantee date.   | Issue payment within 6 months of the relevant date used in the TV out quotation.   |

- To decide the amount of benefits that should be paid, including whether the person is entitled to have any previous service counting towards this for LGPS purposes, as soon as is reasonably practicable
- To formally notify that person of the decision in relation to the amount of their benefits in writing as soon as is reasonably practicable, including a statement showing

how they are calculated and information about their internal dispute resolution procedure

- To appoint a person to consider complaints under stage 1 of the internal dispute resolution procedure relating to Administering Authority decisions (or a lack of a decision)
- To appoint a person to consider complaints under stage 2 of the internal dispute resolution procedure (which covers both employer and Administering Authority decisions or lack of decisions)
- To provide on request any information to an employer about a complaint under the internal dispute resolution procedure that may be required by an employer
- Regulation 59(1) enables an LGPS Administering Authority to prepare a written statement ("the pension administration strategy") to assist in delivering a high-quality administration service to its scheme members and other interested parties, by setting out local standards which often go beyond the minimum requirements set out in overriding legislation as outlined above, and which the Administering Authority and employers should comply with. The statement can contain such of the matters mentioned below as they consider appropriate:-
- Procedures for liaison and communication with the relevant employers in their Fund.
- The establishment of levels of performance which the Administering Authority and the employers are expected to achieve in carrying out their functions under the LGPS by-
  - i. the setting of performance targets;
  - ii. the making of agreements about levels of performance and associated matters; or
  - iii. such other means as the Administering Authority consider appropriate;
- Procedures which aim to secure that the Administering Authority and the employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication by the Administering Authority and the employers to each other of information relating to those functions.
- The circumstances in which the Administering Authority may consider giving written notice to an employer on account of that employer's unsatisfactory performance in carrying out its functions under the LGPS Regulations when measured against the desired levels of performance.
- The publication by the Administering Authority of annual reports dealing with—
  - i. the extent to which the Administering Authority and the employers have achieved the desired levels of performance, and
  - ii. such other matters arising from its pension administration strategy as it considers appropriate
- Such other matters as appear to the Administering Authority to be suitable for inclusion in that strategy.

Regulation 59(2)e allows an Administering Authority to recover additional costs from an employer where they are directly related to the poor performance of that employer. Where this situation arises the Administering Authority is required to give written notice to the scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

In addition, regulation 59(6) also requires that, where a pension administration strategy is produced, a copy is issued to each of their relevant employers as well as to the Secretary of State. It is a requirement that, in preparing or revising any pension administration strategy, that the Administering Authority must consult its relevant employers and such other persons as it considers appropriate.

Both the Administering Authority and employers must have regard to the current version of the pension administration strategy when carrying out their functions under the LGPS Regulations.

## **6. Contribution Rates and Administration Costs**

The members' contribution rates are fixed within bands by the regulations. The Fund will notify employers of these rates each year.

Employers' contribution rates are determined by a triennial valuation process.

Employers are required to pay contributions to secure the solvency of their part of the Fund and meet their liabilities over an agreed term.

The Fund is valued every three years by the Fund actuary. The actuary balances the assets and liabilities in respect of each employer and assesses the contribution rate and, where applicable, the deficit amount for each employer.

Employer contribution rates and, where applicable, the deficit amounts apply for three years. If the Fund undertakes work specifically on behalf of an employer, the employer will be charged directly for the cost of that work as detailed in the Fund Charging Policy.

## **7. Liaison and Communications**

The delivery of a high quality, cost effective administration service is not the responsibility of just the administering authority, but depends on the joint working of the administering authority with a number of individuals in different organisations to ensure scheme members, and other interested parties, receive the appropriate level of service and ensure that statutory requirements are met.

Employing authorities must nominate a pension liaison officer to deal with certain enquiries from the administering authority. Key responsibilities of a Pensions Liaison Officer are:

- to act as a conduit for communications to appropriate staff within the employer – e.g. Human Resources, Payroll teams, Directors of Finance;
- to ensure that standards and levels of service are maintained;
- to ensure that details of all nominated representatives and authorised signatures are correct, and to notify the administration unit of any changes immediately;
- to arrange distribution of communications literature such as scheme guides, packs, newsletters and promotional material as and when required;
- to inform the administration unit of any alternative service arrangements required to ensure equitable member access, addressing the diverse needs of the membership;
- to assure data quality and ensure the timely submission of data to the Fund; and
- to assist and liaise with the Fund on promotional activities that aim to increase, where appropriate, the Scheme membership and knowledge in the overall benefits of the Scheme.

The administering authority will maintain a schedule of all employing authority contact officers and ensure that all pension administration staff utilise the contact details provided by the employer.

The administering authority will maintain a Pension Fund website with a dedicated employers' area. This will include:

- General guidance and information on procedures for administering the Local Government Pension Scheme;
- Employer bulletins used to communicate current issues pertaining to the Scheme;
- Copies of all standard forms to be used by employers when providing information to the pensions unit;
- Copies of all publications issued by the Pension Fund including newsletters, scheme guides and factsheets and details of legislative changes

The administering authority will comply with the Communication Strategy Statement in its dealings with stakeholders of the Fund.

## 8. Further Information

Any enquiries in relation to the day to day communications with scheme members and employers of the Fund should be sent to:

Tyne and Wear Pension Fund  
Westoe Road  
South Shields  
NE33 2RL

E-Mail: [pensions@southtyneside.gov.uk](mailto:pensions@southtyneside.gov.uk)

Telephone: 0191 424 4141

Any other enquiries in relation the Fund's communications or the principles or content of this Strategy should be sent to:

Andrew Lister,  
Middlesbrough Council,  
Head of Pensions, Governance and Investments,  
Fountain Court,  
119 Grange Road,  
Middlesbrough,  
TS1 2DT

E-mail:        Andrew\_Lister@middlesbrough.gov.uk  
Telephone:    01642 726328

# Teesside Pension Fund

## Charging Policy

### Administering the Local Government Pension Scheme

December 2025

## Contents

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## 9. Introduction

The Administering Authority will work closely with all employers to assist them in understanding all statutory requirements, whether they are specifically referenced in the Local Government Pension Scheme (LGPS) Regulations, in overriding legislation, or in this Administration Strategy however the LGPS regulations provide the pension Fund with the ability to recover costs from an employer.

This policy details the Teesside Pension Fund's ability to charge employers where necessary and should be read alongside the Pensions Administration Strategy.

## 10. Approach to Managing Employer Performance

The Fund and the employers will ensure that all functions and tasks are carried out to agreed standards.

The Fund will monitor performance against the Administration Strategy and will liaise with employers if any concerns arise.

Where the Administering Authority wishes to recover any additional costs it will give written notice stating:-

- The reasons in their opinion that the employer's level of performance contributed to the additional cost
- The amount the Administering Authority has determined the employer should pay
- The basis on which this amount was calculated, and
- The provisions of the Pensions Administration Strategy relevant to the decision to give notice.

Employers must make both Employee and Employer contributions to the Fund each month. All monies due must be cleared in the Fund's bank account by the 19<sup>th</sup> of each month (or the last working day before where the 19<sup>th</sup> is not a working day) following the month the contributions relate to.

Where continuous issues occur and no improvement is demonstrated by the employer further action will be taken as detailed in this policy.

## 11. Charging Policy

The Fund has the ability to charge where necessary for the chasing of outstanding information if poor performance occurs on a regular basis and is detailed in the steps below:

- Original request (no charge)
- Initial chaser will be issued 10 working days after the original request if no response is received and this can activate the first charge.
- Two further chasers will be issued 10 working days apart and a charge can incur for each.
- If no response is received within 10 working days in regards to the three chasers the case will; then be escalated to the Employer Liaison Team who will contact to discuss an improvement plan.

Employers will receive a contribution spreadsheet at the start of each financial year which sets out the payment and accompanying information due. The Fund will chase any late payments and/or documentation, one month after the due date the first charge will be activated and each subsequent month where payment or information is still outstanding the charges will be applied as per the grid in section 4 below.

The Employer Liaison Team will monitor the frequency of charges and where significant volumes occur the team will contact the employer and offer support and guidance.

The Employer Liaison Team will work with the employer to find the cause and agree the following:

- Training Requirements
- Measurable improvement plan
- Timescales
- Regular contact with Employer Liaison Team to provide updates against the improvement plan

If performance does not improve and it affects the Fund's ability to perform its statutory functions, the Fund can report the employer to the Pensions Regulator.

This policy is in place to use if needed from the financial year 2022/23 onwards.

## 12. Charging Grid

| Item  | Charge   |
|---|--|
| <b>Monthly contributions</b>  | *The following charges will apply for each full month the file is delayed beyond it's due date                               |
| Charge for late payment   | *£100 per file plus a daily interest surcharge for the period the payment is outstanding of 1% above the bank base rate      |
| Charge for late submission of supporting documentation  | *£100 per file   |
| <b>Accounting</b>   |  |
| IAS19/FRS102 valuations   | Professional fees recharged where late information is provided by the employer. Cost will be notified prior to work starting |
| <b>Actuarial &amp; legal advice</b>   |  |
| Actuarial & legal advice for admission bodies and academy conversions, exit valuations, bonds and mergers                     | Professional fees recharged. Cost will be notified prior to work starting  |
| <b>Year End</b>   |  |
| Failure to submit year end file by 30 April (charged by the number of pensionable members)                                    | *The following charges can apply for each full month the file is delayed beyond 30 April                                     |
| 1 - 99  |  |
| 100 - 999   | *£50.00 per file   |
| 1,000 - 1,999   | *£100.00 per file  |
| 2,000 - 4,999   | *£200.00 per file  |
| 5,000 - 9,999   | *£300.00 per file  |
| 10,000 +  | *£400.00 per file  |
| Missing Starter and Leaver information  | *£500.00 per file<br>**£5.00 per record  |
| <b>Data</b>   |  |
| Post information: chase for missing or incorrect information where one request has already been made e.g. hours, service etc. | £5.00 per record, per chase  |
| <b>Starter information</b>  |  |
| Chase for missing information where one request has already been made   | £5.00 per record, per chase  |

| Item   | Charge                       |
|--|------------------------------|
| <b>Employer estimate</b><br><br>Chase for missing information or incorrect information to be corrected where one request has already been made | £5.00 per record, per chase  |
| <b>Notification of Retirement</b><br><br>Chase for missing form where one request has already been made  | £5.00 per record, per chase  |
| <b>Death in service</b><br><br>Chase for missing leaver form where one request has already been made   | £10.00 per record, per chase |
| <b>Leaver form</b><br><br>Chase for missing form where one request has already been made   | £10.00 per record, per chase |
| <b>Employer Authorisation (ill health and redundancy/efficiency)</b><br><br>Request for missing employer authorisation                         | £10.00 per record, per chase |



## **Teesside Pension Fund Officers' Scheme of Delegations**

## Delegation of Functions to Officers by Pension Fund Committee December 2025

### Key:

PFC – Pension Fund Committee

CFO – Chief Finance Officer (Section 151 Officer and Deputy Section 151 Officer)

HPGI – Head of Pensions Governance and Investments

FA – Fund Actuary

IA – Investment Advisors

| Function delegated to PFC  | Further Delegation to Officer(s)  | Delegated Officer(s)                   | Communication and Monitoring of Use of Delegation |
|--|---|--|---|
| <div>Page 1 of 3</div> Investment strategy - approving the Fund's Investment Strategy Statement and Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite. | Authority to vary asset allocation beyond the short term asset allocation as currently in place (generally agreed at the each PFC).                                   | CFO or HPGL, in consultation with IAs. | Detailed monitoring at PFC                        |
|  | Implementing investment deals within specified limits (in accordance with the Fund's Investment Strategy Statement and the agreed short term asset allocation range). | See appendix 1                         | Detailed monitoring at PFC                        |
| In relation to Borders to Coast Pooling Collaboration arrangements: <ul style="list-style-type: none"> <li>Appointing Middlesbrough Council's officers to the Officer Operations Group.</li> </ul>   | The appointed members of the Officer Working Group  | HPGL                                   | Detailed monitoring at PFC                        |

| Function delegated to PFC   | Further Delegation to Officer(s)   | Delegated Officer(s)  | Communication and Monitoring of Use of Delegation |
|---|--|---|---|
| <p>In relation to Borders to Coast Pooling Collaboration arrangements:</p> <ul style="list-style-type: none"> <li>Undertake the role of Authority in relation to the Inter Authority Agreement.</li> </ul>  | <p>All matters included in the Inter Authority Agreement as being responsibilities of officers</p>   | <p>HPGI</p>   | <p>Detailed monitoring at PFC</p>                 |
| <p>Selection, appointment and dismissal of the Fund's advisers, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension funds administrator, independent professional advisers and AVC provider.</p> | <p>Ongoing monitoring and suspension of Fund Managers (note formal termination remains a PFC responsibility)</p>   | <p>CFO or HPGI, in consultation with IAs as appropriate</p> | <p>Detailed monitoring at PFC</p>                 |
| <p>Agreeing the terms and payment of bulk transfers into and out of the Fund.</p>   | <p>Agreeing the terms and payment of bulk transfers into and out of the Fund where there is a bulk transfer of staff from the Fund. Exceptions to this would be where:</p> <ul style="list-style-type: none"> <li>there is a dispute over the transfer amount or</li> <li>it relates to a significant transfer relating to: <ul style="list-style-type: none"> <li>one employer (equivalent to over 15% of its liabilities) or</li> <li>the Fund as a whole up (equivalent to over 2% of the Fund's liabilities).</li> </ul> </li> </ul> | <p>CFO or HPGI</p>  | <p>Ongoing reporting to PFC for noting</p>        |

| Function delegated to PFC   | Further Delegation to Officer(s)  | Delegated Officer(s)   | Communication and Monitoring of Use of Delegation  |
|---|---|--|--|
| <p>Making decisions relating to employers joining and leaving the Fund. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.</p> | <p>Making decisions relating to employers joining and leaving the Fund and compliance with the Regulations and policies relating to employers with liabilities up to a level of 2% of the total Fund's liabilities. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.</p> | <p>CFO or HPGL.</p>  | <p>Ongoing reporting to PFC for noting</p>   |
| <p>Agreeing the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.</p>   | <p>Agreeing the Administering Authority responses to significant matters where the consultation timescale does not provide sufficient time for a draft response to be approved by PFC.</p>  | <p>HPGL or CFO, subject to agreement with Chairman and Deputy Chairman (or either, if only one available in timescale)</p> | <p>PFC advised of consultation via e-mail (if not already raised previously at PFC) to provide opportunity for other views to be fed in. Copy of consultation response provided at following PFC for noting.</p> |
|   | <p>Agreeing the Administering Authority responses where the consultation is not significant e.g. a small number of operational matters.</p>   | <p>HPGL or CFO</p>   | <p>Ongoing reporting to PFC for noting</p>   |

| Function delegated to PFC   | Further Delegation to Officer(s)   | Delegated Officer(s)   | Communication and Monitoring of Use of Delegation  |
|---|--|--|--|
| Agreeing the Fund's Knowledge and Skills Policy for all Pension Fund Committee members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy. | Implementation of the requirements of the CIPFA Code of Practice   | HPGI or CFO  | Regular reports provided to PFC and included in Annual Report and Accounts.  |
| Determining the Pension Fund's aims and objectives, strategies, statutory compliance statements, policies and procedures for the overall management of the Fund   | Making minor changes to existing strategies, statutory compliance statements, policies and procedures. These will still be required to be considered by the PFC in line with the period stated in that document. | HPGI or CFO  | Ongoing reporting to PFC for noting  |
| The Committee may delegate a limited range of its functions to one or more officers of the Authority. The Pension Fund Committee will be responsible for outlining expectations in relation to reporting progress of delegated functions back to the Pension Fund Committee.                      | Other urgent matters as they arise   | HPGI or CFO, subject to agreement with Chairman and Deputy Chairman (or either, if only one is available in timescale) | PFC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting to following PFC. |
|   | Other non-urgent matters as they arise   | Decided on a case by case basis  | As agreed at PFC and subject to monitoring agreed at that time.  |

**Appendix 1****Limitations on Implementing Investment Deals**

- i) The Pensions Investment team typically have responsibility for allocated investment asset classes. These are determined, from time to time, by the Deputy Head of Pensions – Investments.
- ii) Dealing limits take two forms. A stock limit is the total value of purchases or sales (or commitments) in a stock on any one day. A floor limit is the total value of all transactions (or commitments) in any one day. These limits are (£ millions):

|   | Stock Limit |       |          |              | Floor Limit |
|---|-------------|-------|----------|--------------|-------------|
|   | Equities    | Bonds | Property | Pooled Funds | Total       |
| <b>Level 1</b>                              |             |       |          |              |             |
| Head of Pensions Governance and Investments | 40          | 40    | 30       | 50           | 50          |
| Deputy Head of Investments - Pensions       | 20          | 20    | 30       | 25           | 50          |
| <b>Level 2</b>                              |             |       |          |              |             |
| Pensions Officer – Investments              | 10          | 15    | 20       | 20           | 30          |
| Trainee Investment Manager                  | 2           | N/A   | N/A      | 5            | 10          |

Individual managers cannot exceed their limits without the prior approval of the Head of Pensions Governance and Investments or the Deputy Head of Pensions – Investments, who can approve transactions up to their own limits. Any transactions above those limits can only be approved by the Section 151 Officer or the Deputy Section 151 Officer.

All limits both stock limits and floor limits, can only be varied, in writing, by the Section 151 Officer or Deputy Section 151 Officer with any such variation reported to the Pension Fund Committee.

**TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 13****PENSION FUND COMMITTEE REPORT****10 DECEMBER 2025****DIRECTOR OF FINANCE AND TRANSFORMATION – Andrew Humble****POOLING UPDATE****1. PURPOSE OF THE REPORT**

- 1.1 To advise Members of developments made and planned by Border to Coast Pension Partnership in response to the Government's Fit for the Future consultation.

**2. RECOMMENDATION**

- 2.1 That the Pensions Committee notes this paper.

**3. FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications resulting from this report.

**4. BACKGROUND**

- 4.1 Teesside Pension Fund are one of eleven members of Border to Coast Pension Partnership which was formed in 2017 following the government requirement for LGPS Pension Funds to form pooled structure manage Pension Fund assets.
- 4.2 As members are aware, the Government is taking forward a series of changes to the way investment pooling in the LGPS works through its "Fit for the Future" consultation. Changes include Administration Authorities delegating implementation of investment strategy to the pool and taking their principal investment advice from them. Management of all assets is also to be transferred to the pool.
- 4.3 The "Fit for the Future" consultation has introduced a further change in the relationship between Partner Funds and the pooling companies. Pooling companies are to become the principal source of strategic investment advice to Partner Funds. Pools will determine most of the investments made by the Fund based on the Strategic Asset Allocation set by the Partner Funds.
- 4.4 The Fund will have to be clear in its Investment Strategy Statement incorporating its Strategic Asset Allocation and including Investment Belief's and its approach to local investments. The Investment Strategy Statement will inform Border to Coast of the preferred investments of

the Fund. Border to Coast will then implement the Investment Strategy deciding the investments to make.

- 4.5 It is not expected that all of the developments will be in place for 1<sup>st</sup> April 2026 but Border to Coast are building up their capabilities to be able to meet the new requirements. Many of the changes will be implemented in an incremental way building upon existing arrangements.

## **5. INTEGRATION OF ADDITIONAL PARTNER FUNDS TO BORDER TO COAST**

- 5.1 The process to integrate the seven candidate Partner Funds from Access into the Border to Coast pool are well underway. Officers from the candidate Partner Funds have been included in meetings to develop the culture and relationships between Border to Coast and its Partner Funds. Senior Officers from Partner Funds attended the November Senior Officer Group meeting to discuss Border to Coast strategic plans and shareholder issues.
- 5.2 Border to Coast have developed a workstream to integrate incoming partner funds into the pool. Initial mapping suggests around 85% of liquid assets of the incoming Partner Funds are pooled. Legacy Private Markets and Legacy Indirect Real Estate will be integrated into the Border to Coast solutions shortly after existing Partner Funds.

## **6. DEVELOPMENT OF ADDITIONAL CAPABILITIES**

- 6.1 To meet “Fit for the Future” requirements Border to Coast will have to develop Advisory Services to provide the principal investment advice to Pension Committees. This is a new service that Border to Coast has to build.
- 6.2 The design principles for an advisory offering have been agreed, recruitment of personnel is progressing, and an initial projection of likely costs will be included in future years’ estimates. Border to Coast target is to have the capability built for end March 2026 to enable the pool to be the principal investment advisor to Partner Funds, with an interim approach in place to support Partner Funds with 2025 strategic asset allocation reviews alongside existing advisors.
- 6.3 Investment Management Services (including Legacy Investment Management) are required to allow Border to Coast to control and manage all the assets of Partner Funds. Much of this capability set is in the scoping and design phase. The first capabilities earmarked for development have been under review for some time (to support the development of the private markets capability for Lincolnshire) and will underpin future requirements and services of the partnership. Delivery of these investment capabilities is dependent on having visibility of Partner Fund holdings not held within a pool proposition, which links to ongoing deliverables through the data strategy and discussions on the future of Partner Fund custodial provision. Additional capabilities will be prioritised to meet the “LGPS: Fit for the Future” consultation target for all Partner Fund assets (including legacy private market investments) to transfer to pool management. Additional analysis will inform the legacy management service, taking advantage of Border to Coast’s experienced investment team and leveraging existing oversight, administration and reporting operating models. The focus will be on illiquid assets where it is not cost effective to transition investments.

- 6.4 Border to Coast's 2030 Strategy includes an objective to support training and ongoing education for both pensions committees and officers. Several Partner Funds will see local elections during 2025 which may involve a degree of turnover. It is proposed to agree an initial "training programme" to support the induction of new members in 2025, and to add further structure to the process of onboarding new officers into the partnership. A broader process for ongoing training will be considered for future years. Training plans will remain responsive to emerging Government policy.

## **7. LOCAL INVESTMENT PILOT**

- 7.1 The Government will require Administering Authorities ("AAs") and Pools to work with local authorities, regional mayors and their strategic authorities to ensure collaboration on local growth plans. It will be for pools and their Partner Funds' AAs to decide whether AAs will approach strategic authorities directly or work through their pool.
- 7.2 The Government will also require AAs to set a target range for local investment but will not restrict the ability of AAs to set a target of their choice. The Fund will have to be clear in its Investment Strategy Statement incorporating its Strategic Asset Allocation and including Investment Belief's and its approach to local investments. The Investment Strategy Statement will inform Border to Coast of the preferred investments of the Fund. Border to Coast will then implement the Investment Strategy deciding the investments to make.
- 7.3 Teesside Pension Fund will need to consider its own approach to local investment after consultation with local authorities and Tees Valley Combined Authority on their local Growth Plans. Teesside Pension Fund will need to consider our own definition of "local", and consider whether we want to work with other Partner Funds on a regional approach to investment
- 7.4 Border to Coast launched UK Opportunities in April 2024 to provide a dedicated Alternatives programme for investment in assets or companies in the UK, with a focus on the development of new assets and the provision of capital to support corporate growth. The working assumption is that the Local investment capability, including the Pilot, will utilise the existing legal and operating model structure used by the existing Alternatives propositions. Tax and Legal advisors have raised no challenges to the use of the existing legal structure.
- 7.5 There is desire from some Partner Funds for Border to Coast to have a capability to invest additional capital on a more local basis, either aligned to their own fund area, or regionally, in combination with other funds. This led to the proposal to develop a broader Local Investment proposition.
- 7.6 Concurrent with establishing a Local capability, Partner Funds agreed that Border to Coast would work with a single Partner Fund, or single Partner Fund region (i.e. multiple Partner Funds working collectively in a single geographic region), on a Local Investment Pilot, with the intention of agreeing an investment strategy and initiating market mapping, ahead of a launch of the Pilot in April 2026.
- 7.7 The Local Pilot Project is viewed as an important aspect in establishing a Local Investment capability. The Pilot will involve Border to Coast working with the selected Partner Fund(s)

through an iterative process to define investment objectives and local investment requirements ahead of the launch of their local investment strategy in April 2026. This iterative process will also play an important role in enabling the Alternatives team to refine the frameworks and processes necessary to roll out a Local Investment capability to all Partner Funds.

- 7.8 The Pilot proposition will only raise capital subscriptions from the Pilot participant Partner Funds. Future commitments to local strategies will be considered once the capability is established.
- 7.9 It is expected that future Local investment strategies for Partner Funds will be similar in nature to underlying investment strategies considered in the UK Opportunities proposition, e.g. Real Estate, Infrastructure, Private Equity, and Direct Lending.
- 7.10 The current proposal for the pilot project is for a regional investment covering the Tyne and Wear, Durham and potentially the Teesside Pension Fund area.
- 7.11 It is recognised that Teesside Pension Fund has not yet adopted a Local Investment Plan and has not established its definition of “local” investment. As such any commitment to the pilot may not fall into the local asset class but rather will be classified by the nature of the underlying investment e.g. real estate.
- 7.12 Teesside Pension Fund has previously expressed concerns that any regional approach to local investment will not benefit the Teesside area as much as other parts of the region which may have more investible opportunities. There is the further complication that part of the Tees Valley Combined Authority, i.e. Darlington, falls outside the geographic area of the Teesside Pension Fund.
- 7.13 The benefits of the pilot are as much in the development of Border to Coast’s capability to meet the demands of Partner Funds to meet their aspirations for local investment by whatever definition. Any commitment would be on the basis that it meets the Funds targets for investments of that class in its own right.
- 7.14 The target launch date for the Pilot is 1st April 2026.

## **8. ANNUAL CONFERENCE**

- 8.1 Border to Coast Annual Conference was an opportunity to review progress, explore the key issues affecting pension investments, and discuss collective priorities for the future. It was an opportunity to meet with other Pension Committee members and Local Pension Board members, including from the candidate Partner Funds, hear from industry experts along with members of the Border to Coast investment team.
- 8.2 This year’s sessions included a wide ranging discussion of Responsible Investment priorities for the pool, economic market conditions, UK Real Estate investing, building Investment Capabilities and Advisory Services to meet Fit for the Future requirements.

## **9. NEXT STEPS**

- 9.1 Officers will make any decision to make a commitment to the Local Investment Pilot in the same way as other investments, following consultation with the Funds independent investment advisors and based upon the proposals characteristics meeting the Funds requirements for that asset class and any Strategic Asset Allocation constraints.
- 9.2 Committee will continue to be updated on changes in pooling arrangements.

CONTACT OFFICER: Andrew Lister – Head of Pensions Governance and Investments

TEL NO.: 01642 726328



**TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 14****TEESSIDE PENSION FUND COMMITTEE REPORT****10 DECEMBER 2025****DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE****Government Consultation - LGPS: Scheme improvements (access and protections)****1 PURPOSE OF THE REPORT**

- 1.1 To inform the Committee of the consultation issued by the Government the Local Government Pension Scheme (LGPS) in England and Wales: Scheme improvements (access and protections), outline some key points from that consultation and how the Teesside Fund could be impacted and the timetable and process for responding to the consultation, and
- 1.2 To ask Members to agree that the Head of Pensions Governance and Investments (in consultation with the Chair and Vice Chair) can draft and submit a consultation response on behalf of the Fund / the Council as administering authority for the Fund.

**2 RECOMMENDATION**

- 2.1 That Members note this report and agree that
  - a) The Head of Pensions Governance and Investments (in consultation with the Chair and Vice Chair) should draft and submit a consultation response on behalf of the Fund / the Council as administering authority for the Fund.
  - b) The Head of Pensions Governance and Investments will work with Border to Coast and its other Partner Funds to provide an agree collective response to the consultation on behalf of Border to Coast and its Partner Funds.

**3 FINANCIAL IMPLICATIONS**

- 3.1 The proposed changes to the scheme will potentially have a financial impact through changes in scheme membership and benefit entitlements. It is unclear what the impact on any individual Fund will be.

**4 BACKGROUND**

- 4.1 The Ministry of Housing, Communities and Local Government (MHCLG) are consulting on restoring access to the Local Government Pension Scheme for councillors in England and extending it to mayors. The consultation comes off the back of the Access and Fairness consultation earlier this year and covers further administration and benefits related

issues, some of which have long been in the offing (like Fair Deal) and some which are more recent proposals (like the re-admission of councillors into the scheme).

- 4.2 The proposed reforms would align England with Scotland, Wales and Northern Ireland where elected members already have access.  
MHCLG state “The proposals will show locally elected leaders the respect they deserve as dedicated public servants. This comes as local government reorganisation and devolution continue to reshape councils across England, the responsibilities held by mayors and councillors are expanding significantly.”
- 4.3 Other measures being consulted on include:
- Making it simpler for Multi-Academy Trusts to apply for their staff from different schools to be in the same pension fund.
  - Implementing new Fair Deal protections ensuring workers outsourced from local government keep seamless access to the Local Government Pension Scheme.
- 4.4 The consultation follows earlier reforms announced by the government this year focusing on investment pooling and local investment, designed to unlock the scheme’s full investment potential as it approaches £1 trillion in assets by 2030.
- 4.3 There is a nine-week deadline for responses. The Head of Pensions Governance and Investments will work with colleagues in Border to Coast and its Partner Funds to produce a response.

## **5. GOVERNMENT CONSULTATION**

- 5.1 On 13 October 2025, MHCLG launched a consultation on changes to the LGPS in England and Wales. The proposals relate to access to the Scheme and its benefits and cover four main areas:
- normal minimum pension age (NMPA)
  - pension access for mayors and councillors
  - academies in the LGPS
  - new Fair Deal.

- 5.2 Links to all documents are on this page:

[Local Government Pension Scheme in England and Wales: Scheme improvements \(access and protections\) - GOV.UK](#)

- 5.3 The Government published draft regulations for comment covering new Fair Deal and pension access for mayors and councillors alongside the consultation.

Links to the separate documents are as follows:

**LGPS Consultation** – [Local Government Pension Scheme in England and Wales: Scheme improvements \(access and protections\) - GOV.UK](#)

The full text of this consultation document is also attached as Appendix A.

**Mayors and Councillors** - [The Local Government Pension Scheme \(Elected Member Pensions\) Regulations 2026](#)

**New Fair Deal** – [The Local Government Pension Scheme \(Fair Deal\) Regulations 2026](#)

**Best Value Direction** - [SI/SR Template](#)

5.4 The consultation will run until 22 December 2025.

#### **Normal minimum pension age**

5.5 Provisions of the Finance Act 2022 mean that some LGPS members have a protected pension age (PPA). The PPA rules do not give members an overriding right to take benefits from their PPA, they simply determine whether benefits paid under the pension scheme rules before the NMPA are authorised. Members can only take benefits from their PPA if the pension scheme rules allow it.

5.6 The Government is proposing changes that will allow certain members to continue to access their LGPS benefits before age 57 after the NMPA rises in April 2028. The Local Government Association understanding of the four categories of members is:

- Category 1: members immediately before 4 November 2021. These members have a protected pension age (PPA) and will continue to be able to take LGPS benefits from age 55.
- Category 2: members who joined the LGPS after 3 November 2021 and transferred in benefits with a PPA from a different scheme. These members do not have a PPA in respect of their LGPS pension and will not be able to access their transferred in pension from age 55. From April 2028, the earliest a Category 2 member will be able to access their LGPS pension, other than on ill health grounds, will be age 57. The transferred in benefits retain a PPA. If the member transfers out of the LGPS, the transfer value of their pension with a PPA must be identified separately.
- Category 3: members who join the LGPS after 3 November 2021 do not have a PPA in the LGPS. Their NMPA will increase to 57 in April 2028.
- Category 4: members with a PPA below age 55. No change – members who are already able to take benefits between age 50 and 55 will continue to be able to do so.

#### **Access for councillors and mayors**

5.7 Mayors and deputy mayors of combined authorities and combined county authorities, and mayors of single authorities (in their capacity as councillors not their role as mayors) will have access to the LGPS

Councillors of county councils, district councils, London Boroughs, the Common Council of the City of London and the Council of the Isles of Scilly will have access to the LGPS

The Mayor of London, deputy mayors and London Assembly Members will have access to the LGPS

Mayors and councillors will be able to opt in to the 2014 Scheme, membership will not be automatic

- 5.8 Not all Scheme rules will apply to elected members in the same way that they apply to employees. There will be changes to the rules covering aggregation, redundancy, flexible retirement, shared cost additional contributions and awarding additional pension
- 5.9 It is the Local Government Association's understanding that a unitary council, depending on its structure, is either a county or district council. This means councillors of unitary councils will have access to the LGPS.

### **Academies**

- 5.10 The Government is proposing changes to the rules covering applications by academies for a direction to substitute a different administering authority:
- removing the requirement for Secretary of State consent where criteria set out in regulations are met
  - those criteria will include:
    - a value for money assessment in favour of the application
    - a pre-existing relationship between the multi academy trust and the administering authority it wishes to consolidate into
    - all administering authorities and employers involved agree to the change
    - the receiving authority is able to administer the transfer effectively
  - applications to the Secretary of State will still be required if the criteria are not met.

### **New Fair Deal**

- 5.11 Following consultations in 2016 and 2019, the Government is committed to extending protections set out in 2013 Fair Deal guidance to LGPS members and individuals eligible for LGPS membership who are transferred to a new employer when a local government contract is outsourced. The proposals are summarised below and would apply to all LGPS employers except admission bodies and higher education corporations:
- the removal of the option to offer transferred employees membership of a broadly comparable scheme, but allowing existing schemes to continue in exceptional circumstances
  - on re-tender, staff who were outsourced under existing rules and are in a broadly comparable scheme will rejoin the LGPS. Transfers of benefits from the broadly comparable scheme to the LGPS for this group will operate under preferential terms
  - the option to give access to the LGPS to staff hired after the initial outsourcing
  - the removal of the admission body option when a contract is outsourced, replacing it with the deemed employer route

- the organisation that has outsourced the service would be the 'deemed employer' and have continued pension responsibilities relating to the transferred staff
- the service provider or 'relevant contractor' would have some responsibilities as an LGPS Scheme employer, such as dealing with applications to join or leave the Scheme, automatic enrolment duties, ill health retirement decisions and payment of any strain cost related to early retirements or award of additional pension
- employer contribution rates would be based on the primary contribution rate of the deemed employer. This would either be fixed for the term of the contract or subject to change in line when the rate changes following the triennial valuation
- protection for members with an ongoing shared cost additional pension contribution or shared cost additional voluntary contribution contract when they are compulsorily transferred to a new employer. The Government is seeking views on different options
- a six-month transitional period during which contracts could be agreed under the existing rules rather than the new ones.

## **6. NEXT STEPS**

- 6.1 If the Committee agrees to the recommendations set out above, consultation responses will be drafted and submitted as set out in section 2. The Committee has the opportunity to provide any suggestions in relation to the Fund's consultation response at this meeting or, over the next few weeks, through feedback to the Chair or Vice Chair.

CONTACT OFFICER: Andrew Lister, Head of Pensions Governance & Investments

TEL NO: 01642 726328

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Ministry of Housing,  
Communities &  
Local Government

Open consultation

# **Local Government Pension Scheme in England and Wales: Scheme improvements (access and protections)**

Updated 13 October 2025

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|                                     |
|-------------------------------------|
| <b>Applies to England and Wales</b> |
|-------------------------------------|

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# Ministerial foreword

Across England and Wales, millions of individuals working in local government and beyond have contributed to improving the places we live in and to building public trust. From delivering frontline services to shaping local decisions, those individuals play a vital role in the social and economic wellbeing of our communities.

The government knows that those individuals who serve our communities through giving their work lives to public service deserve a pension scheme that reflects their dedication and rewards their work. A good pension is not just about financial security, but also about fairness, equality, efficiency and access. The government cares about making the Local Government Pension Scheme (LGPS) work better for the people it serves.

For these reasons, the government is launching this consultation, ‘Local Government Pension Scheme in England and Wales – Scheme Improvements (Access and Protections)’, which represents the next phase in its efforts to improve access to and fairness in the scheme. It follows the launch earlier this year of the ‘Local Government Pension Scheme in England and Wales: Access and fairness’ consultation (<https://www.gov.uk/government/consultations/local-government-pension-scheme-in-england-and-wales-access-and-fairness>), which covered proposals to begin to address the gender pension gap, ensure fairness in survivor benefits and death grants, begin work to better understand opt-outs, and a number of other changes.

This consultation sets out proposals across 4 key policy areas. These are amending the normal minimum pension age to reflect legislative changes, simplifying the process for applications for directions, applying new Fair Deal protections to outsourced workers, and bringing pension fund access to mayors and councillors in England in line with Scotland, Wales and Northern Ireland.

Several of these proposals respond to a range of long-standing concerns raised by the sector, particularly in relation to Fair Deal, which has been an area of interest in the scheme since 2016. We have considered those previous calls for changes that have been sought over many years whilst preparing these current proposals.

This consultation is our opportunity to hear from you about the government’s proposals to further improve and shape the LGPS in a way that works for those who serve our communities and the wider public sector. Together, we can draw on our experiences to strengthen the LGPS today and in the future. Your voices matter.

# About this consultation

## Topic of the consultation

This is a consultation on the Local Government Pension Scheme for England and Wales. It covers a number of proposals relating to pension benefits in the scheme and access to the scheme.

## Geographical scope

Unless otherwise specified, these proposals relate to England and Wales.

## Impact assessment

The government will have regard to the potential impact of any proposal on the Public Sector Equality Duty, as well as any potential impacts on business, local authorities, and communities.

## Basic information

### Body/bodies responsible for the consultation

Ministry of Housing, Communities and Local Government

### Duration

This consultation will last for 10 weeks, opening at 3:00pm on 13 October 2025 and closing at 11:59pm on 22 December 2025.

## Enquiries

For any enquiries about this consultation please contact the Local Government Pension Scheme team at [memberbenefitsconsultation@communities.gov.uk](mailto:memberbenefitsconsultation@communities.gov.uk).

## How to respond

All members of the public are invited to respond, although the government recognises that the consultation is mostly relevant to members of the LGPS, employers with members in the scheme, and those involved in the running of the scheme, such as administering authorities.

The government strongly encourages responses via the [online survey](https://consult.communities.gov.uk/local-government-pensions/local-government-pensions-scheme-in-england-and-wa/) (<https://consult.communities.gov.uk/local-government-pensions/local-government-pensions-scheme-in-england-and-wa/>). Using the online survey greatly assists analysis of the responses, enabling more efficient and effective consideration of the issues raised for each question.

If you are providing a response, please refer to the privacy notice. If answering any questions using a free text box, please do not include any sensitive personal information in your answer. Please only respond to this consultation if you are over 18.

If you are unable to respond via the online survey, printed proformas can be requested from and returned to:

Consultation on LGPS Scheme Improvements – Scheme Improvements  
(Access and Protections)  
FAO Local Government Pensions Team  
Ministry of Housing, Communities and Local Government  
Local Government Finance Directorate  
2nd Floor, Fry Building  
2 Marsham Street  
London  
SW1P 4DF

# Introduction

1. This consultation covers 4 areas relating to the Local Government Pension Scheme in England and Wales ('the LGPS'). It follows on from the Local Government Pension Scheme in England and Wales: Access and Fairness consultation (<https://www.gov.uk/government/consultations/local-government-pension-scheme-in-england-and-wales-access-and-fairness>) launched by government earlier this year.
2. Subject to consideration of responses to the consultation, the government intends to proceed with statutory instruments to implement changes to the LGPS Regulations. Draft regulations for two of the proposals – LGPS access for mayors and councillors and New Fair Deal – have been published alongside this consultation. Draft regulations for the other two proposals – Normal Minimum Pension Age and applications for directions – will be published for consultation later in the year, and in this consultation we invite views on the principles behind our proposals.
3. The government welcomes comments on the legal drafting and will continue to work with the Scheme Advisory Board and others before laying a statutory instrument.
4. In summary, the policy areas in this consultation are:
  - a) Normal Minimum Pension Age – proposals to amend the Normal Minimum Pension Age to age 57, following the Finance Act 2022, and to ensure that members with a Protected Pension Age can still take pension benefits at that age except for members that have transferred benefits into the LGPS
  - b) Mayors and councillors – proposals to extend access to the scheme for councillors and mayors in England
  - c) Academies and applications for directions – proposals to put criteria for applications for directions into legislation, and to remove SoS consent where all criteria are met
  - d) New Fair Deal – proposals to implement Fair Deal protections in the LGPS, aligning across government in ensuring continued access to the LGPS for outsourced workers.

## About you

Please tell us a bit more about you:

What is your name?

What is your email address or telephone number?

Type of respondent (choose one)

- Administering authority
- LGPS employer
- LGPS member
- Local Government Pension Scheme Advisory Board
- Local Government Association
- Government department
- Union
- Software/service provider
- Other (please specify)

What is the first part of your postcode?

Are you responding to this consultation as an individual or submitting a collective response from a group?

- Individual
- Collective response as part of a group

(If responding a collective response) What is the name of the group or organisation you are submitting a response for?

(If submitting a collective response) Please provide a summary of the people or organisations you represent and who else you have consulted to reach your responding conclusions.

## Glossary

**Finance Act** – The Finance Act 2022

**LGPS** – The Local Government Pension Scheme in England and Wales

**LGPS NI** – The Local Government Pension Scheme in Northern Ireland, as defined in legislation

**LGPS Scotland** – The Local Government Pension Scheme in Scotland, as defined in legislation

**LGPS Regulations** – The regulations in law that define the LGPS in England and Wales.

**2013 Regulations** – The Local Government Pension Scheme Regulations 2013 (S.I. 2013/2356)

# 1. Normal Minimum Pension Age

## Background

5. The Normal Minimum Pension Age (NMPA) is the minimum age at which most people can access their pensions unless they are retiring due to ill-health. Registered pension schemes – those registered with HMRC after 2006, including the LGPS – should not pay any benefits until members reach NMPA, except in cases of ill health.

6. Parliament has legislated in the Finance Act 2022 to increase the NMPA from 55 to 57, effective from 6 April 2028, for all registered pension schemes in the country. This section sets out how the government proposes to update the LGPS regulations to reflect this change.

7. To smooth the transition, the Finance Act 2022 provided for a Protected Pension Age (PPA). A member of any UK pension scheme has a PPA if 3 conditions are met:

- immediately before 4 November 2021, the member had an actual or prospective right to any benefit from an age of less than 57
- the rules of the pension scheme on 11 February 2021 included provision conferring such a right on some or all of the persons who were then members of the pension scheme
- the member either had such a right under the scheme on 11 February 2021 or would have had such a right had the member been a member of the scheme on 11 February 2021

8. LGPS regulations as at 11 February 2021 did confer the right to take pension benefits from age 55 to all members, and so the second and third conditions are met. If the member was in the LGPS immediately before 4 November 2021, meeting the first condition, the member will therefore have a PPA. There are also other circumstances where a member would have a PPA, such as by transferring an entire pension arrangement into the LGPS from a relevant registered pension scheme where the member previously had an actual or prospective right to take pension benefits from an age before 57.

9. In the LGPS, the government proposes to implement the protections related to the pension age as established by the Finance Act 2022, with an exception for members who transfer previous pension benefits into the LGPS, as outlined in category 2 below. The government believes that the intentions behind the changes to the Finance Act are clear, in that the changes clearly established a protection regime. There are 3 categories of members:

#### **Category 1 – PPA from membership in the LGPS immediately before 4 November 2021**

10. For those members who were in the LGPS immediately before 4 November 2021, the member will still be able to take pension benefits from their protected pension age, which will be age 55. This will also apply to other regulations that refer to age 55, such as Regulation 30(6) of the LGPS Regulations 2013 (flexible retirement) and Regulation 30(7) (redundancy).

#### **Category 2 – PPA from transferring a pension arrangement into the LGPS**

11. For those members who transferred a pension arrangement into the LGPS from a relevant registered pension scheme where the member previously had an actual or prospective right to take pension benefits from an age before 57, whilst the member will have a PPA in respect of the transferred benefits, the government proposes that the member would not be able to take the benefits from their PPA. The NMPA for such members would rise to 57 in line with the Finance Act.

12. The government understands that a member in this category who wished to take transferred benefits at 55 may disagree with their NMPA rising to age 57. Members will not lose out over the whole period they receive their pension by taking their benefits at 57 rather than 55, due to the way that benefits following early retirement are calculated to be actuarially neutral using early retirement factors. The government proposes this exception on the basis of LGPS scheme design. The scheme design of most public pension schemes, including the LGPS, requires members to take all their benefits in one pension account at the same time. This helps facilitate how protections in the scheme work such as the McCloud underpin or when someone retires on ill-health. At the point that a member may have decided to transfer in, there was no mechanism within the LGPS regulations to facilitate “ring-fencing” of different pension benefits.

13. Were government to allow members in this category to “ring-fence” their transferred in benefits and so take the benefits from age 55, the LGPS regulations would need to be redesigned in multiple areas, allowing members to take different benefits at different times and it would be very complex and costly. The government believes it would be disproportionate to re-design the scheme regulations for all members in this way.

### **Category 3 – no PPA**

14. For those members who do not meet the cut-off point of immediately before 4 November 2021 and so do not have a PPA, the NMPA will rise to age 57, in line with the Finance Act 2022.

### **Category 4 – members with a PPA below age 55**

15. There is no intention to change current policy towards those members who have already existing protections from paragraph 22 of schedule 36 to the Finance Act 2004. Those already able to draw benefits between age 50 and 55 will continue to be able to do so.

## **Administration and regulation changes**

16. Government recognises that creating the protections for category 1 is administratively complex. Administrators will need to go back to immediately before 4 November 2021 and confirm if at that time the member had an unqualified or prospective right to take any benefit before age 57. The government views this complexity as necessary to meet the overall policy intent to establish a protection regime.

17. In order to incorporate the proposed changes above the government proposes amending regulations 30(5), (6), (7) and (12) of the LGPS Regulations 2013, changing the references to age 55 to refer to Normal Minimum Pension Age, as defined by the Finance Act 2022.

18. The government also intends to amend relevant regulations to give effect to the protections of the Finance Act, including the protections for category 1 members above. This will include amending earlier regulations to confirm no changes to current policy for members who already have existing protections. The government intends to publish draft regulations later in the year, once we have received responses on the principles proposed in this consultation.

**Q1.** Do you agree with keeping the NMPA at below 57 for members with a PPA?

**Q2.** Do you agree with increasing the NMPA to 57 for members without a PPA?

**Q3.** Do you have any views on the design of the regulations to incorporate this change?

## 2. Access for councillors and mayors

### Background

19. Neither mayors nor councillors are eligible for the LGPS in England. This contrasts with all other countries of the UK, where councillors are eligible for the LGPS Scotland and LGPS NI, and councillors in Wales are eligible for membership of a modified version of the LGPS England & Wales.

### Summary of proposal

20. The government is progressing numerous policies with the aim of re-building and re-shaping local government. These range from local government reorganisation, to getting audit back on track, to reforming how we fund councils, to a new standards regime and to deeper devolution with more responsibility for mayors. Re-building local government requires the very best people working in local government.

21. Under these planned changes to local government, more will be asked of mayors and councillors. Mayors will also in many parts of the country be taking on the role of Police and Crime Commissioner- a role that is eligible for access to the LGPS. The government view is that councillors and mayors offer a vital public service, and should receive appropriate remuneration and suffer no financial disadvantage for their service.

**Therefore, the government intends to re-instate access to the LGPS for councillors in England, and to offer access for mayors.**

22. The government views the proposal as key to enabling and encouraging talented people to come into public service. The government also believes it important to have a consistent position for locally elected representatives across the UK.

## **Mayors**

23. The proposal is that all mayors will have access to the LGPS. This includes:

- mayors and deputy mayors of combined authorities
- mayors and deputy mayors of combined county authorities
- mayors of single authorities (although their access will be as councillors, rather than in their role as mayors)

## **Councillors**

24. The proposal is that all councillors of all principal local authorities will have access to the LGPS. This includes:

- County councils
- District councils
- London Boroughs
- The Common Council of the City of London
- The Council of the Isles of Scilly

25. The proposal is that the Mayor of London, deputy mayors and London Assembly Members will have access to the LGPS.

26. Welsh councillors will continue to have the same access to the scheme as they currently have. Government recognises that this access is to a different, modified version of the scheme, but there is no intention to compel Welsh councillors to align with the English proposals. Should Welsh stakeholders wish to align with the English proposals, the government will consider any such proposals in consultation responses.

27. Since the proposal is to cover all councillors of principal local authorities, both councillors who are a member of the combined authority or combined county authority and are remunerated for a role, and councillors who take up roles on scrutiny or audit committees for which they are remunerated, would be eligible for pension benefits on this remuneration.

## Greater London Authority

28. The proposal is that both the Mayor of London and London Assembly Members will have access to the LGPS.

**Q4.** Do you agree with the proposal to give mayors access to the scheme?

**Q5.** Do you agree with the proposal to give councillors access to the scheme?

## Principles

29. The government intends to develop new regulations to give effect to the proposal. Since mayors and councillors are not local government workers, the new regulations will need to cover numerous areas where the existing regulations would not function correctly. A draft set of regulations has been published alongside this consultation and we welcome views. The draft regulations categorise mayors and councillors as “elected members”.

30. The government plans to use 2 key principles in developing the regulations:

- as far as possible, elected members should be treated the same as other members of the LGPS
- as far as possible, elected members should be treated in a way that is consistent with the LGPS in Scotland, Northern Ireland and pre-2014 England & Wales

31. Specifically, these principles lead to the following proposals:

- elected members will not be subject to auto-enrolment and, whilst each individual will have the right to join the scheme, elected members will need to assess whether they wish to do so
- an employer will not be allowed to award additional pension, make shared additional voluntary contributions or fund additional pension contributions to an elected member
- a new definition of pensionable pay will be used, to cover both basic allowances and special responsibilities allowances paid to elected

members

- elected members will pay employee contributions at the same rates as other members, using the same bandings applied to their pensionable pay
- a member will not be permitted to combine any LGPS membership they may have as an elected member with any other type of LGPS membership
- flexible retirement (where a member over the age of 55 can start to receive their pension whilst still working, if the member reduces hours or grade) will not be permitted for an elected member
- early access on redundancy will not be permitted for an elected member
- elected members will be permitted to transfer benefits in and out of the LGPS in the same way as other members, with the exception of final salary benefits
- early and late retirement will be permitted in the same way as for other members
- elected members will be in scope of forfeiture regulations
- elected members will have access to the 50:50 scheme
- elected members will have the same protections around Assumed Pensionable Pay as other members

32. The government also intends to make consequential amendments, both to the Local Authorities (Members' Allowances) (England) Regulations 2003, and to establishment orders for combined authorities. These are considered necessary changes to give authorities the powers to pay pensions to elected members. The draft statutory instrument published alongside this consultation shows the proposed changes. Access to the pension scheme for elected members is intended to be an automatic right, and so the draft amendment requires that where an allowance is paid to an elected member, the authority must provide the member is entitled to a pension in accordance with the Public Service Pensions Act 2013 (i.e. must be offered access to the LGPS).

## **Cost**

33. The Government Actuary's Department has estimated the potential increase in employer contributions at between £40-45 million per year, across England. This estimate relies on assumptions about the structure of local government, how many councillors and mayors will choose to join the scheme, the demographics of those in office, and the level of allowances

paid locally. As changes to local government are made through reorganisation, the number of councillors will decrease.

34. The government will not provide funding for employer contributions for the proposal. There is no funding for pension access for councillors in Scotland, Northern Ireland or Wales. The proposal should be seen in the context of the LGPS 2025 revaluation, where actuarial assessments suggest that there may be reductions in employer contribution rates.

**Q6.** Do you agree with the two principles of how the government plans to develop regulations?

**Q7.** Do you have any specific comments on the draft regulations?

## 3. Academies

### Background

35. Over half of schools in England are now academies, and the vast majority of those academies are in Multi-Academy Trusts (MATs), with individual academy schools spread across the country. Because the LGPS Regulations 2013 (Schedule 3, Part 2) state that the appropriate administering authority for an academy is the administering authority in the geographical area where the academy is located, MATs often have academies spread across multiple administering authorities. Being spread like this can be inefficient and cause unnecessary administrative costs for employers.

36. Employers can apply for a direction from the Secretary of State under Schedule 3 part 2, paragraphs 3 and 4 of the LGPS Regulations 2013, which substitutes a different administering authority as the appropriate authority. For example, an academy in South Shields, which belongs to a MAT whose head office is in Barnsley, would automatically be in the Tyne & Wear Pension Fund, which is administered by South Tyneside Borough Council. The academy can apply for its LGPS members to be transferred instead to the South Yorkshire Pension Authority, which includes Barnsley, where the head office is.

37. Such directions, when granted, can also allow employers to consolidate their LGPS members into a single administering authority, and can include

requirements on adjustments between funds, the transfer of assets and liabilities, and any other consequential matters. Most applications for directions to date have been from academies, and so whilst our proposals below focus on academies, any employer can make an application.

38. Consolidation of academies into one administering authority may bring benefits for MATs and administering authorities such as potential administrative savings through a reduction in duplication of work and efficiency in approach. These benefits should be weighed against risks of consolidation at the local level, in particular the transfer of assets and member records. Existing LGPS information pages already encourage MATs to consider any effect that consolidation may have on their contribution rate as well as the cost of actuarial assessments required to consolidate. LGPS funds should also consider the balance between longer term investment strategy, competitiveness and the impact of contribution rates on cash flow.

39. Once an application is made, directions are at the discretion of the MHCLG Secretary of State, who is required to consult with bodies that would be affected by the direction. The 2013 LGPS Regulations do not limit the discretion or set criteria for approval.

## **Proposal 1: Establishing criteria and removing the requirement for SoS consent where criteria are met.**

### **Establishing criteria**

40. The lack of criteria for applications for a direction makes it difficult for employers and administering authorities to know how to construct their case and what the process will be for assessment. The government therefore intends to update the LGPS 2013 Regulations to establish criteria. The criteria build on the framework that MHCLG currently use. The proposal is for the following criteria:

- a. There must be a clear and evidenced value-for-money assessment in favour of the consolidation (such as to achieve administrative efficiencies that outweigh the cost of transfer and actuarial fees).
- b. There should be a pre-existing relationship with the administering authority that the MAT wishes to join or consolidate into (i.e. the MAT already has schools in that administering authority).

- c. All administering authorities involved should agree to the change.
- d. The receiving administering authority must be able to administer the transfer effectively.

41. For employers considering an application for a direction to consolidate into one administering authority, we specifically want to limit so-called “contribution rate shopping”, where an employer is seen to select the administering authority primarily based on where it can get the lowest contribution rate.

## **Removing the requirement for SoS consent where criteria are met**

42. For situations where all of these criteria are clearly met, the government also proposes to remove the requirement to seek Secretary of State consent. The majority of applications received are straightforward and clearly meet all of the criteria above. In line with the government’s desire for greater devolution, we believe that Secretary of State consent is unnecessary in this situation and administering authorities and employers should be able to take decisions locally.

43. The government’s proposal to remove SoS consent in these situations relies on administering authorities and employers collaborating at the local level. The government however also proposes to create a process for unsatisfied parties to have the local decision, made without SoS consent, to be reviewed. For example, if a direction is made under this new proposal, i.e. without Secretary of State consent, but it later transpires that actually not all parties were in agreement, application to the Secretary of State for the direction would still be required. We expect that this will be very rare. MHCLG intends to provide guidance on when and how this new power should be used.

**Q8.** Do you agree with the proposal to establish the criteria above in legislation?

**Q9.** Do you have any views on how contribution rate shopping can be discouraged?

**Q10.** Are there any other criteria that should be included?

**Q11.** Do you have any other comments or considerations relating to establishing the criteria in legislation?

**Q12.** Do you agree to the removal of the requirement to seek Secretary of State consent for standard direction order applications?

**Q13.** What would be the most helpful information to include in guidance?

**Q14.** Do you have any other comments or consideration on the removal of the requirement to seek SoS consent for standard order applications?

## **Proposal 2: Process for applications where criteria are not met.**

44. For situations where the criteria are not met, the government proposes that applications to the Secretary of State will continue to be required. Based on recent applications for directions, this would most likely be situations where the current administering authority does not agree to the transfer.

45. The government supports applications for directions to consolidate within a single administering authority, where analysis shows that benefits clearly outweigh the costs in a particular case. The government wishes to avoid that an administering authority can veto otherwise sensible consolidation. Whilst government understands that no administering authority wants to lose the active members, it is for government to arbitrate in cases where local agreement cannot be reached.

46. Some administering authorities have raised cashflow as a potential issue. Losing active members as a result of a direction would mean fewer contributions coming in. The government would consider this on a case-by-case basis and consider evidence of significant adverse cashflow impacts.

47. We also recognise that there are many practical considerations were such a direction application to be approved, such as the transfer of assets or member records. Government expects to see robust evidence against the criterion that the receiving fund must be able to administer the transfer effectively.

**Q15.** Do you agree that non-standard applications will continue to require Secretary of State approval?

**Q16.** What would be the most helpful information to include in the guidance in relation to nonstandard applications that will require Secretary of State approval? Page 226

## 4. New Fair Deal

### Definitions

48. For the purposes of this chapter:

- **“Deemed employer”** has the meaning given by Part 4 of Schedule 2 in the 2013 Regulations. It has the effect that for specific groups of employees, their ‘Scheme employer’ is not their employer in employment law but is instead their deemed employer.
- **“Fair Deal employer”** means a Scheme employer listed in paragraphs 1 to 13 or 15 to 29 of Part 1, or in Part 2, of Schedule 2 in the 2013 Regulations, or a further education corporation or sixth form college corporation as per section 90 of the Further and Higher Education Act 1992. It has the effect of identifying the original employer of individuals who have since been outsourced.
- **“Relevant contractor”** means a contractor to whom an employee’s contract of employment is compulsorily transferred under regulation 4 of “The Transfer of Undertakings (Protection of Employment)” (TUPE) regulations from a Fair Deal employer (or a previous contractor). It has the effect of identifying the employer of protected transferees.

### Introduction

49. The government consulted in 2016

(<https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations>) and 2019 (<https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection>) on the introduction of greater pensions protection for eligible employees of Local Government Pension Scheme (LGPS) employers who had been compulsorily transferred to service providers. The 2019 consultation proposed that, in line with the government’s Fair Deal guidance of October 2013 (<https://www.gov.uk/government/publications/fair-deal-guidance>) (which specifically did not apply to local government), most LGPS members in this position should have continued access to the LGPS in their employment

with the service provider. In doing so, it was proposed that the current option to provide transferring staff with access to a broadly comparable scheme should be removed.

50. In 2022, the government responded to the 2019 consultation by stating that it was reconsidering its approach to Fair Deal in the context of the LGPS and would take account of representations made in response to the [2019 consultation \(https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection\)](https://www.gov.uk/government/consultations/local-government-pension-scheme-fair-deal-strengthening-pension-protection) in its next consultation.

51. The government is committed to bringing pension protections in local government in line with the government's Fair Deal guidance of 2013 and this consultation sets out updated policy proposals for introducing Fair Deal in the LGPS, taking account of responses to previous consultations. The aim of these proposals is to ensure that transferred employees retain the security which comes with membership of the LGPS, a statutory scheme with benefits set out in law, and to enable LGPS employers to obtain better value from outsourced service contracts.

## Background

52. The Fair Deal policy was first introduced in 1999, setting out how pensions issues should be dealt with when staff are compulsorily transferred from the public sector to service providers delivering public services. Under the original Fair Deal guidance, transferred staff had to be given continued access to their public service pension scheme or access to a scheme certified by an actuary in accordance with the [Government Actuary's Statement of Practice \(https://www.gov.uk/government/publications/assessment-of-broad-comparability-of-pension-rights\)](https://www.gov.uk/government/publications/assessment-of-broad-comparability-of-pension-rights) as being 'broadly comparable' to their previous public service pension scheme.

53. Following the publication of the original Fair Deal guidance, pensions protection for local government employees in England and Wales was provided through:

- the [Best Value Authorities Staff Transfers \(Pensions\) Direction 2007 \(https://webarchive.nationalarchives.gov.uk/ukgwa/20120919132719/www.communities.gov.uk/documents/localgovernment/pdf/pensions-direction-2007.pdf\)](https://webarchive.nationalarchives.gov.uk/ukgwa/20120919132719/www.communities.gov.uk/documents/localgovernment/pdf/pensions-direction-2007.pdf) ('the 2007 Direction' – covering employees of English authorities and Welsh Police authorities); and
- the [Welsh Authorities Staff Transfers \(Pensions\) Direction 2012 \(https://www.gov.wales/sites/default/files/publications/2019-06/staff-transfers-pensions-direction-2012.pdf\)](https://www.gov.wales/sites/default/files/publications/2019-06/staff-transfers-pensions-direction-2012.pdf) ('the 2012 Direction' – covering employees of

Welsh improvement authorities and community councils), which has since been replaced with the Welsh Authorities Staff Transfers (Pensions) Directions 2022 (<https://www.gov.wales/sites/default/files/publications/2022-09/welsh-authorities-staff-transfers-directions-2022.pdf>) ('the 2022 Direction'). To note, Welsh Police Authorities were abolished in 2012 and replaced with Police and Crime Commissioners. Employees of Police and Crime Commissioners are not protected by any of the directions.

54. Under these Directions, protected employees who are transferred to a service provider following the contracting-out of a service or function must be given either continued access to the LGPS, or access to a scheme certified by an actuary to be 'broadly comparable' to the LGPS at the time of the transfer. It is the understanding of government that this certification has previously been done in accordance with the aforementioned Government Actuary's Statement of Practice, and in more recent years in accordance with the principles of the 2013 Fair Deal guidance.

55. HM Treasury published updated Fair Deal guidance (<https://www.gov.uk/government/publications/fair-deal-guidance>) in October 2013. It improved pension protection for outsourced central government workers by setting out that they should receive continued access to their public sector pension scheme after a transfer, rather than be provided with access to a broadly comparable scheme. It covers central government departments, agencies, the NHS, maintained schools (including academies) and any other parts of the public sector under the control of government ministers where staff are eligible to be members of a public service pension scheme. It does not cover authorities listed in section 1 of the Local Government Act 1999.

56. The 2016 consultation proposed that, in line with the 2013 Fair Deal guidance, most compulsorily transferred LGPS members should have continued access to the LGPS in their employment with the service provider. In doing so, it was proposed that the option to provide transferring staff with access to a broadly comparable scheme should be removed.

57. The government response to the 2016 consultation (<https://www.gov.uk/government/consultations/local-government-pension-scheme-regulations>) confirmed a commitment to introduce the strengthened Fair Deal in the LGPS but noted that respondents had raised several concerns regarding the specific approach proposed. The government considered the points raised and the 2019 consultation contained updated proposals to implement a strengthened Fair Deal. The government has not published a detailed government response to the 2019 consultation, so those responses have been considered when drafting the updated proposals in this consultation.

58. The 2019 consultation proposed to align with the 2013 Fair Deal guidance by removing the option for broadly comparable schemes to be offered to outsourced local government workers and providing for them to

receive continued access to the LGPS instead. It also proposed to offer an alternative route to becoming an LGPS employer for service providers, the 'deemed employer route', where the original employer (and not the service provider) would be the Scheme employer. This was proposed as an alternative to admission agreements, which allow service providers to participate in the LGPS as individual Scheme employers.

59. The main aim of introducing the deemed employer route was to simplify pension requirements in outsourced contracts by encouraging further use of pass-through arrangements. Under pass-through, a service provider may pay a fixed contribution rate for the life of the contract or agree to pay contributions within a certain range.

60. The proposals also included an option for staff who were covered by the 2007 and 2012 Directions and had become members of broadly comparable schemes, to transfer their benefits back into the LGPS at the next retender of the contract.

61. Responses to the 2019 consultation were mixed. Whilst many respondents were supportive of the aim to improve pension protections for outsourced local government workers, there were a variety of concerns on the detail of the proposals. Some of the key concerns raised about the 2019 proposals were:

- that inward transfer terms for those who transfer their benefits from broadly comparable schemes back into the LGPS should be fair to members by honouring any benefits they have accrued with a final salary link
- that removing the option for broadly comparable schemes to continue without allowing for any exceptional circumstances could lead to legal issues for outsourcing bodies or service providers e.g., where there is a contractual obligation to provide a broadly comparable scheme
- that the draft regulations were a missed opportunity to consider introducing more explicit risk sharing provisions between service providers and outsourcing bodies
- that statutory guidance would be needed alongside Scheme Advisory Board guidance

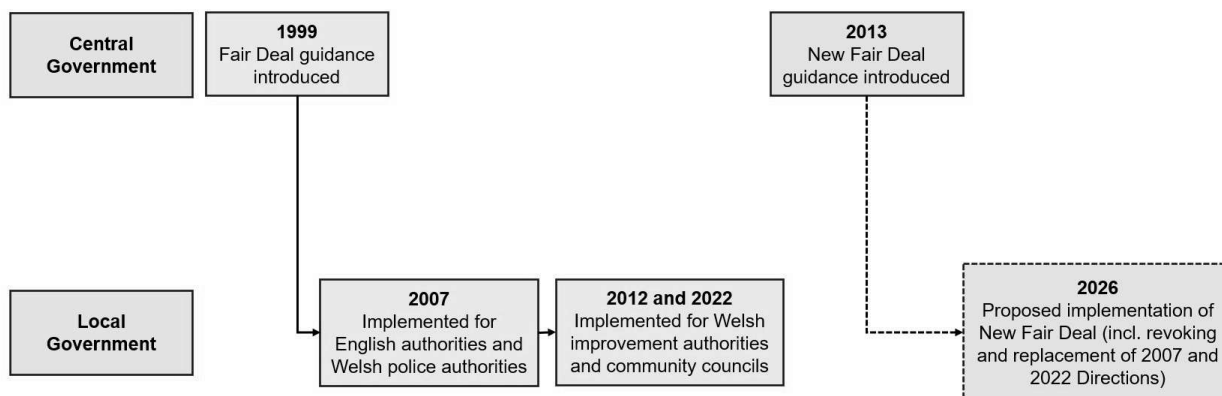


Figure 1 – Background of Fair Deal

## Summary of proposals

62. This section sets out the detail of the updated proposals (see Table 1 below) to implement the strengthened Fair Deal pension protections in local government. In drafting the updated proposals, the government has fully considered the responses to both the 2016 and 2019 consultations. Where responses to the 2016 or 2019 consultations have directly impacted proposals in this consultation, it is made clear in the text.

63. The draft regulations that would deliver the changes are published alongside this consultation. They would apply in both England and Wales (unless clearly specified) and provide for the introduction of a new Schedule 2A to the 2013 Regulations (<https://www.legislation.gov.uk/ukxi/2013/2356>). Where necessary, new statutory guidance will be published alongside the regulations to provide further detail on how the regulations should be applied. Further detail of what the government is planning to include in this guidance can be found in the section “Implementation of New Fair Deal proposals.”

**Table 1 - Summary of effect of New Fair Deal proposals**

|                     | Before Proposals   | After Proposals  |
|---------------------|--|--|
| <b>Access route</b> | There are <b>two ways</b> to provide outsourced workers with a pension: granting them access to the LGPS through the admission body option or enrolling them in another pension scheme | There is only <b>one way</b> to provide outsourced workers, now protected transferees, with a pension; granting them access to the LGPS in accordance with the deemed employer approach. |

|  | Before Proposals  | After Proposals  |
|--|---|--|
|  | that is broadly comparable to the LGPS.   | The responsibilities of the Fair Deal Employer and the relevant contractor will be clarified accordingly.  |
| <b>Post-outsourcing staff</b>                            | Staff hired by a relevant contractor after the initial outsourcing do not have the same pension rights as staff who transferred during an initial outsourcing. The former <b>do not have to be offered the LGPS or a broadly comparable scheme.</b> | Staff hired by a relevant contractor after the initial outsourcing <b>can be granted access to the LGPS.</b> Before the contract is put out to tender, the Fair Deal employer would need to decide whether the protected transferee status also applies to staff employed after the initial outsourcing. |
| <b>Protections of accrued rights</b>                     | Current regulations <b>do not allow outsourced workers to transfer a final salary pension into the LGPS and become entitled to final salary benefits under the LGPS</b> , when those benefits were provided as part of an outsourcing agreement.    | The draft regulations <b>allow protected transferees to transfer their final salary pension from broadly comparable schemes into the LGPS</b> and ultimately preserve the value of those benefits. Any future pension accrual within the LGPS would still be on a CARE basis.                            |
| <b>Continuity of responsibilities across contractors</b> | <b>Pension agreements</b> , such as additional pension contributions or shared cost additional voluntary contributions, <b>end when the service contract is transferred to a new contractor.</b>  | <b>Pension agreements</b> , such as additional pension contributions or shared cost additional voluntary contributions, <b>would ideally be honoured by the new contractor when the service contract is transferred.</b>   |

## Removal of broadly comparable schemes

64. As the government now intends to introduce the strengthened Fair Deal protections in the LGPS, it is proposed that for future outsourcing exercises all service providers would be required to provide transferred staff with continued access to the LGPS rather than a broadly comparable scheme, other than in exceptional circumstances (set out in “Exceptional arrangements – continuation of broadly comparable schemes”).

65. This would strengthen existing protections significantly. Protected employees would have increased confidence and security in knowing that, despite their transfer, they would retain a right to all the benefits that come with membership of the LGPS, not least that it is a statutory scheme with benefits set out in law. Moreover, so long as the protected employees continue to work wholly or mainly on the activities which are being carried out by the service provider on the Fair Deal employer’s behalf, they would continue to have that protection even if the service is retendered or transferred again.

66. The removal of broadly comparable schemes as an option, other than in exceptional circumstances, is in line with the adoption of the 2013 Fair Deal guidance by other central government schemes and would also simplify pension requirements for outsourcing bodies and service providers. The Treasury’s update to Fair Deal guidance in 2013 removed the option of broadly comparable schemes in response to the Interim Report from the Independent Public Service Pension Commission ([https://www.ucu.org.uk/media/4328/Independent-Public-Service-Pensions-Commission---interim-report-7-Oct-10/pdf/hutton\\_pensionsinterim\\_071010.pdf](https://www.ucu.org.uk/media/4328/Independent-Public-Service-Pensions-Commission---interim-report-7-Oct-10/pdf/hutton_pensionsinterim_071010.pdf)), which found that offering a broadly comparable scheme can be a significant barrier for service providers considering bidding for government contracts because of the high cost and risk levels involved.

67. The scale of the barrier of broadly comparable schemes in the LGPS is unknown, partly because most service providers involved in local government outsourcings have avoided the cost and risk of offering a broadly comparable scheme by applying to join the LGPS as an admission body via an admission agreement. However, the Government Actuary’s Department is aware of two broadly comparable schemes (Mercer DB Master Trust and the Dolce Limited Retirement Benefits Scheme) providing benefits to active members who have been outsourced under contract from local government. These had an estimated total of around 230 members in September 2024 with some members currently accruing benefits. Therefore, removing the option for broadly comparable schemes to be offered in the future should mean that pension requirements are simplified for service providers and all outsourced local government workers eligible for Fair Deal protection will have access to the LGPS, rather than a broadly comparable scheme.

68. The government is aware that there may be other broadly comparable schemes and is seeking further details on these schemes, to better understand any potential impact of the proposals in this consultation.

**Q18.** Do you agree that the option to offer broadly comparable schemes should be removed, except in exceptional circumstances, to align with the 2013 Fair Deal guidance?

**Q19.** Are you aware of any other broadly comparable schemes that are currently in operation and have active members covered by the 2007 and/or 2012/2022 Directions? If so, please provide details of these.

## **Removal of admission body option for future local government outsourcings**

### **Background on the admission body option**

69. As stated above, the government understands that most service providers have looked to meet the requirements of the 2007, 2012 and 2022 Directions, not by offering broadly comparable schemes, but instead using admission body agreements to join the LGPS as employers and therefore be able to provide staff with continued membership of the LGPS. However, this process is not always smooth for affected staff - it can be prolonged and costly, with delays meaning that admission agreements may not be in place before the contract starts and can be left unsigned for several years. This leaves transferred staff in limbo without accurate information about their benefits, and where affected individuals are approaching retirement age these delays can affect their retirement plans.

70. Unfinished admission agreements also generate a significant administrative burden for funds and outsourcing bodies who must chase service providers to get them finalised. Where an admission body agreement is not in place once the contract has begun, funds are unable to invest contributions for affected staff, which results in a loss of investment returns and additional costs, which could in turn fall to the outsourcing body at the end of the contract.

71. The increased use of admission body agreements for service providers has also contributed to the increasing number of employers in the scheme (13,033 in 2014-15 ([https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.publishing.service.gov.uk%2Fmedia%2F5a815023e5274a2e87dbcf13%2FPension\\_1415\\_local\\_authority\\_drop\\_down\\_table\\_-\\_revised.xlsx&wdOrigin=BROWSELINK](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.publishing.service.gov.uk%2Fmedia%2F5a815023e5274a2e87dbcf13%2FPension_1415_local_authority_drop_down_table_-_revised.xlsx&wdOrigin=BROWSELINK)) compared with 21,131 in 2023-24 ([https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.publishing.service.gov.uk%2Fmedia%2F6846dd1c0392ed9b784c01c1%2FTables\\_1-6\\_-\\_England\\_and\\_Wales\\_23-24\\_-\\_June\\_2025\\_-\\_ecomms.ods&wdOrigin=BROWSELINK](https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.publishing.service.gov.uk%2Fmedia%2F6846dd1c0392ed9b784c01c1%2FTables_1-6_-_England_and_Wales_23-24_-_June_2025_-_ecomms.ods&wdOrigin=BROWSELINK)). This creates an additional administrative burden for funds who must regularly engage with individual

employers, sometimes with very few LGPS members on their staff. It also increases actuarial fees at fund valuations because actuaries need to assess each admission body and set their contribution rates.

72. Where the admission body route is used there is also a risk of a significant payment being due at the end of a contract in the form of an exit payment or credit. This is because at the end of a contract the service provider will cease to be an employer in the LGPS (unless they retain the contract), and will become an exiting employer, meaning an actuarial valuation is required and any surplus or deficit needs to be settled. This is a significant risk for both the outsourcing body and the service provider, which can lead to service providers charging a risk premium, adding costs for the outsourcing body.

73. Except under recent pass-through arrangements (see below), admission bodies have their own individual contribution rates. They will generally have a weaker covenant than outsourcing bodies (as they do not have tax-raising powers) and so the employer contribution rate they pay will often be higher than the rate of the outsourcing body. This leads to higher pension contributions and risk for service providers bidding for local government contracts. Admission agreements set out how that risk is transferred from the outsourcing body to the service provider, but the outsourcing body will either act as a guarantor, meaning they are ultimately still responsible for the pension liabilities if the service provider was unable to meet those liabilities, or the fund will require a bond or indemnity from the service provider. Even where the latter is used, this cost will often be passed on to the outsourcing body through the contract price, meaning that a very limited transfer of risk takes place. That risk reduces competition and means that those providers that do bid for services need to build in a significant buffer for pension costs into their contract price. This in turn makes outsourcing services more costly for outsourcing bodies.

### **Introduction of the Deemed Employer route in the 2019 consultation**

74. In the 2019 consultation, the government wished to encourage the use of pass-through agreements between Fair Deal employers and service providers. Under pass-through, a service provider may pay a fixed contribution rate for the life of the contract or pay the contributions within a certain range. The funding risk largely remains with the Fair Deal employer, who may retain responsibility for any shortfall in contributions, as well as the benefit of any surplus.

75. Pass-through arrangements simplify the pension requirements for service providers and reduce the level of risk, which reduces the pension costs and could open the market for local government contracts.

76. To encourage further use of pass-through the government proposed a new route for service providers to access the scheme, called the deemed employer approach. As already referred to, deemed employer status means that, for specific groups of employees, their 'Scheme employer' is not their

employer in employment law but is the deemed employer (the Fair Deal employer) instead.

77. In other terms, the contracting authority would remain as the deemed employer for pension purposes for any transferred staff. As stated earlier, the deemed employer is considered to have the meaning given by Part 4 of Schedule 2 in the 2013 Regulations. For example, under the 2013 Regulations, the deemed employer for the employees of voluntary schools is the local authority.

### **Removal of the admission body option and adoption of the deemed employer route**

78. Responses to the inclusion of the deemed employer route were mixed. Some respondents felt that further clarity of the deemed employer route was needed in regulations, whilst others felt that it should be included as a default approach where agreement had not been reached prior to the start date of a contract.

79. These concerns have been taken into account and the government is now proposing to create a clearer path for Fair Deal employers and service providers to consider when negotiating a service contract involving the transfer of protected transferees. Under these proposals, the deemed employer approach would be used for all future outsourcings by Fair Deal employers, except in exceptional circumstances. This would mean that admission body status would no longer be permitted for future contract outsourcing and/or re-awards.

80. The government is proposing that future contracts adopt a clearly defined pass-through arrangement. The effect of that arrangement would be that the Fair Deal employer would be deemed to be the Scheme employer, whilst the relevant contractor would still take on some of the responsibilities of the Scheme employer. The detail of how those responsibilities are proposed to be split is further in “Responsibilities for relevant contractors”.

81. The government considers this approach would have a number of benefits:

- over time this should halt the growth in, and ultimately reduce, the number of employers in the scheme
- it would ensure that in the future transferred staff would benefit from seamless access to the LGPS during and after a transfer because their employer for pension purposes would not change – nor would their scheme
- it would remove the administrative burden of chasing admission body agreements that are not signed by the contract start date, and should yield savings in both administrative and actuarial costs

- whilst the funding risk would remain with outsourcing authorities, in the current system, where admission body agreements are used, risk is in theory transferred to the service provider but will have often been priced into the contract, meaning that it is the outsourcing authority who bears the risk of non-payment of pension contributions or financial failure of the service provider

**Q20.** Do you agree with the proposals on deemed employer status and the removal of admission body option for service providers who deliver local government contracts?

## Fair Deal employers

82. To clarify which employers the strengthened Fair Deal protections will apply to, the draft regulations define a new type of Scheme employer, a 'Fair Deal employer'. In effect, these employers are to be viewed as the deemed employer of protected transferees (those to whom the New Fair Deal protections will apply). For those individuals who have been transferred to service providers, the deemed employer mechanism means that for various purposes and functions, the Fair Deal employer (and not their outsourced employer – “relevant contractor”) will be deemed to be their employer. Further information on that split of responsibilities is in the “Responsibilities for relevant contractors” section.

83. In the 2019 consultation, it was proposed that all LGPS Scheme employers would become Fair Deal employers, except for:

- further education corporations, sixth form college corporations and higher education corporations (i.e. post-1992 universities)
- admission bodies

84. These employers were omitted from the Fair Deal employer definition as at the time of consultation they were not classified as public sector bodies.

85. However, in November 2022, further education colleges, sixth form colleges and designated institutions in England were reclassified by the Office of National Statistics (<https://www.gov.uk/government/publications/reclassification-of-fe-colleges-sixth-form-colleges-and-designated-institutions-in-england-to-the-central-government-sector>) as being part of the central government sector. Therefore, it is now proposed that they should be in scope of these proposals and included in the definition of a Fair Deal employer, whilst higher education corporations

and admission bodies remain as non-public sector bodies and therefore out of scope.

**Q21.** Do you agree with the proposed definition of a Fair Deal employer?

## Protected transferees

86. To clarify who will be eligible for the improved Fair Deal pension protections, the draft regulations refer to a group of members with protected rights – protected transferees. Protected transferees would have a right to continued access to the LGPS, even where the contract they are working on is compulsorily transferred under TUPE to a service provider (defined in the draft regulations and from this point on as a relevant contractor).

87. Protected transferees would retain their protected transferee status and access to the LGPS so long as they remain working ‘wholly or mainly on the outsourced activities which are being carried out by the relevant contractor on the Fair Deal employer’s behalf’. This protection would also apply if the protected transferee is involved in a subsequent compulsory transfer of employment or retender, in line with the Best Value Directions.

88. To implement this, the draft regulations provide that any active member or person eligible to be an active member of the LGPS working for a Fair Deal employer directly before a TUPE service provision transfer to a relevant contractor, will become a protected transferee. They also provide that protected transferees will retain their protection where they are involved in subsequent TUPE transfers, so long as they remain working ‘wholly or mainly on the activities which are being carried out by the subsequent relevant contractor on the Fair Deal employer’s behalf’.

89. There could be occasions where Fair Deal employers may wish to provide all staff working on an outsourced contract with the same pension protections, regardless of whether they were involved in an eligible TUPE transfer. This could, for example, be applied to those who join the contract after outsourcing due to staff turnover. The draft regulations allow this, so long as the staff remain working ‘wholly or mainly’ on the activities which are being carried out by a relevant contractor on the Fair Deal employer’s behalf. This would enable the Fair Deal employer to avoid a two-tier workforce on contracts that they have outsourced.

90. The government plans to work with the Scheme Advisory Board, Local Government Association, and other stakeholders, to develop and publish statutory guidance alongside these regulations that will include further detail

on the definition of the term ‘protected transferee’, the responsibilities and requirements for the Fair Deal employer and the relevant contractor, and further detail on the option to allow all staff working on a contract outsourced by a Fair Deal employer to be protected transferees. More information on the guidance that is planned can be found in the “Implementation of New Fair Deal proposals”.

**Q22.** Do you agree with the proposed definition of a protected transferee?

**Q23.** Do you agree with the proposal to allow the Fair Deal employer to provide protected transferee status for all staff working on a contract outsourced by a Fair Deal employer, which would enable Fair Deal employers and relevant contractors to avoid creating a two-tier workforce on outsourced contracts?

## Responsibilities for relevant contractors

91. Currently, admission body agreements include details of the responsibilities and requirements for service providers. However, as it is proposed that admission body agreements for local government outsourcings would be removed, it is important that there is clarity around the responsibilities for relevant contractors moving forward. Whilst the Fair Deal employer would remain as the deemed employer for protected transferees for pension purposes, the relevant contractor would still be their legal employer and so in practice have a range of pension-related responsibilities.

92. The government’s proposal for how those responsibilities would be split between Fair Deal employer and relevant contractor are seen in full in the draft Regulations and in summary in the table below.

**Table 2 - Proposed split of responsibilities between RC and FDE**

| Responsibility  | Relevant Contractor (RC) or Fair Deal employer (FDE)                           |
|---|--|
| Receipt and handling of applications to join or leave the LGPS, or move in and out of 50:50 | RC   |
| Decisions on contribution rate to apply to members  | FDE to make these decisions by default, but RC can agree with FDE to take them |

| <b>Responsibility</b>   | <b>Relevant Contractor (RC) or Fair Deal employer (FDE)</b>   |
|---|---|
|   | on.   |
| Decisions on assumed pensionable pay and ill-health retirement  | RC to make these decisions (with support of the FDE for ill-health retirement)  |
| Payment of contributions  | Further detail below  |
| Decisions about Shared Cost Additional Pension Contributions and Shared Cost Additional Voluntary Contributions | Further detail below  |
| Forfeiture applications and associated powers   | RC and FDE to both have involvement, as per the draft Regulations   |
| Decision on time limits for members to make elections   | RC to decide, with option to follow FDE policy where applicable   |
| Late payments to administering authorities and payments of additional costs                                     | FDE to take responsibility in cases where RC has failed to make timely payment (within 1 month) and where additional costs are due to administering authorities because of the RC's performance in carrying out scheme functions. |
| Decision-making and dispute process   | The same processes which apply to the FDE will apply to the RC, and the RC may appoint the same independent adjudicator as the FDE  |

93. In summary, the main responsibilities of the relevant contractor would be to give protected transferees access to the LGPS and to pay regular contributions for the duration of the contract. The relevant contractor would need to pay the full primary contribution rate, of the Fair deal employer, for all protected transferees. This is the rate determined by the Scheme Actuary in accordance with regulation 62(5), including the cost of administration and before any reductions for insured death or ill-health benefits selected by an employer. The Fair Deal employer would need to pay the secondary contribution rate, which would include any deficits or surpluses that might accrue over time.

94. It would be for the relevant contractor and Fair Deal employer to decide if the primary contribution rate would be fixed (set at the rate of the most

recent valuation at time of contract agreement) or floating (based on an agreement between relevant contractor and Fair Deal employer). If the fixed option were to be taken, then the Fair Deal employer would be taking on the risk that if the contract duration runs into a new valuation period and in that period contribution rates were to be increased, they would be liable for any increased payments (unless otherwise agreed with the relevant contractor). Alternatively, if contribution rates were to be decreased, the relevant contractor would be overpaying contributions, which would be reflected in the original contract price, and so the administering authority, Fair Deal employer and relevant contractor would need to agree at contract stage the mechanism by which those overpayments would be addressed.

95. Additionally, that decision of a fixed or floating contribution would need to be decided before the contract is put out to tender, to allow all involved parties to understand their obligations before bids are made and judged.

96. The expectation of the above arrangements is that they would lead to lower contribution rates for relevant contractors. This would be because the rates applied to them would be based on the rates of the Fair Deal employer, which would be expected to be lower due to their typically stronger covenant.

97. The relevant contractor would also be liable for any costs arising from pension-related decisions they take, including but not limited to:

- a. A active member being awarded early retirement or early flexible retirement.
- b. A member over the age of 55 being offered redundancy.
- c. A decision to waive any reduction in pension benefits.
- d. Any award of additional pension, or employer contributions to shared cost additional pension contributions or shared cost additional voluntary contributions.
- e. A decision to 'switch on' the 85-year rule when the member retires from active status (if the member is under 60).

98. Whether the primary contribution rate is fixed or floating, the deemed employer approach would reduce the level of risk for service providers (relevant contractors), which should enable more contractors (particularly SMEs) to enter the market for local government contracts. It would also mean that contractors would be likely to build in less of a risk premium into their contract price because they have more certainty about their pension costs and liabilities.

99. The draft regulations also set out the consequences for late payment of member and employer contributions by relevant contractor. It is proposed

that if a contribution payment is overdue by a month, the administering authority can require the Fair Deal employer to pay it and the Fair Deal employer would then be able to recover it as a debt from the relevant contractor, including any applicable interest.

100. Furthermore, relevant contractors would have a responsibility to provide their administering authority and/or Fair Deal employer with all necessary data relevant to comply with their pension-related obligations.

101. The general principle that would apply to all agreements is that the roles and responsibilities of the relevant contractor should be made clear in the service contract. The government plans to work with stakeholders to develop statutory guidance that clarifies what should be included as standard. Additionally, the government is also considering commissioning the Scheme Advisory Board to produce supportive guidance in this area. Further detail of this is given in “Implementation of New Fair Deal proposals”.

**Q24.** Do you agree with the overall approach on responsibilities for relevant contractors and Fair Deal employers? If you do not, with which proposals do you disagree?

## **Continuity of responsibilities across contractors**

102. Under existing rules, when members enter into shared cost additional pension contribution (APC) or shared cost additional voluntary contribution (AVC) agreements, those agreements end when that member moves to a new employer, including in cases of compulsory transfers. The government recognises that this disrupts the continuity of pension arrangements for affected members and is seeking views on how such agreements should be handled in the future.

103. One option is that any subsequent relevant contractor should be required to honour the original agreement. This would simplify pension arrangements for the protected transferee and ensure that pension arrangements are unaffected by any outsourcing of the contract they are working on. It would, however, complicate decisions to outsource contracts as potential new relevant contractors would have to include considerations of any such arrangements in their decision to take on those contracts. This is the government’s preferred option, to best protect the rights of working members.

104. A second option would be that the initial agreement is only binding on the relevant contractor it is made with, or, in the case of lost pension, the

contractor at the time the pension loss occurred and who would otherwise be responsible for meeting the obligation. This would have the benefit of simplifying outsourcing for relevant contractors, whilst impacting the pension arrangements of protected transferees who have no say in whether the contract they are working on is outsourced.

105. A third option is that the responsibilities of the original relevant contractor would be taken on by the Fair Deal employer, allowing the pension arrangements of the protected transferee and the outsourcing process to be unaffected, but at cost of the relevant contractor that made the original agreement.

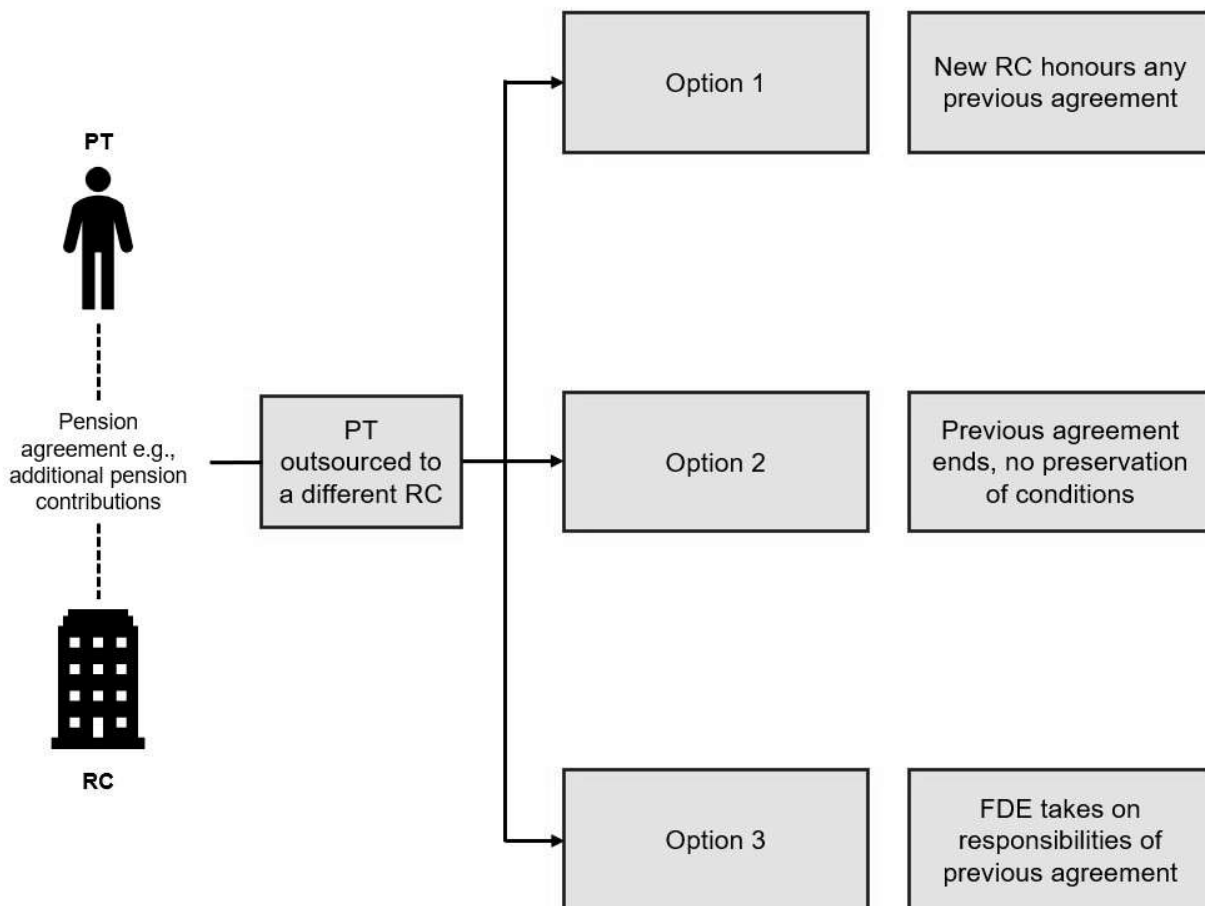


Figure 2 – Options for continuation of previous agreements between PT and RC

**Q25.** Do you agree that Option 1 should be applied to how agreements between protected transferees and relevant contractors should be treated in the case of subsequent outsourcings? Please give the reasons for your answer.

## **Exceptional arrangements – continuation of broadly comparable schemes**

106. It is important to the government that those who have previously worked in local government and who are protected under either the 2007 or 2022 Directions are offered protected transferee status at the earliest possible opportunity. The draft regulations accompanying the 2019 consultation provided that when contracts that fell under the 2007 or 2012 Directions were next re-tendered, protected staff would become protected transferees under the 2013 Regulations and gain a right to membership of the LGPS.

107. Respondents were generally supportive of this approach in 2019, but some highlighted the lack of flexibility in not allowing broadly comparable schemes to continue in any circumstances.

108. The government has a strong preference for staff to be transferred back into the LGPS wherever possible. However, where (1) the Fair Deal employer would be unable to meet the requirement set out in subsection 12(2) of the Procurement Act 2023 to treat all suppliers the same, and (2) the difference between suppliers does not justify different treatment, the draft regulations provide that staff may be offered membership to a broadly comparable scheme. Nonetheless, the government considers that, in most cases, difference between suppliers with respect to continued LGPS access do justify different treatment, particularly in light of the issues outlined in the section “Removal of broadly comparable schemes”. Where those exceptional circumstances apply, staff would continue to be protected by the 2007 or 2022 Directions (and any replacements to them).

109. The government encourages respondents to share their views on the exception described above and on any other exceptional circumstances that should be considered. Subject to responses, statutory guidance will be published to set out further detail on the process that should be followed where exceptional circumstances arise. Further detail of this is given in “Implementation of New Fair Deal proposals”.

**Q26.** Do you agree with the approach to allow broadly comparable schemes to continue only in exceptional circumstances?

**Q27.** Do you have any views on what the exceptional circumstances, where broadly comparable schemes may need to continue, could be?

## **Transitional arrangements – inward transfers from broadly comparable schemes**

110. In 2019, it was proposed that transferred employees who were entitled to pension protection under the 2007 or 2012 Directions and were given access to a scheme certified as broadly comparable to the LGPS, should have a right to transfer their benefits from their broadly comparable scheme to the LGPS. It was proposed that the value of these transfers would proceed on a Cash Equivalent Transfer Value (CETV) basis, using factors contained in actuarial guidance issued by the Secretary of State.

111. Whilst respondents were broadly supportive of the proposal for these staff to have the option of transferring their benefits back into the LGPS, several respondents pointed out that using CETV factors for the inward transfers would mean staff with final salary benefits would lose out. This is because the inward CETV would reflect the value of a deferred pension in the broadly comparable scheme, with pre-retirement revaluation in line with price increases, whereas the CETV-in factors used by the receiving LGPS fund would take into account the expected future salary increases (generally assumed to be higher than price increases). This would then result in a loss of final salary benefits measured in terms of years of pensionable service.

112. The government has considered these responses and is now proposing to align more closely with the updated 2013 Fair Deal guidance which sets out that inward transfer values from broadly comparable schemes should be calculated using bulk transfer values, which would protect any final salary benefits accrued. The intention, which would be set out in the accompanying guidance, is that the bulk transfer terms would be non-negotiable, and would provide a year for year service credit without any additional shortfall contribution being required at the time.

113. To implement this, the draft regulations allow for inward bulk transfers into the LGPS. This sets out that where one or more people who have accrued benefits in another occupational pension scheme become members of the LGPS and agree to transfer their benefits from their other occupational pension scheme into the LGPS, the administering authority may accept the transfer value.

114. In addition, the draft regulations allow for the transfer of final salary benefits, from a broadly comparable pension into the LGPS, in a way that ensures that those transferred benefits continue to provide final salary benefits. To be clear, this would preserve the value of previously accrued final salary benefits, whilst providing that any future accrual within the LGPS would be a CARE accrual, in line with the 2013 Regulations, regardless of

whether the member has final salary benefits from previously accrued service.

115. The government is proposing that it would work with the Government Actuary's Department and the Scheme Advisory Board to draft guidance that would set out clear expectations for how these transfers should be calculated and processed where the transfer includes members covered by the 2007 or 2022 Directions. Further detail of this is given in "Implementation of New Fair Deal proposals".

**Q28.** Do you agree with the proposed approach to inward transfers from broadly comparable schemes?

## **Early re-negotiation of contracts**

116. There may be circumstances under the proposed system where it would be beneficial to renegotiate a contract with a relevant contractor before it ends. For example, this could be to bring staff back into the LGPS early where a broadly comparable scheme is currently being used. In these renegotiations, it would be the responsibility of the parties involved to seek advice on their legal rights and obligations.

**Q29.** Do you agree with the approach of including a mechanism in the draft regulations that allows for staff to become protected transferees where there is an early re-negotiation of a service contract using the new Fair Deal regulations?

## **Optional expansion of New Fair Deal beyond originally outsourced workers**

117. The draft regulations outline that when a contract is renegotiated or retendered, all staff working on an outsourced contract (at that point) can be granted protected transferee status. This protection would apply provided the staff continue to work "wholly or mainly on the activities which are being carried out by a relevant contractor on the Fair Deal employer's behalf". To ensure the contract is retendered on an equal basis, the Fair Deal employer would need to decide before the contract is put out to tender if the protected transferee status would also apply to workers who join after the contract is

initially outsourced. That protected transferee status would then be maintained in the event of any subsequent transfers, in the same way it would for the originally outsourced workers. This differs from the current situation where staff who join after an initial outsourcing are not protected or covered by the Best Value Directions, whilst noting that those staff may still be offered LGPS membership, via an “open” admission agreement.

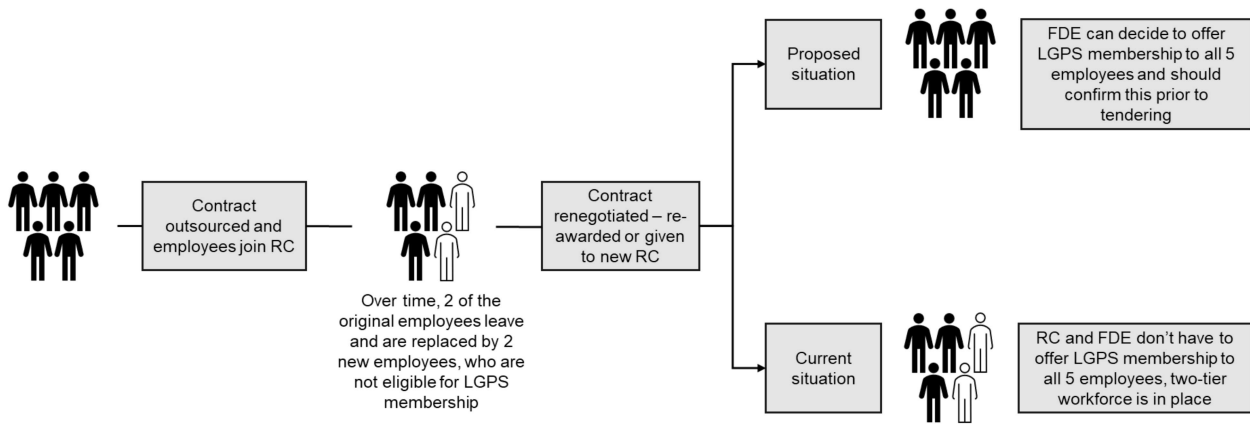


Figure 3 – Proposed approach to allow extended LGPS membership

**Q30.** Do you agree with the proposal that all staff (including those joining a contract after first outsourcing) would be eligible for protected transferee status, providing all relevant parties agree?

## Implementation of New Fair Deal proposals

118. To enable the sector to negotiate contracts under the new regulations as quickly as possible but also give flexibility and adequate time to prepare for these changes, the draft regulations are proposed to come into force at the date the parliamentary timetable allows the statutory instrument to be laid. From the date the statutory instrument is laid, outsourced staff will receive protected transferee status and have to be transferred back into the LGPS when the following happens:

- when an outsourcing body enters into a new contract with a contractor for the provisions of services (first outsourcings)
- when currently outsourced contracts are renewed, extended or re-procured; or
- If the relevant contractor and the Fair Deal employer decide that it would be beneficial to renegotiate the contract before it ends

However, the new regulations include an optional 6-month transitional period from the date they come into force. This is intended to avoid

unnecessary and unexpected costs being placed on funds and employers. During this 6-month transitional period, for any contract that is newly signed, reviewed, re-procured or re-negotiated, there is the possibility to opt out of the new provisions. In cases involving a tender process, the Fair Deal employer would need to decide before the service contract is put out to tender if the specific contract will make use of the transitional period, enabling all relevant parties to understand their obligations before bids are made.

119. The government is also proposing that the 2007 Direction is to be revoked and replaced by a new Direction, aligned with the proposals in this consultation. That proposed Direction can be found attached to this consultation. The main difference in the new Direction is that it allows for the transfer back into the LGPS of all eligible members, by deeming the LGPS pension rights they are being provided with as broadly comparable to or better than the pension rights they had, or had a right to acquire, if they had remained with the Fair Deal employer.

120. A corresponding process would also take place regarding the 2022 Direction, to the same effect.

121. The group of particular interest to the government in this case is those individuals currently outsourced, with access to final salary benefits, who would now be being moved back into the LGPS, into a non-final salary benefits scheme. The government understands there to only be a small number of people in such a situation, but wishes to understand their views in particular.

122. Subject to responses, the government is also proposing to work with the Scheme Advisory Board, the Government Actuary's Department, the LGA, and other stakeholders, to develop and publish statutory guidance based on the 2013 Fair Deal guidance to aid the implementation of the proposals. This will replace the current 2009 admission body guidance ([https://www.lgpsregs.org/timelinereggs/Statutory%20Guidance%20and%20circulars/CLG\\_AdmittedBody\\_guidance\\_Dec09.pdf](https://www.lgpsregs.org/timelinereggs/Statutory%20Guidance%20and%20circulars/CLG_AdmittedBody_guidance_Dec09.pdf)) and could include the following sections:

- a. Definition of a Protected Transferee
- b. New staff joining a local government contract
- c. Definition of a Fair Deal employer
- d. Deemed employer status and employer responsibilities
- e. Exceptional arrangements
- f. Transitional arrangements for staff currently covered by the 2007 or 2022 Directions

123. The government is also considering commissioning the Scheme Advisory Board to draft and publish additional guidance which could include sections on:

- g. The procurement process
- h. Employer responsibilities
- i. Administration

124. The government also intends to update the relevant sections of the Model Services Contract to ensure it aligns with the updated New Fair Deal proposals for the LGPS.

125. The government recognises that the proposals would have impact on members, particularly in the potential cases of those being moved from broadly comparable final salary benefit schemes back into the LGPS as a CARE scheme. As such, the government wishes to understand if any respondents consider this, or other impacts, should be considered and whether additional protections would be necessary.

**Q31.** Do you agree with the proposal for the draft regulations to come into force on the date the relevant SI is laid, with a 6-month transitional period during which there is the possibility to decide to not apply the new provisions?

**Q32.** If you are an individual who is currently outsourced from a local authority and part of a final salary scheme, do you agree with the proposed updating of the 2007 and 2022 Directions to deem the LGPS as broadly comparable to or better than final salary schemes? Please give the reasons for your answer.

**Q33.** Do you agree with the proposal to develop and publish statutory guidance and Scheme Advisory Board guidance to support with the implementation of the updated Fair Deal proposals?

**Q34.** Are there any additional topics that you would like to be covered?

**Q35.** What impact do you think these proposals would have on members?

**Q36.** Do you support the proposal to bring all eligible individuals back into the LGPS, including those in broadly comparable final salary schemes? Please explain your reasons.

**Q37.** On balance, do you agree with the proposals in this chapter?

## 5. Public Sector Equality Duty

126. Under the Public Sector Equality Duty (“PSED”), the government is required to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people who share a protected characteristic and people who do not share it
- foster good relations between people who share a protected characteristic and people who do not share it

127. The protected characteristics which should be considered are:

- age
- disability
- sex
- gender reassignment
- marriage or civil partnership
- pregnancy and maternity
- race
- religion or belief
- sexual orientation

128. The government has access to up-to-date data on the age and sex of LGPS members, but not complete or up-to-date data on the other protected characteristics. Outlined below are the PSED considerations arising from the data the government does have, but respondents to this consultation are encouraged to share any evidence they may have on the potential impact of the proposals on any of the above protected characteristics.

## **Normal Minimum Pension Age**

129. Members of the scheme who are approaching their NMPA, such as those in their early 50s, are those most affected by the government’s proposals, since they are closest to their NMPA and have less time to plan ahead. The most relevant protected characteristic is age.

130. The proposals in this document follow from the decision to raise the NMPA, taken through the Finance Act 2022. For members without a protected pension age, such as a member in their early 50s who joined the LGPS after November 2021, proposals will mean that pension benefits

cannot be taken at 55 anymore. This is a long-known change, originally announced in 2014.

131. The proposals will impact men and women equally as the NMPA is the same for both genders. The government does not expect any particular impacts on other groups sharing protected characteristics, as the NMPA applies equally to all.

## **LGPS for mayors and councillors**

132. The proposals for mayors and councillors are about extending pension access to persons who did not previously have access to the scheme. As such the government considers the proposals to have positive impacts only. These positive impacts will be on those who are councillors and mayors in England, and so reflect the characteristics of that cohort. The LGA 2022 census of councillors showed that 59% of councillors were male, 92% white and the average age is 59.5. The proposal is intended to encourage more younger councillors to serve.

## **Academies**

133. The proposals for academies and direction orders are about efficient administration, and do not impact pension benefits for individuals. Therefore, the government does not consider there to be impacts on groups sharing protected characteristics.

## **New Fair Deal**

134. The decision to outsource contracts is taken by local authorities, within the rules and spirit of the LGPS, but without government intervention or influence.

135. The proposals in this document would apply to all workers outsourced from local government and as such, which the government does not believe affects particular groups disproportionately. As such, the proposed changes are not seen to affect any groups in particular.

by any of the proposals? If so, please provide relevant data or evidence.

**Q39.** Do you agree to being contacted regarding your response if further engagement is needed?

## About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 and UK data protection legislation. In certain circumstances this may therefore include personal data when required by law.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the information access regimes and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will at all times process your personal data in accordance with UK data protection legislation and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included below.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](https://www.gov.uk/government/organisations/ministry-of-housing-communities-local-government/about/complaints-procedure) (<https://www.gov.uk/government/organisations/ministry-of-housing-communities-local-government/about/complaints-procedure>).

## Personal data

The following is to explain your rights and give you the information you are entitled to under UK data protection legislation.

Note that this section only refers to personal data (your name, contact details and any other information that relates to you or another identified or identifiable individual personally) not the content otherwise of your response to the consultation.

### 1. The identity of the data controller and contact details of the Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at [dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk) or by writing to the following address:

Data Protection Officer  
Ministry of Housing, Communities and Local Government  
Fry Building  
2 Marsham Street  
London  
SW1P 4DF

### 2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

We will collect your IP address if you complete a consultation online. We may use this to ensure that each person only completes a survey once. We

will not use this data for any other purpose.

### **Sensitive types of personal data**

Please do not share special category personal data or criminal offence data if we have not asked for this unless absolutely necessary for the purposes of your consultation response. By 'special category personal data', we mean information about a living individual's:

- race
- ethnic origin
- political opinions
- religious or philosophical beliefs
- trade union membership
- genetics
- biometrics
- health (including disability-related information)
- sex life; or
- sexual orientation

By 'criminal offence data', we mean information relating to a living individual's criminal convictions or offences or related security measures.

## **3. Our legal basis for processing your personal data**

In most cases the legal bases under data protection legislation will be those below. If the consultation is likely to collect special category data you should contact [dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk) as additional lawful bases will need to be specified.

The collection of your personal data is lawful under article 6(1)(e) of the UK General Data Protection Regulation as it is necessary for the performance by MHCLG of a task in the public interest/in the exercise of official authority vested in the data controller. Section 8(d) of the Data Protection Act 2018 states that this will include processing of personal data that is necessary for the exercise of a function of the Crown, a Minister of the Crown or a government department i.e. in this case a consultation.

Where necessary for the purposes of this consultation, our lawful basis for the processing of any special category personal data or 'criminal offence' data (terms explained under 'Sensitive Types of Data') which you submit in response to this consultation is as follows. The relevant lawful basis for the

processing of special category personal data is Article 9(2)(g) UK GDPR ('substantial public interest'), and Schedule 1 paragraph 6 of the Data Protection Act 2018 ('statutory etc and government purposes'). The relevant lawful basis in relation to personal data relating to criminal convictions and offences data is likewise provided by Schedule 1 paragraph 6 of the Data Protection Act 2018.

#### **4. With whom we will be sharing your personal data**

MHCLG may appoint a 'data processor', acting on behalf of the Department and under our instruction, to help analyse the responses to this consultation. Where we do we will ensure that the processing of your personal data remains in strict accordance with the requirements of the data protection legislation.

#### **5. For how long we will keep your personal data, or criteria used to determine the retention period.**

Your personal data will be held for 2 years from the closure of the consultation, unless we identify that its continued retention is unnecessary before that point.

#### **6. Your rights, e.g. access, rectification, restriction, objection**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have your data corrected if it is incorrect or incomplete
- d. to object to our use of your personal data in certain circumstances
- e. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with

the law. You can contact the ICO at <https://ico.org.uk/> (<https://ico.org.uk/>), or telephone 0303 123 1113.

Please contact us at the following address if you wish to exercise the rights listed above, except the right to lodge a complaint with the ICO:

[dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk) or

Knowledge and Information Access Team  
Ministry of Housing, Communities and Local Government  
Fry Building  
2 Marsham Street  
London SW1P 4DF

## **7. Your personal data will not be sent overseas**

## **8. Your personal data will not be used for any automated decision making**

## **9. Your personal data will be stored in a secure government IT system**

We use a third-party system, Citizen Space, to collect consultation responses. In the first instance your personal data will be stored on their secure UK-based server. Your personal data will be transferred to our secure government IT system as soon as possible, and it will be stored there for two years before it is deleted.





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**TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 15****TEESSIDE PENSION FUND COMMITTEE REPORT****10 DECEMBER 2025****DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE****Government Consultation - LGPS: Fit for the Future – technical consultation****1 PURPOSE OF THE REPORT**

- 1.1 To inform the Committee of the consultation issued by the Government the Local Government Pension Scheme in England and Wales: Fit for the Future – technical consultation, outline some key points from that consultation and how the Teesside Fund could be impacted and the timetable and process for responding to the consultation, and
- 1.2 To ask Members to agree that the Head of Pensions Governance and Investments (in consultation with the Chair and Vice Chair) can draft and submit a consultation response on behalf of the Fund / the Council as administering authority for the Fund.

**2 RECOMMENDATION**

- 2.1 That Members note this report and agree that
  - a) The Head of Pensions Governance and Investments (in consultation with the Chair and Vice Chair) should draft and submit a consultation response on behalf of the Fund / the Council as administering authority for the Fund.
  - b) The Head of Pensions Governance and Investments will work with Border to Coast and its other Partner Funds to provide an agree collective response to the consultation on behalf of Border to Coast and its Partner Funds.

**3 FINANCIAL IMPLICATIONS**

- 3.1 The increase in governance and training requirements placed on Funds included in the consultation will increase the cost of administering the scheme.

**4 BACKGROUND**

- 4.1 On 20 November, the Ministry of Housing, Communities and Local Government (MHCLG) opened a technical consultation relating to two “draft statutory instruments” relating to Fit for the Future reforms for the LGPS in England and Wales. They’re asking for feedback across 29 questions on two new sets of draft regulations, with a 6-week deadline of 2 January 2026.

- 4.2 The Fit for the Future consultation launched on 14 November 2024 and brought about sweeping reforms to how the LGPS in England and Wales invest assets and are governed. A number of these are in the process of being put into primary legislation through the Pension Schemes Bill, which also covers a much wider range of reforms covering the full spectrum of pension schemes in the UK. MHCLG are also working on regulations and guidance specific to the LGPS to implement these reforms. It's expected that there will be a number of consultations launched before the 1 April 2026 deadline for these reforms to come into effect (subject to passage of the pensions Scheme Bill through Parliament).
- 4.3 This consultation is on two sets of draft regulations implementing the LGPS Fit for the Future reforms. MHCLG are asking for feedback on these, focussed on whether they're fit for purpose and do the job that government want. There are a range of different types of questions across the 29 asked, ranging in scope from strictly whether the wording of the regulations is sufficient to meet the government's aims, through to open questions asking for any comments respondents may have. While the consultation itself provides a summary of the key points they're asking questions on, the devil is in the detail within the draft regulations, which can be difficult to follow and are open to interpretation.
- 4.4 The consultation is split into two sections. The first covers 23 questions regarding the draft Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026, which will replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and give legal effect to the proposals set out in the Pooling and Local Investment chapters of the 'Fit for the Future' consultation. The second section asks six questions tackling the draft Local Government Pension Scheme (Amendment) Regulations 2026, which tackle the governance section of Fit for the Future.

## 5. GOVERNMENT CONSULTATION

- 5.1 On 20 November 2025, MHCLG launched a consultation on changes to the LGPS in England and Wales. The proposals relate to two draft statutory instruments relating to Fit for the Future reforms for the LGPS England and Wales
- 5.2 Links to all documents are on this page:

[Local Government Pension Scheme in England and Wales: Fit for the Future - technical consultation - GOV.UK](#)

- 5.3 The Government published draft regulations for comment covering Pooling, Management and Investment of Funds and governance arrangements for administering the LGPS.

Links to the separate documents are as follows:

**LGPS Consultation** – [Local Government Pension Scheme in England and Wales: Fit for the Future - technical consultation - GOV.UK](#)

The full text of this consultation document is also attached as Appendix A.

**Pooling, Management and Investment of Funds - [The Local Government Pension Scheme \(Pooling, Management and Investment of Funds\) Regulations 2026](#)**

**The Local Government Pension Scheme (Amendment) Regulations 2026**  
– [The Local Government Pension Scheme \(Amendment\) Regulations 2026](#)

5.4 The consultation will run until 2 January 2026.

**The Local Government Pensions Scheme (Pooling, Management and Investment of Funds) Regulations 2026**

5.5 The regulations put into place the Pooling and Local Investment chapters of the ‘Fit for the Future’ consultation. They aim to:

- Require Administering Authorities (AAs) to participate in a pool, and only one pool. A 28-day leeway would be given to participate in two pools at once, if a fund was moving pools. The regulations also set out that the government will have powers to force participation in a pool, both by forcing a fund to join a specific pool and by requiring that pool to accept them.
- Require AAs to delegate the implementation of their investment strategy to their asset pool and for pools to have the abilities to properly implement their funds’ investment strategies.
- Require AAs to take principal investment advice from their pool and that pools must have the ability to provide “proper advice” and include a list of what would constitute investment strategy. It also clarifies that, as previously set out in the response to the Fit for the Future consultation, second opinions on investment strategy may only be sought in exceptional circumstances, which will be defined in guidance. An additional point that funds must “have regard to the local economic priorities” of their local strategic authority when setting their high-level investment strategy is also included.
- Set out requirements as to the contents of an investment strategy, which update previous regulations to include the fund’s “high-level financial objectives”, a “high level investment strategy”, and consistency with the authority’s Funding Strategy Statement (including having regard to maintain as consistent a primary employer contribution rate as possible).
- Require that investment strategy reviews must be undertaken within 18 months of the actuarial valuation date and that the first investment strategy under the new regulations must be published in an Investment Strategy Statement (ISS) by 30 September 2026. A list of parties who must first be consulted on the ISS before publication is also provided, with more detail to be provided in the guidance.
- Require pools to take “all reasonable steps” to implement a fund’s investment strategy. It’s expected that guidance will set out what would class as “reasonable steps”.
- Require all assets to be controlled and managed by the relevant asset pool. Funds are also required that within 21 days of first participating in a pool, management of a fund’s

assets must have transferred to the pool, and the pool is able to implement the fund's strategy.

- Establish minimum standards for pools, including FCA authorisation and capacity to manage local investments. Government will also have the power to step in and issue directions to pools where they feel investments are being managed in a way that is detrimental to one, some or all funds within a pool or the Scheme as a whole. However, a list of parties is provided who must first be consulted prior to directions being given.
- Require compliance from 1 April 2026, subject to passage of the Pension Schemes Bill through Parliament and with limited flexibility in specific cases.

## **The Local Government Pension Scheme (Amendment) Regulations 2026**

5.6 The regulations put into place the Governance chapter of the 'Fit for the Future' consultation. The main points are summarised below.

### **Governance strategy, training strategy and conflict of interest strategy**

5.7 Regulation 55A requires AAs to prepare and publish a governance strategy, a training strategy, and a conflict of interests policy. These may be separate or combined.

5.8 The governance strategy will be similar to the existing governance compliance statement but with two additions. Firstly, where there are no scheme member or employer representative (either voting or non-voting) on the pension committee the administering authority must state how their views are taken into account. The second new requirement is the appointment of an independent advisor.

5.9 All three strategies must be published and reviewed at least every three years.

### **Senior LGPS officer**

5.10 Regulation 53A will require each AA to appoint a senior LGPS officer by 1 October 2026. Any subsequent appointments must be made within 6 months of the previous senior LGPS officer's appointment ending.

5.11 This is a statutory role and the senior LGPS officer must ensure that the fund is "appropriately managed and resourced in respect of all matters relating to the Scheme (such as administration, investment and governance)". The senior LGPS officer cannot be any individual who has another statutory local government role i.e. the section 151 officer, monitoring officer or head of paid service. Guidance will provide more details of how the role will work.

### **Independent person**

5.12 Regulation 53A will require each AA to appoint an independent person as a non-voting member of their committee by 1 October 2026. Any subsequent appointments must be made within 6 months of the previous independent person's appointment ending. The role involves advising on investment strategy, governance and administration. Guidance will provide more details of how the role will work.

## **Knowledge and understanding**

- 5.13 Regulation 55B requires that committee members and officers carrying out a delegated function must be conversant with the rules of the Scheme and any document recording policy about the administration of the Scheme. They also must have knowledge and understanding of the law relating to pensions. The level of knowledge and understanding required is that which allows “that person to properly exercise their functions”. These requirements are broadly the same as those that apply to pension board members under the Pensions Act 2004.

The main difference between committee/officer requirements and those of pension board members is that the former have “a reasonable period of time” (undefined) to acquire their knowledge.

## **Administration strategy**

- 5.14 Regulation 59 will require AAs to prepare an administration strategy which must be reviewed every three years.

## **Independent governance reviews**

- 5.15 Regulation 117 will require each AA to undergo an independent governance review at its own cost. The first review must take place by 31 March 2028 and then again within every three-year period from that date. The Secretary of State has the power to require an independent governance review at any time.
- 5.16 The review must be carried out by a “suitable person”, defined as someone who;
- a. is independent of both the Secretary of State and the AA, and
  - b. in the reasonable opinion of the AA has sufficient knowledge and understanding of the rules of the Scheme to enable them to properly conduct the review.
- 5.17 Following the review, a report must be prepared and issued to the Secretary of State and the AA, who must publish it.
- 5.18 Guidance will provide details of the independent governance review process.

## **6. NEXT STEPS**

- 6.1 If the Committee agrees to the recommendations set out above, consultation responses will be drafted and submitted as set out in section 2. The Committee has the opportunity to provide any suggestions in relation to the Fund’s consultation response at this meeting or, over the next few weeks, through feedback to the Chair or Vice Chair.

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Ministry of Housing,  
Communities &  
Local Government

Open consultation

# **Local Government Pension Scheme in England and Wales: Fit for the Future - technical consultation**

Published 20 November 2025

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| <b>Applies to England and Wales</b> |
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This consultation seeks views on 2 draft statutory instruments:

- the ‘Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026’
- the Local Government Pension Scheme (Amendment) Regulations 2026

The consultation seeks to understand whether the statutory instruments will effectively deliver the policy proposals set out in the government’s response to the [Local Government Pension Scheme - Fit for the Future](https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future) (<https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future>) consultation.

## Scope of this consultation

The draft regulations apply to Local Government Pension Scheme administering authorities and their asset pools.

### Geographical scope

These draft statutory instruments relate to England and Wales only.

### Impact Assessment

The proposed interventions affect the investment of assets by LGPS administering authorities. These authorities are all public sector organisations, so no impact assessment is required. An [impact assessment of the LGPS measures in the Pension Schemes Bill](https://publications.parliament.uk/pa/bills/cbill/59-01/0255/impact_assessment2.pdf) can be found in table 4f ([https://publications.parliament.uk/pa/bills/cbill/59-01/0255/impact\\_assessment2.pdf](https://publications.parliament.uk/pa/bills/cbill/59-01/0255/impact_assessment2.pdf)).

### Body responsible for the consultation

Ministry of Housing, Communities and Local Government (MHCLG)

## Duration

This consultation will last for 6 weeks from 20 November 2025 to 2 January 2026.

## Enquiries

For any enquiries about the consultation email [lgpensions@communities.gov.uk](mailto:lgpensions@communities.gov.uk).

## How to respond

We strongly recommend that responses are submitted [online through Citizen Space \(https://consult.communities.gov.uk/local-government-pensions/lgps-fit-for-the-future-regulations-consultation\)](https://consult.communities.gov.uk/local-government-pensions/lgps-fit-for-the-future-regulations-consultation).

Alternatively, you can email your response to: [lgpensions@communities.gov.uk](mailto:lgpensions@communities.gov.uk).

If you are responding in writing, please make it clear which questions you are responding to.

Written responses should be sent to:

LGF Pensions Team  
Ministry of Housing, Communities and Local Government  
2nd Floor  
Fry Building  
2 Marsham Street  
London  
SW1P 4DF

When you reply, it would be very useful if you confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:

- your name
  - your position (if applicable)
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- the name of the organisation you are responding on behalf of (if applicable)
- an email address

## Introduction

The Local Government Pension Scheme (LGPS) in England and Wales plays a vital role in securing the retirement futures of millions of public sector workers. As one of the largest funded defined benefit schemes in the world, the LGPS is a significant investor with the potential to boost growth across the country alongside delivering its core duty to make long-term stable returns to pay pensions.

The LGPS is a single scheme, but it is managed locally by 86 administering authorities (AAs) who are mostly upper-tier and unitary local authorities. To address this fragmentation and deliver efficiencies and expertise by investing at greater scale, from 2015 the AAs came together into eight LGPS asset pools to manage their investments. These pools have delivered significant savings but there is substantial variation in the operation of the pools and the proportion of assets under pool management, limiting scale and impact.

In November 2024 the government launched the [Fit for the Future consultation](https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future#introduction) (<https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future#introduction>). This sought views on proposals aimed at further unlocking the investment potential of the scheme through further consolidation, improved governance, and building on successes as a local investor. Following extensive engagement with stakeholders, the government published [its response](https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/outcome/local-government-pension-scheme-england-and-wales-fit-for-the-future-government-response) (<https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/outcome/local-government-pension-scheme-england-and-wales-fit-for-the-future-government-response>) in May 2025, confirming its intention to implement the majority of the proposals. These reforms are designed to provide long-term clarity and sustainability, putting the scheme on the strongest possible footing for the future.

As part of the Pensions Review reforms, the government wrote to each pool asking for proposals setting out how it would achieve the new minimum standard requirements for investment management. Two pools (Access and Brunel) submitted proposals which did not meet the ambitious intent of the reforms and their AAs were asked to select one of the remaining six pools to join. The government has set a deadline for all the twenty-one AAs affected to have joined their new pool by 1 April 2026.

Primary legislation to implement the reforms is being taken forward through the [Pension Schemes Bill \(https://bills.parliament.uk/bills/3982\)](https://bills.parliament.uk/bills/3982), which is currently progressing through Parliament. This consultation seeks views on two draft statutory instruments that will implement the Fit for the Future proposals including those in the Pension Schemes Bill. These reforms will fully consolidate the scheme into asset pools and introduce minimum operating standards for asset pool companies, strengthen the governance of AAs and pools, and boost LGPS investment in their localities and regions:

## **The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026**

These regulations will replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and give legal effect to the proposals set out in the Pooling and Local Investment chapters of the 'Fit for the Future' consultation.

They will:

- require AAs to delegate the implementation of their investment strategy to their asset pool
- require AAs to take principal investment advice from their pool
- require all assets to be controlled and managed by the relevant asset pool
- provide backstop powers for the Secretary of State to direct AAs to participate in specific pools, and for specific pools to facilitate participation
- establish minimum standards for pools, including FCA authorisation and capacity to manage local investments
- require compliance from 1 April 2026, subject to passage of the Pension Schemes Bill through Parliament and with limited flexibility in specific cases.

**The Local Government Pension Scheme (Amendment) Regulations 2026** These regulations will implement the proposals in the Governance chapter of the consultation.

They will:

- strengthen governance arrangements for administering authorities
- require regular governance reviews aligned with valuation cycles
- provide powers for the Secretary of State to direct governance reviews where necessary
- require compliance from 1 April 2026, subject to passage of the Pension Schemes Bill through Parliament and with lead in periods for specific requirements.

Both sets of regulations will be supported by guidance issued by the Secretary of State as detailed in Chapters 2 and 3 below. The government is in the process of engaging with stakeholders on the content of these pieces of guidance through Local Government Association working groups.

The government invites responses to this consultation from all stakeholders, including AAs, pools, scheme members, scheme employers, advisors, the Local Government Association, and the wider pensions and investment community. Your views will help shape the final regulations and ensure they are effective, proportionate, and aligned with the long-term interests of the LGPS.

The Department's preference is for responses to the consultation to be made via Citizen Space where possible. You do not need to respond to all questions. If making any comments in addition to responses to the questions asked, please be explicit as to the regulation numbers your comments refer to. If you are responding to the consultation via email, please be clear which questions you are responding to.

## **Public Sector Equalities Duty**

The Department's policies, guidance and procedures aim to ensure that the equalities impact of any decisions, new policies or policy changes upon groups with protected characteristics is properly considered, and that in formulating them the Department has had due regard to its obligations under the Public Sector Equality Duty at s.149(1) of the Equality Act 2010.

As part of the government's response to its 'Local Government Pension Scheme - Fit for the Future' consultation published 29 May 2025, the government invited views on the impact of the proposals on people who share a protected characteristic. The government considers that the package of reforms will not affect any particular group with protected characteristics adversely. It has considered carefully all of the responses

and the specific concerns raised. There will be no change to member contributions or benefits as a result of the proposals in the consultation.

## **Next steps**

Following consideration of the comments received on this consultation, we will take steps to finalise the draft regulations prior to laying these in Parliament. We intend that the final regulations will come into force on 1 April 2026, subject to the timing of the passage of the Pension Schemes Bill through Parliament.

In parallel to the consultation, we are engaging with guidance working groups with the Scheme Advisory Board to consider stakeholder feedback on draft guidance notes which will accompany and refer to these regulations. We will provide an update on that workstream in our government response to this consultation.

# **Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations**

This draft statutory instrument is designed to deliver the policy proposals from the pooling and local investment chapters of the Fit for the Future consultation. The new regulations would replace the existing Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ('the 2016 regulations'), and include provisions to replicate existing powers in those regulations where these need to continue in some form under the new regime.

The regulations would be made using the existing powers in the Public Service Pensions Act 2013 and the new powers in the Pension Schemes Bill. They will be supported by two lots of guidance: revised Investment Strategy Statement Guidance and a new piece of Asset Pooling Guidance.

This section of the consultation asks about each part of the statutory instrument in turn, with general questions at the end.

## **Part 1 – Introductory (Regulations 1 and 2)**

Part 1 of the regulations set out citation and commencement details for the regulations (Regulation 1) and definitions of how terms used in the regulations should be understood (Regulation 2).

## **Question 1**

Do you have any comments on the drafting of regulations 1 and 2?

## **Part 2 – Investments, funds and borrowing (Regulations 3-6)**

Regulation 3 sets out what is included in the term ‘investment’ for the purposes of these regulations. The regulation is comparable to Regulation 3 of the 2016 regulations.

Regulation 4 defines the amounts that an AA must credit to its pension fund, in addition to those required by virtue of the 2013 and 2014 regulations. This is comparable to Regulation 4 of the 2016 regulations.

Regulation 5 would prevent AAs from borrowing, except where this is required to pay benefits under the scheme or to meet investment commitments arising from a change in asset allocation. This regulation is comparable to Regulation 5 of the 2016 regulations.

Regulation 6 would require all pension fund money to be held in a separate bank account kept with a deposit taker. This regulation is comparable to regulation 6 of the 2016 regulations.

## **Question 2**

Are there any further types of investment that should be included in Regulation 3, or any that are no longer considered relevant?

## **Question 3**

Is there any scenario where an authority would still need to borrow to meet the type of commitment outlined in Regulation 5(2)(b) once all assets are pooled?

## **Question 4**

Do you have any other comments on Regulations 3-6?

## **Part 3 – Asset pool companies (Regulations 7-9)**

Regulation 7 would require all LGPS AAs to participate in an asset pool company from the day that the regulations take effect. This participation must be for the purpose of the company managing the assets that the AA is responsible for. AAs can only participate in one asset pool at a time, except where they are in the process of transitioning from one pool to another (Regulation 22).

Regulation 8 would require an asset pool company to be regulated by the FCA for, at a minimum, the activities listed in the schedule to the regulations before managing any assets of the scheme. The list in the schedule is not intended to preclude asset pool companies from holding additional authorisations. AAs are also required to take appropriate steps to ensure their asset pool has complied with the requirements of Regulation 8(1) and the Financial Service and Markets Act 2000.

Regulation 9 would allow the Secretary of State to direct an AA to participate, or to not participate, in a particular asset pool. The Secretary of State may also direct the receiving pool to accept the fund as a member. The regulation also sets out who the Secretary of State must consult prior to making such a direction.

## **Question 5**

Are the activities listed in the schedule ones that all LGPS asset pools would reasonably be expected to need in order to carry out the activities expected of them?

## **Question 6**

Do you have any other comments on Regulations 7-9?

## Part 4 – Investment Strategy (Regulations 10-15)

Regulation 10 would require asset pool companies to provide their participating authorities with advice about their investment strategy. This advice can be developed in house or procured by the asset pool company. AAs may only take advice from sources other than their asset pool company in exceptional circumstances that will be set out in guidance.

Regulation 10 also requires AAs, after considering advice provided to them by their asset pool company, to formulate an investment strategy in accordance with Regulation 11 and guidance issued by the Secretary of State. The government intends to release updated Investment Strategy Statement Guidance in conjunction with these regulations coming into force.

Regulation 10 replaces the requirements in Regulation 7(1) of the 2016 regulations.

Regulation 11(1) sets out what must be included in the investment strategy in implementation of the proposal in [paragraph 28 of the Fit for the Future consultation](https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future#:~:text=28.%20The%20government,to%20the%20pool.) (<https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future#:~:text=28.%20The%20government,to%20the%20pool.>). This replaces the requirements in Regulation 7(2) of the 2016 regulations.

Regulation 11(2) requires an AA's investment strategy to be consistent with the authority's funding strategy statement and to have regard to the need to maintain as consistent a primary employer contribution rate as possible.

Regulations 11(3) and 11(4) relate to the high-level objective on local investment that would be required by Regulation 11(1)(f) in implementation of the proposals in [paragraphs 75-77 of the Fit for the Future consultation](https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future#local-investment:~:text=Requirement%20to%20set%20out%20approach%20to%20local%20investment%20in%20the%20Investment%20Strategy%20Statement) (<https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future#local-investment:~:text=Requirement%20to%20set%20out%20approach%20to%20local%20investment%20in%20the%20Investment%20Strategy%20Statement>).

Regulation 11(3) requires an AA to have regards to the local economic priorities of the relevant strategic authority, including any local growth plan where this is applicable.

Regulation 11(4) exempts the Environment Agency from the requirement to include a high-level objective on local investment in their investment strategy. This is in recognition of the fact that this organisation operates, and

members of its two pension funds are based nationally rather than in any one local area.

Regulation 11(5) allows an AA to delegate the formulation of its strategic asset allocation to its asset pool company. Regulation 11(6) replicates the existing requirement in Regulation 7(4) of the 2016 regulations for an investment strategy not to permit more than 5% of an authority's investments to be invested in entities connected with that authority.

Regulation 12 replaces the existing requirements in Regulation 7(5) and 7(6) of the 2016 regulations. It would require AAs to publish a statement of their investment strategy. The first investment strategy statement must be published within 6 months of these Regulations coming into force. Regulation 12 would also require administering to consult specified persons on their proposed investment strategy prior to publishing it.

Regulation 13 would require asset pool companies to take all reasonable steps to implement an authority's investment strategy, which must be produced in accordance with guidance issued by the Secretary of State. It also requires asset pool companies to give proper consideration to local investment opportunities.

Regulation 14 would require AA to review, revise (if necessary) and publish their investment strategy from time to time and within 18 months of each valuation date. In practice, this means that AAs would have 6 months from the latest date at which they can receive their actuarial valuation data to review, revise and republish their investment strategy. This replaces the requirement in Regulation 7(7) in the 2016 regulations.

Regulation 15 would give the Secretary of State power to direct an AA to change its investment strategy in the event that the Authority have failed to comply with guidance. The Secretary of State would be required to consult the authority prior to making such a direction. This regulation partly replaces provisions in Regulation 8 of the 2016 regulations.

## **Question 7**

Do you agree that the requirements in Regulation 11(2), for the financial objectives in the investment strategy statement to be consistent with the funding strategy statement and to have regard to the requirement to maintain consistent primary employer contribution rates, are helpful?

## **Question 8**

In relation to regulation 12, does a deadline of 30th September 2026 allow sufficient time to allow AAs to publish an investment strategy in line with the new requirements?

## **Question 9**

Are there any other persons (including organisations) in addition to those currently listed in Regulation 12(3) that all AAs should always be required to consult on the contents of their investment strategy?

## **Question 10**

Is the wording of Regulation 13(1) sufficiently clear that the responsibility for implementing the investment strategy is fully on the asset pool company, while giving sufficient scope for flexibility where market conditions or other factors make it impracticable to fully realise all the aims of the investment strategy?

## **Question 11**

In relation to Regulation 14, do you agree it is appropriate to link the three-yearly review of the investment strategy to the triennial valuation?

## **Question 12**

Is 18 months from the valuation date an appropriate timescale for AAs to review, revise, and publish their investment strategy?

## **Question 13**

Do you have any other comments on Regulations 10-15?

## **Part 5 – Asset Management (Regulation 16)**

Regulation 16 would require the funds and other assets of the scheme to be held and managed by the asset pool company within 21 days of an AA first participating in the pool. Where this is not reasonably practicable, the asset pool company is responsible for determining when, and under what arrangements, an asset should be transferred.

### **Question 14**

Is 21 days an appropriate time period for an asset pool company to be managing AA assets?

### **Question 15**

Do you have any other comments on Regulation 16?

## **Part 6 – Local Investments (Regulation 17)**

Regulation 17 would require AAs to co-operate the relevant strategic authority to identify and develop appropriate local investment opportunities. This requirement may be delegated to the AA's asset pool company and does not apply to the Environment Agency. The relevant strategic authority is defined in Regulation 2.

### **Question 16**

Do you have any comments on Regulation 17?

## **Part 7 – Guidance and Directions (Regulations 18 and 19)**

Regulation 18 would permit the Secretary of State to issue guidance to AAs and asset pool companies about certain matters specified in the regulation.

Regulation 19 would allow the Secretary of State to direct an asset pool company to comply with guidance, and to direct an asset pool company to carry out particular investment management activities in a manner specified in the direction. Regulation 19 also clarifies the circumstances in which these directions can be given and requires that certain specified bodies are consulted prior to directions being given.

### **Question 17**

Do you agree with the list of issues that the Secretary of State can issue guidance about in Regulation 18?

### **Question 18**

Do you have any other comments about Regulations 18 or 19?

## **Part 8 – Consequential amendments, revocations and transitional provisions (Regulations 20-22)**

Regulation 20 details the amendments that would be required to the 2013 regulations to allow these regulations to work properly.

Regulation 21 would revoke the 2016 regulations. It would also allow that until an authority has published its first investment strategy in compliance with these regulations, or until 29 September 2026 at the latest, Part 4 of these regulations would only apply to the extent necessary to enable the authority to formulate and publish its investment strategy.

Regulation 22 would exempt an AA that is changing asset pool from the requirement to participate in only one asset pool, for a period of 28 days. This is to allow the AA to be a member of both its old and new asset pool company while the transition is taking place.

### **Question 19**

Is there anything in the 2016 regulations that needs to be replicated here in some form to allow the scheme to operate as intended?

## **Question 20**

Is 28 days an appropriate length of time to allow an AA to participate in both its 'old' and 'new' pool to allow transitional processes to take place?

## **Question 21**

Do you have any other comments about Regulations 20-22?

## **Overarching questions**

### **Question 22**

Is there anything else that should be included in these Regulations to allow them to deliver their intended impact? Are there any additional provisions in the 2016 Regulations that need to be replicated here in some way?

### **Question 23**

The government collected views on whether the reforms would benefit or disadvantage protected groups when consulting on the Fit for the Future policy proposals in autumn 2024. Is there anything in these regulations that you think will disproportionately impact groups with protected characteristics relative to other groups?

# **Local Government Pension Scheme (Amendment) Regulations 2026**

This draft statutory instrument is designed to deliver the policy proposals from the governance chapter of the Fit for the Future consultation and the associated government response. The statutory instrument makes changes to the Local Government Pension Scheme Regulations 2013 ('LGPS Regulations 2013').

The regulations would be made using the existing powers in the Public Service Pensions Act 2013 and the new powers in the Pension Schemes Bill. They will be supported by guidance on governance, including guidance on governance strategies, independent governance reviews and administration strategies. The government intends to issue guidance in conjunction with the regulations coming into force.

## **Part 9 - Governance strategy, training strategy and conflict of interest strategy**

The statutory instrument revokes Regulation 55 of the LGPS Regulations 2013 (which requires AAs to produce a governance compliance statement) and inserts new Regulation 55A into the LGPS Regulations 2013. Regulation 55A(1) creates the overall requirement for an AA to prepare a governance strategy, a training strategy, and a conflict of interests policy. Regulation 55A(6) sets out that the three documents may be combined, but that this is not a requirement.

Regulation 55A(2) sets out what a governance strategy is and what it must contain. It mirrors the existing requirements for what must be included in a governance compliance statement in current Regulation 55, with two additions. The first addition requires AAs to set out how the views of members and employers are taken into account, if there are no representatives on the pension committee. The second addition relates to the new requirement to appoint an independent person to the pension committee.

Regulation 55A(3), (4) and (5) define the new requirements for a training strategy and a conflict of interests policy.

Regulation 55A(7) sets out that the three documents must be reviewed at least once in each valuation period, or if there is a significant change to any of the matters contained within them.

Regulation 55A(8) and (9) set out that the AA must consult such persons as it sees appropriate when preparing or updating any of the three documents, and must publish the documents. This mirrors existing Regulation 55(3) and (4).

Regulation 55A(10) sets out that AAs must act in accordance with guidance on any of the three documents.

Regulation 55A(11) defines terms.

## **Question 24**

Do you agree that new Regulation 55A delivers the government's intent for the governance strategy, training strategy and conflict of interest policy, in line with the Fit for the Future consultation and response?

## **Part 10 - Senior LGPS officer**

The requirement for a senior LGPS officer, as proposed in the Fit for the Future consultation and government response, is created by new Regulation 53A of the LGPS Regulations 2013. It will come into force on 1 October 2026 in respect of the first appointment, any subsequent appointments must be made within 6 months of the date on which the previous senior LGPS officer's appointment ended.

Regulation 53A(1) sets out the requirement to appoint a senior LGPS officer, and 53A(3) defines the officer's role. The new regulation also requires that AAs must appoint senior LGPS officers, and senior LGPS officers must carry out their roles in accordance with guidance issued by the Secretary of State. Some administering authorities may have officers who already fulfil a similar role, and these officers can be appointed as the senior LGPS officer, provided that they meet the new requirements and are in accordance with guidance.

Regulation 53A(4) also sets out that the same person cannot hold both the role of senior LGPS officer and the local authority's section 151 officer, head of paid service or monitoring officer. Regulation 53A(9) clarifies that the creation of the new role does not affect the existing responsibilities of the section 151 officer. The statutory guidance will go into more detail on how the two roles interact.

Regulation 55A(2) sets out that where an administering authority delegates its functions an officer rather than a committee or sub-committee, it must be

to the senior LGPS officer.

### **Question 25**

Do you agree that new Regulation 53A delivers the government's intent for the senior LGPS officer in line with the Fit for the Future consultation and response?

## **Part 11 – Independent person**

The requirement for an independent person, as proposed in the Fit for the Future consultation and government response, is created by new Regulation 53A of the LGPS Regulations 2013. It will come into force on 1 October 2026 in respect of the first appointment, any subsequent appointments must be made within 6 months of the date on which the previous independent person's appointment ended.

Regulation 53A(5) and (7) sets out the requirement, where an AA delegates to a committee or subcommittee, to appoint an independent person as a non-voting to advise on all matters relating to the scheme (such as administration, investment and governance). Regulation 53A(6) and (7) sets out that where an AA delegates to the senior officer, an independent person must be appointed to support them.

Regulation 53A(8) sets out that appointment must be in accordance with guidance issued by the Secretary of State.

### **Question 26**

Do you agree that new Regulation 53A delivers the government's intent for the independent person in line with the Fit for the Future consultation and response?

## **Part 12 - Knowledge and understanding**

The requirement for knowledge and understanding requirement for relevant persons, is created by new Regulation 55B of the LGPS Regulations 2013

which mirrors the requirements on pension board members under section 248A of the Pensions Act 2004.

Regulation 55B(1) and (2) defines relevant persons.

Regulation 55B(3) defines the degree of knowledge and understanding required as being conversant with the rules of the Scheme and any document recording policy about the administration of the Scheme, in addition to knowledge and understanding of the law relation to pensions.

Regulation 55B(4) sets out that the requirements apply within a reasonable period of being appointed.

### **Question 27**

Do you agree that new Regulation 55B delivers the government's intent for the knowledge and understanding requirements in line with the Fit for the Future consultation and response?

## **Part 13 - Administration strategy**

The statutory instrument makes amendments to Regulation 59 of the LGPS Regulations 2013 to require administering authorities to prepare an administration strategy, rather than making this optional (as is currently the case).

The statutory instrument also creates requirements that the administration strategy must be reviewed at least once in each valuation period and must be in accordance with guidance issued by the Secretary of State.

### **Question 28**

Do you agree that Regulation 59 delivers the government's intent for the administration strategy in line with the Fit for the Future consultation and response?

## **Part 14 - Independent governance reviews**

The requirement for independent governance reviews, as proposed in the Fit for the Future consultation and government response, is created by new Regulation 117 of the LGPS Regulations 2013, and enabled by clause 5 of the Pension Schemes Bill.

Regulation 117(1) sets out the requirement to arrange for independent governance reviews, and regulation 117(2) sets out the power for the Secretary of State to direct an authority to arrange an ad hoc independent governance review. 117(3) sets out that the period of review in respect of an ad hoc governance review is specified by the Secretary of State.

Regulation 117(4) sets out the requirement for the first periodic governance review to be arranged (if the authority is not required to arrange an ad hoc governance review before then) by 31st March 2028. Regulation 117(5) sets out that the period of review in a periodic governance review is between the date on which that first periodic governance review is arranged and 1st April 2025.

Regulation 117(6), (7), and (8) set out when further periodic governance reviews are required to take place and the period of review which they cover. The effect is that an authority will be required to arrange a governance review at least once in every valuation period, and that the review will cover the period since the last governance review was arranged.

Regulation 117(9) sets out that authorities may pay the costs of arranging a governance review from the fund.

Regulation 117(10) defines a 'suitable person' who can carry out a governance review as being a person who is independent of both the Secretary of State and the authority and who has sufficient knowledge and understanding of the rules of the Scheme.

Regulation 117(11) sets out that the suitable person must carry out the governance review in accordance with guidance issued by the Secretary of State, and that after completing the review, they must send a copy of their report as soon as practicable to the Secretary of State and the AA.

Regulation 117(12) and (13) and that the AA must publish the report as soon as practicable, and in accordance with guidance issued by the Secretary of State.

## **Question 29**

Do you agree that new Regulation 117 delivers the government's intent for the independent governance reviews in line with the Fit for the Future consultation and response?

# About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 and UK data protection legislation. In certain circumstances this may therefore include personal data when required by law.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the information access regimes and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will at all times process your personal data in accordance with UK data protection legislation and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included below.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process, please contact us via the [complaints procedure](https://www.gov.uk/government/organisations/ministry-of-housing-communities-local-government/about/complaints-procedure) (<https://www.gov.uk/government/organisations/ministry-of-housing-communities-local-government/about/complaints-procedure>).

# Personal data

The following is to explain your rights and give you the information you are entitled to under UK data protection legislation.

Note that this section only refers to personal data (your name, contact details and any other information that relates to you or another identified or identifiable individual personally) not the content otherwise of your response to the consultation.

## 1. The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at [dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk) or by writing to the following address:

\$A Data Protection Officer, Ministry of Housing, Communities and Local Government, Fry Building, 2 Marsham Street, London SW1P 4DF \$A

## 2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

We will collect your IP address if you complete a consultation online. We may use this to ensure that each person only completes a survey once. We will not use this data for any other purpose.

### Sensitive types of personal data

Please do not share [special category \(https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/lawful-basis-for-processing/special-category-data/#scd1\)](https://ico.org.uk/for-organisations/guide-to-data-protection/guide-to-the-general-data-protection-regulation-gdpr/lawful-basis-for-processing/special-category-data/#scd1) personal data or criminal offence data if we have not asked for this unless absolutely necessary for the purposes of your consultation response. By 'special category personal data', we mean information about a living individual's:

- race
- ethnic origin
- political opinions
- religious or philosophical beliefs
- trade union membership
- genetics
- biometrics
- health (including disability-related information)
- sex life
- sexual orientation

By 'criminal offence data', we mean information relating to a living individual's criminal convictions or offences or related security measures.

### **3. Our legal basis for processing your personal data**

This is a statutory consultation required by Section 21 of the Public Service Pensions Act 2013.

The collection of your personal data is lawful under article 6(1)(e) of the UK General Data Protection Regulation as it is necessary for the performance by MHCLG of a task in the public interest/in the exercise of official authority vested in the data controller. Section 8(d) of the Data Protection Act 2018 states that this will include processing of personal data that is necessary for the exercise of a function of the Crown, a Minister of the Crown or a government department i.e. in this case a consultation.

Where necessary for the purposes of this consultation, our lawful basis for the processing of any special category personal data or 'criminal offence' data (terms explained under 'Sensitive Types of Data') which you submit in response to this consultation is as follows. The relevant lawful basis for the processing of special category personal data is Article 9(2)(g) UK GDPR ('substantial public interest'), and Schedule 1 paragraph 6 of the Data Protection Act 2018 ('statutory etc and government purposes'). The relevant lawful basis in relation to personal data relating to criminal convictions and offences data is likewise provided by Schedule 1 paragraph 6 of the Data Protection Act 2018.

## **4. With whom we will be sharing your personal data**

MHCLG may appoint a 'data processor', acting on behalf of the Department and under our instruction, to help analyse the responses to this consultation. Where we do, we will ensure that the processing of your personal data remains in strict accordance with the requirements of the data protection legislation.

## **5. For how long we will keep your personal data, or criteria used to determine the retention period.**

Your personal data will be held for two years from the closure of the consultation, unless we identify that its continued retention is unnecessary before that point.

## **6. Your rights, e.g. access, rectification, restriction, objection**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have your data corrected if it is incorrect or incomplete
- d. to object to our use of your personal data in certain circumstances
- e. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/> (<https://ico.org.uk/>), or telephone 0303 123 1113.

Please contact us at the following address if you wish to exercise the rights listed above, except the right to lodge a complaint with the ICO:  
[dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk) or Knowledge and Information Access Team, Ministry of Housing, Communities and Local Government, Fry Building, 2 Marsham Street, London SW1P 4DF.

**7. Your personal data will not be sent overseas.**

**8. Your personal data will not be used for any automated decision making.**

**9. Your personal data will be stored in a secure government IT system.**

We use a third-party system, Citizen Space, to collect consultation responses. In the first instance your personal data will be stored on their secure UK-based server. Your personal data will be transferred to our secure government IT system as soon as possible, and it will be stored there for two years before it is deleted.



**OGI**

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## **TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 16**

### **PENSION FUND COMMITTEE REPORT**

**10 DECEMBER 2025**

**DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE**

#### **RISK REGISTER REVIEW**

#### **1. PURPOSE OF THE REPORT**

- 1.1 To advise Members of an additional risk that has been added to the Pension Fund Risk Register and to provide Members with an opportunity to review the Risk Register.

#### **2. RECOMMENDATION**

- 2.1 That Members note the report.

#### **3. FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications arising from this report.

#### **4. BACKGROUND**

- 4.1 Internal Audit have recommended that the Risk Register is presented at each quarterly Pension Fund Committee meeting, with any emerging risk or high risks highlighted for discussion.
- 4.2 There is one new risk included in the Risk Register which was suggested by the Local Pension Board meeting of the 17<sup>th</sup> November 2025 and relates to the Reform Party's comments in relation to public sector pensions. This risk has been added as TPF054 Political Risk to the Scheme.

#### **5. NEW AND HIGH RISKS**

- 5.1 Reform UK deputy leader Richard Tice said the party would look "seriously at the whole issue of defined benefit pension schemes in the public sector", which he labelled "unsustainable". "I don't think it's reasonable to sit down with unions and to say for new employees, we can do this differently," Tice said. "The private sector did this 20-25 years ago."
- 5.2 Should the LGPS become closed to new entrants as well as creating a two-tier workforce there will be an impact on the funding assumptions used by the Actuary. The strength of covenant for local authority employers relies on the scheme being open to new entrants as

well as the tax raising powers of these bodies. If closed to new entrants the assumed cashflows would have to be remodelled with lower levels of contribution payments.

- 5.3 The scheme will mature more quickly with no new entrants and more of the assets will need to be liquidated to meet benefit payments to members. The mix of assets which the fund will need will change with an increase in the need for income producing assets and less scope to invest in growth assets.
- 5.4 The changes in the nature of the scheme described above are likely to put pressure on the level of employer contributions required to fund actuarially assessed liabilities. The proposals Reform are suggesting are likely to increase costs to LGPS employers, contrary to the stated aim of reducing cost pressures.
- 5.5 The impact of the Reform policy has been assessed as having an extreme impact with a potential financial impact greater than £3 million as well as potential impacts on staff morale. The likelihood is assessed as possible with Reform 2025 Ltd polling better than other parties in current general election voting intention surveys.
- 5.6 This risk has been assessed as potentially having a “Catastrophic” impact with a potential financial risk of greater than £3 million. The likelihood has been assessed at “Possible” (21%-50%) due to the current voting intention polling of the Reform Party and this being one of the few policies they have announced.
- 5.7 The other major risks and their current assessments are listed below with the full Risk Register included as an Appendix.

| <b>Risk</b>   | <b>Impact</b> | <b>Likelihood</b> |
|---|---------------|-------------------|
| TPF001 Inflation  | Major         | Possible          |
| TPF003 Global Financial Instability   | Major         | Likely            |
| TPF005 Investment Class Failure   | Major         | Possible          |
| TPF0010 Inadequate Pooling Transparency   | Catastrophic  | Unlikely          |
| TPF0012 Pooling Investment Underperformance   | Major         | Possible          |
| TPF0019 TPF Governance Skills Shortage  | Major         | Possible          |
| TPF0021 Inappropriate Investment Strategy   | Catastrophic  | Unlikely          |
| TPF0053 Climate Change – potential impact on the value of both assets and liabilities | Major         | Possible          |
| TPF0054 Political Risk to the Scheme  | Catastrophic  | Possible          |

## 6. NEXT STEPS

- 6.1 The Risk Register will continue to be presented to the Committee at least on an annual basis.

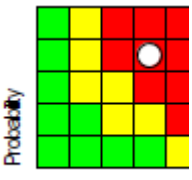
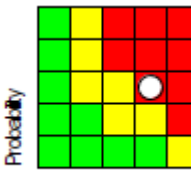
CONTACT OFFICER: Andrew Lister – Head of Pensions Governance and Investments

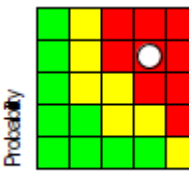
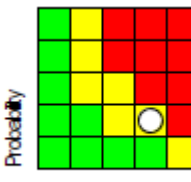
TEL NO.: 01642 726328

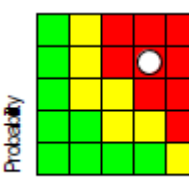
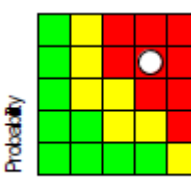


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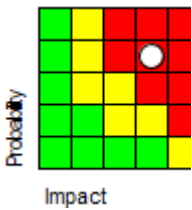
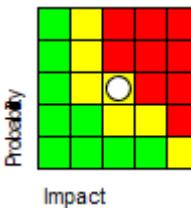
## Appendix - Teesside Pension Fund Risk Register

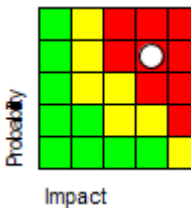
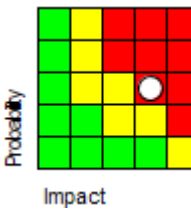
| Cod e  | Risk Description  | Original Score   | Current Score  |
|--|---|--|--|
| TPF 001  | <p>INFLATION</p> <p>Price inflation is significantly more than anticipated: an increase to long-term CPI inflation of 0.2% a year will increase Fund liabilities by £129m and reduce the funding level from 116% to 112% (31.03.2022 valuation figures).</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-5<br/>Member Impact-5</p> |  <p>Probability</p> <p>Impact</p> |  <p>Probability</p> <p>Impact</p> |
| Current Mitigation   |   | Future Mitigation  | Responsible Officer  |
| In assessing the member liabilities, the triennial Fund Actuary assumptions made for inflation are "conservatively" set based on independent economic data, and hedged against by setting higher investment performance targets. |   |  | Head of Pensions Governance and Investments  |

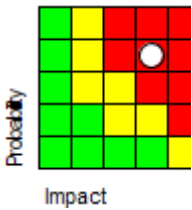
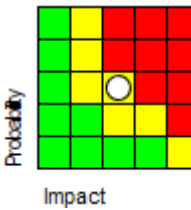
| Cod e   | Risk Description  | Original Score  | Current Score   |
|---|---|---|---|
| TPF 002   | <p>ADVERSE ACTUARIAL VALUATION</p> <p>Impact of increases to employer contributions following the actuarial valuation.</p> <p>Fund &amp; Reputation Impact-3<br/>Employers Impact-5<br/>Member Impact-1</p> |  <p>Probability</p> <p>Impact</p> |  <p>Probability</p> <p>Impact</p> |
| Current Mitigation  |   | Future Mitigation   | Responsible Officer   |
| Interim valuations provide early warnings. Actuary has scope to smooth impact for most employers. |   |   | Head of Pensions Governance and Investments   |

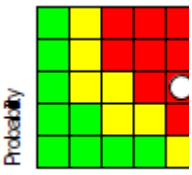
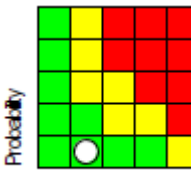
| Cod e   | Risk Description   | Original Score   | Current Score  |
|---|--|--|--|
| TPF 003   | <p>GLOBAL FINANCIAL INSTABILITY</p> <p>Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, with declines in oil and commodity prices. Leading to tightened financial conditions, reduced risk appetite and raised credit risks.</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-5<br/>Member Impact-1</p> |  <p>Probability</p> <p>Impact</p> |  <p>Probability</p> <p>Impact</p> |
| Current Mitigation  |  | Future Mitigation  | Responsible Officer  |
| Increasing investment diversification will allow the Fund to be better placed to withstand this type of economic instability. As a long-term investor the Fund does not have to |  |  | Head of Pensions Governance and Investments  |

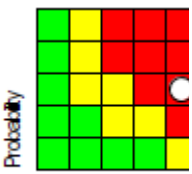
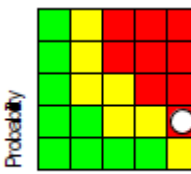
|  |  |  |
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| be a forced seller of assets when they are depressed in value. |  |  |
|--|--|--|

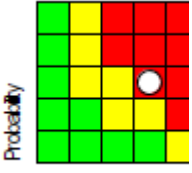
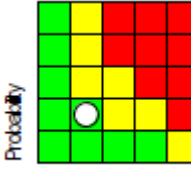
| Cod e   | Risk Description  | Original Score  | Current Score  |
|---|---|---|--|
| TPF 004   | <p>POLITICAL RISK</p> <p>Significant volatility and negative sentiment in investment markets following the outcome of adversely perceived political changes.</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-5<br/>Member Impact-1</p> |  <p>20</p> |  <p>9</p> |
| <b>Current Mitigation</b>   |   | <b>Future Mitigation</b>  | <b>Responsible Officer</b>   |
| Increasing investment diversification will allow the Fund to be better placed to withstand this type of political instability. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value. |   |   | Head of Pensions Governance and Investments  |

| Cod e  | Risk Description  | Original Score   | Current Score  |
|--|---|--|--|
| TPF 005  | <p>INVESTMENT CLASS FAILURE</p> <p>A specific industry investment class/market fails to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-5<br/>Member Impact-1</p> |  <p>20</p> |  <p>15</p> |
| <b>Current Mitigation</b>  |   | <b>Future Mitigation</b>   | <b>Responsible Officer</b>   |
| Increasing investment diversification will allow the Fund to be better placed to withstand this type of market class failure. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value. |   |  | Head of Pensions Governance and Investments  |

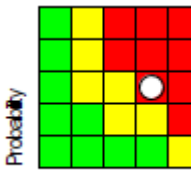
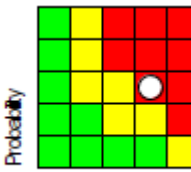
| Cod e   | Risk Description  | Original Score  | Current Score  |
|---|---|---|--|
| TPF 007   | <p>KEYMAN RISK</p> <p>Concentration of knowledge &amp; skills in small number of officers and risk of departure of key staff - failure of succession planning.</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-1<br/>Member Impact-1</p> |  <p>20</p> |  <p>9</p> |
| <b>Current Mitigation</b>   |   | <b>Future Mitigation</b>  | <b>Responsible Officer</b>   |
| Two Deputy positions were created in 2018/19 (although one remains to be filled). These act to support deputise as required for the Head of Investments, Governance and Pensions. |   |   | Head of Pensions Governance and Investments  |

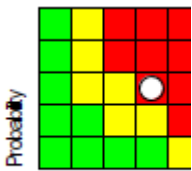
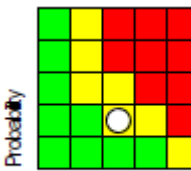
| Cod e   | Risk Description  | Original Score  | Current Score  |
|---|---|---|--|
| TPF 009   | <p>HIGHER THAN EXPECTED COSTS OF INVESTMENT POOLING</p> <p>Higher setup and ongoing costs of Border to Coast and of the management associated with investment pooling arrangements (or lack of reduction compared to current costs).</p> <p>Fund &amp; Reputation Impact-7<br/>Employers Impact-2<br/>Member Impact-1</p> |  <p>21</p> |  <p>2</p> |
| Current Mitigation  |   | Future Mitigation   | Responsible Officer  |
| <p>Border to Coast's budget is set annually with the agreement of at least 9 of the 12 partner funds. Expenditure is monitored and reported to the quarterly Joint Committee meetings. Tenders for on-going suppliers and staff are all now in place.</p> |   |   | <p>Head of Pensions Governance and Investments</p>   |

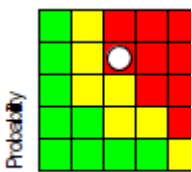
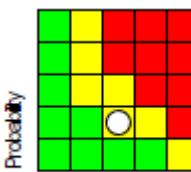
| Cod e  | Risk Description  | Original Score   | Current Score  |
|--|---|--|--|
| TPF 010  | <p>INADEQUATE POOLING TRANSPARENCY</p> <p>Lack of transparency around investment pooling arrangements.</p> <p>Fund &amp; Reputation Impact-7<br/>Employers Impact-1<br/>Member Impact-1</p> |  <p>21</p> |  <p>14</p> |
| Current Mitigation   |   | Future Mitigation  | Responsible Officer  |
| <p>With the pooling of investment assets TPF staff will work closely with Border to Coast sub-fund asset managers and Border to Coast management to gain full clarity of performance, with training provided to TPF staff as required.</p> |   |  | <p>Head of Pensions Governance and Investments</p>   |

| Cod e  | Risk Description   | Original Score  | Current Score  |
|--|--|---|--|
| TPF 011  | <p>UNANTICIPATED PAY RISES</p> <p>Increases are significantly more than expected for employers within the Fund.</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-5<br/>Member Impact-1</p> |  <p>15</p> |  <p>4</p> |
| Current Mitigation   |  | Future Mitigation   | Responsible Officer  |
| <p>1) Fund employers will monitor own experience.<br/>2) Triennial Actuarial valuation Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) will be long term assumptions, any employer specific assumptions above the actuaries long term assumption would lead to further review.</p> |  |   | <p>Head of Pensions Governance and Investments</p>   |

|  |  |  |
|--|--|--|
| 3) Employers are made aware of generic impact that salary increases can have upon final salary linked elements of LGPS benefits. |  |  |
|--|--|--|

| Cod e              | Risk Description  | Original Score  | Current Score   |
|--------------------|---|---|---|
| TPF 012            | <p>POOLING INVESTMENT UNDERPERFORMANCE</p> <p>Investments in the investment pool not delivering the required return.</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-5<br/>Member Impact-1</p> |  <p>15</p> |  <p>15</p> |
| Current Mitigation |   | Future Mitigation   | Responsible Officer   |
|                    |   |   | Head of Pensions Governance and Investments   |

| Cod e  | Risk Description   | Original Score   | Current Score   |
|--|--|--|---|
| TPF 014  | <p>LONGEVITY</p> <p>Pensioners living longer: adding one year to life expectancy will increase the future service rate by 0.8%.</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-5<br/>Member Impact-1</p> |  <p>15</p> |  <p>6</p> |
| Current Mitigation   |  | Future Mitigation  | Responsible Officer   |
| <p>In assessing the member longevity and pension liabilities, the Triennial Actuary assumptions made for longevity are "conservatively" set based on the latest life expectancy economic data. They are reviewed and updated at each three year Actuarial valuation. If required, further investigation can be carried out of scheme specific/employer longevity data.</p> |  |  | Head of Pensions Governance and Investments   |

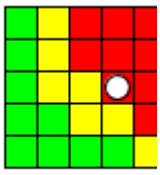
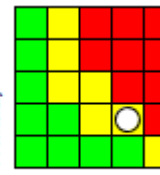
| Cod e   | Risk Description  | Original Score  | Current Score  |
|---|---|---|--|
| TPF 015   | <p>EMPLOYER FAILURE</p> <p>An employer ceasing to exist with insufficient funding, or being unable to meet its financial commitments, adequacy of bond or guarantee. Any shortfall would be attributed to the fund as a whole.</p> <p>Fund &amp; Reputation Impact-2<br/>Employers Impact-3<br/>Member Impact-3</p> |  <p>12</p> |  <p>6</p> |
| Current Mitigation  |   | Future Mitigation   | Responsible Officer  |
| <p>1) Fund employers should monitor own experience.<br/>2) Triennial Actuarial Assumptions will account for the possibility of employer(s) failure (for the purposes of IAS19/FRS102 and actuarial valuations). Any employer specific</p> |   |   | Head of Pensions Governance and Investments  |

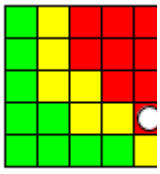

|   |  |  |
|---|--|--|
| assumptions above the actuaries long term assumption, would lead to further review.<br>3) Employer covenant review. |  |  |
|---|--|--|

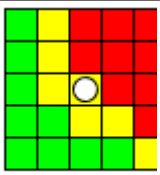
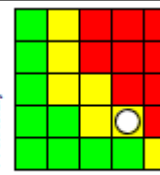
| Cod e   | Risk Description  | Original Score            | Current Score                               |
|---|---|---------------------------|---|
| TPF 016   | ADVERSE LEGISLATIVE CHANGE<br><br>Risk of changes to legislation, tax rules etc.; resulting in increases required in employer contributions.<br><br>Fund & Reputation Impact-3<br>Employers Impact-3<br>Member Impact-3 | <br>Probability<br>Impact | <br>Probability<br>Impact                   |
| Current Mitigation  |   | Future Mitigation         | Responsible Officer                         |
| The process of legislative change and the actuarial valuation cycle means any such change would be flagged up well in advance. The actuary has scope to mitigate any contribution increase in respect of most Fund employers. |   |                           | Head of Pensions Governance and Investments |

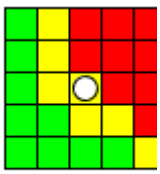
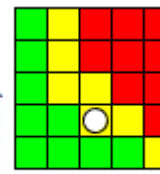
| Cod e   | Risk Description  | Original Score            | Current Score                               |
|---|---|---------------------------|---|
| TPF 017   | BULK TRANSFER VALUE DISPUTE<br><br>Failure to ensure appropriate transfer is paid to protect the solvency of the fund and equivalent rights are acquired for transferring members.<br><br>Fund & Reputation Impact-3<br>Employers Impact-5<br>Member Impact-1 | <br>Probability<br>Impact | <br>Probability<br>Impact                   |
| Current Mitigation  |   | Future Mitigation         | Responsible Officer                         |
| A mechanism exists within the regulations to resolve such disputes - this should reduce the financial impact of any such event. |   |                           | Head of Pensions Governance and Investments |

| Cod e   | Risk Description   | Original Score            | Current Score                               |
|---|--|---------------------------|---|
| TPF 019   | TPF GOVERNANCE SKILLS SHORTAGE<br><br>Lack of knowledge of Committee & Board members relating to the pension arrangements and related legislation and guidance.<br><br>Fund & Reputation Impact-5<br>Employers Impact-3<br>Member Impact-1 | <br>Probability<br>Impact | <br>Probability<br>Impact                   |
| Current Mitigation  |  | Future Mitigation         | Responsible Officer                         |
| Pension Fund Committee new members have an induction programme and will have subsequent training based on the requirements of CIPFA Knowledge and Skills Framework including Pooling. |  |                           | Head of Pensions Governance and Investments |



| Cod e  | Risk Description  | Original Score  | Current Score   |
|--|---|---|---|
| TPF 020  | <p>INADEQUATE BORDER TO COAST OVERSIGHT</p> <p>Insufficient resources to properly monitor pooling &amp; Border to Coast.</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-5<br/>Member Impact-1</p> |  <p>15</p> |  <p>10</p> |
| Current Mitigation   |   | Future Mitigation   | Responsible Officer   |
| Sufficient resources exist within the team to oversee and monitor Border to Coast. External providers are also involved, such as Portfolio Evaluation Limited and the two independent investment advisors. |   |   | Head of Pensions Governance and Investments   |

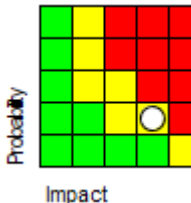
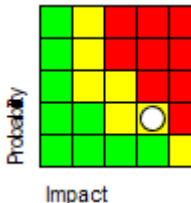
| Cod e   | Risk Description   | Original Score  | Current Score   |
|---|--|---|---|
| TPF 021   | <p>INAPPROPRIATE INVESTMENT STRATEGY</p> <p>Mismatching of assets and liabilities, inappropriate long term asset allocation of investment strategy, mistiming of investment strategy.</p> <p>Fund &amp; Reputation Impact-7<br/>Employers Impact-7<br/>Member Impact-1</p> |  <p>14</p> |  <p>14</p> |
| Current Mitigation  |  | Future Mitigation   | Responsible Officer   |
| This is mitigated by the Triennial Valuation and the engagement of Two Independent Investment Advisors. |  |   | Head of Pensions Governance and Investments   |

| Cod e   | Risk Description   | Original Score   | Current Score   |
|---|--|--|---|
| TPF 022   | <p>GDPR COMPLIANCE</p> <p>Non-compliance with GDPR regulations.</p> <p>Fund &amp; Reputation Impact-3<br/>Employers Impact-1<br/>Member Impact-1</p> |  <p>9</p> |  <p>10</p> |
| Current Mitigation  |  | Future Mitigation  | Responsible Officer   |
| Data protection privacy notices have been distributed by XPS Administration. The Council has established GDPR-compliant processes and procedures. |  |  | Head of Pensions Governance and Investments   |

| Cod e   | Risk Description   | Original Score   | Current Score  |
|---------|--|--|--|
| TPF 023 | <p>INACCURATE DATA RECORD COLLATION</p> <p>Failure to maintain proper, accurate and complete data records leading to increased errors and complaints.</p> <p>Fund &amp; Reputation Impact-1<br/>Employers Impact-3<br/>Member Impact-3</p> |  <p>9</p> |  <p>6</p> |

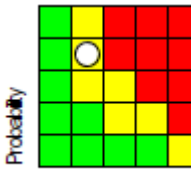
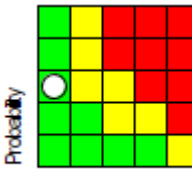
| Current Mitigation   | Future Mitigation | Responsible Officer                         |
|--|-------------------|---|
| Administration data quality is being assessed as part of the triennial valuation process, as well as being assessed regularly in order to meet Pensions Regulator requirements on scheme data. |                   | Head of Pensions Governance and Investments |

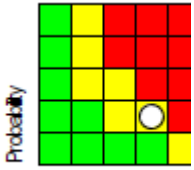
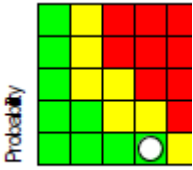
| Cod e  | Risk Description  | Original Score  | Current Score   |
|--|---|---|---|
| TPF 024  | <p>STRUCTURAL CHANGES TO EMPLOYER MEMBERSHIP</p> <p>Risk that TPF are unaware of structural changes to an employer's membership, or changes (e.g. closing to new entrants) meaning the individual employer's contribution level becomes inappropriate.</p> <p>Fund &amp; Reputation Impact-2<br/>Employers Impact-3<br/>Member Impact-2</p> |  |  |
| Current Mitigation   | Future Mitigation   | Responsible Officer   |   |
| he new XPS Administration employer liaison team will improve this by working closely with employers. |   | Head of Pensions Governance and Investments                                       |   |

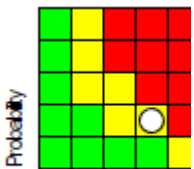
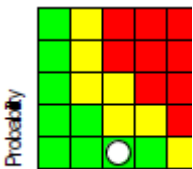
| Cod e   | Risk Description  | Original Score  | Current Score   |
|---|---|---|---|
| TPF 025   | <p>OUTSOURCED MEMBER ADMIN FAILURE</p> <p>TWPF fails to the point where it is unable to deliver its contractual services to employers and members.</p> <p>Fund &amp; Reputation Impact-1<br/>Employers Impact-1<br/>Member Impact-5</p> |  |  |
| Current Mitigation  | Future Mitigation   | Responsible Officer   |   |
| XPS Administration is a well-resourced established pensions administration provider which is not in financial difficulty. |   | Head of Pensions Governance and Investments   |   |

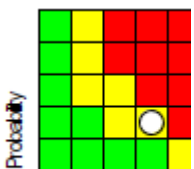
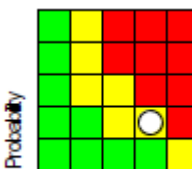
| Cod e   | Risk Description  | Original Score  | Current Score   |
|---|---|---|---|
| TPF 026   | <p>INSECURE DATA</p> <p>Failure to hold personal data securely - i.e data stolen/cyber attack.</p> <p>Fund &amp; Reputation Impact-3<br/>Employers Impact-1<br/>Member Impact-5</p> | <div><div>Probability</div><div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div><div>10</div></div> | <div><div>Probability</div><div><div><div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div><div><div></div><div></div><div></div><div></div></div></div><div>Impact</div></div><div>10</div></div> |
| Current Mitigation  |   | Future Mitigation   | Responsible Officer   |
| XPS Administration have advised they are not aware of any attempted hacking events. |   |   | Head of Pensions Governance and Investments   |

| Cod e | Risk Description | Original Score | Current Score |
|-------|------------------|----------------|---------------|
|-------|------------------|----------------|---------------|

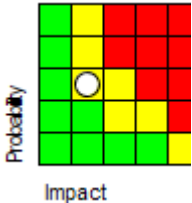
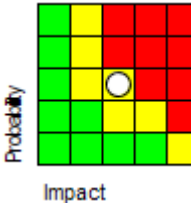
|                    |   |  |  |
|--------------------|---|--|--|
| TPF 027            | <p>SCHEME MEMBER FRAUD</p> <p>Fraud by scheme members or their relatives (e.g. identity, death of member).</p> <p>Fund &amp; Reputation Impact-1<br/>Employers Impact-1<br/>Member Impact-2</p> |  <p>8</p> |  <p>3</p> |
| Current Mitigation |   | Future Mitigation  | Responsible Officer  |
|                    |   |  | Head of Pensions Governance and Investments  |

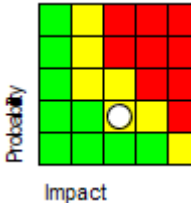
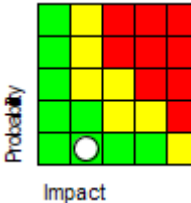
| Code   | Risk Description  | Original Score  | Current Score  |
|--|---|---|--|
| TPF 028  | <p>INADEQUATE POOLING INVESTMENT EXPERTISE</p> <p>Inadequate, inappropriate or incomplete investment expertise exercised over the pooled assets.</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-5<br/>Member Impact-1</p> |  <p>10</p> |  <p>5</p> |
| Current Mitigation   |   | Future Mitigation   | Responsible Officer  |
| Border to Coast has completed recruitment of experienced and capable management team, alongside most of its final expected complement of 70 staff. |   |   | Head of Pensions Governance and Investments  |

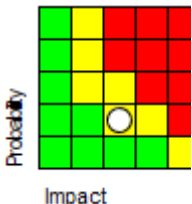

| Code   | Risk Description   | Original Score  | Current Score  |
|--|--|---|--|
| TPF 029  | <p>INSUFFICIENT RANGE OF POOLING ASSET CLASSES</p> <p>Insufficient range of asset classes or investment styles being available through the investment pool.</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-3<br/>Member Impact-1</p> |  <p>10</p> |  <p>3</p> |
| Current Mitigation   |  | Future Mitigation   | Responsible Officer  |
| There is now in place a roll-out plan of different asset classes and engagement with Border to Coast to identify relevant future asset classes |  |   | Head of Pensions Governance and Investments  |

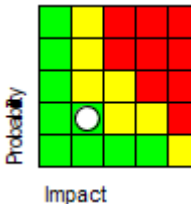

| Code               | Risk Description   | Original Score  | Current Score   |
|--------------------|--|---|---|
| TPF 031            | <p>INTERNAL COMPLIANCE FAILURES</p> <p>Failure to comply with recommendations from the local pension board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.</p> <p>Fund &amp; Reputation Impact-5<br/>Employers Impact-1<br/>Member Impact-1</p> |  <p>10</p> |  <p>10</p> |
| Current Mitigation |  | Future Mitigation   | Responsible Officer   |
|                    |  |   |   |

|  |  |   |
|--|--|---|
|  |  | Head of Pensions<br>Governance and<br>Investments |
|--|--|---|

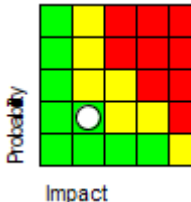
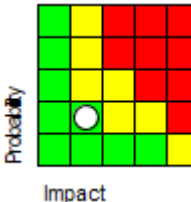
| Cod<br>e   | Risk Description   | Original Score  | Current Score   |
|--|--|---|---|
| TPF<br>033   | ESG REPUTATIONAL<br>DAMAGE<br><br>Insufficient attention to<br>environmental, social and<br>governance (ESG) leads to<br>reputational damage.<br><br>Fund & Reputation Impact-2<br>Employers Impact-1<br>Member Impact-1 |  6 |  9 |
| Current Mitigation   |  | Future Mitigation   | Responsible Officer   |
| Border to Coast provides increased<br>focus on Responsible Investment. |  |   | Head of Pensions<br>Governance and<br>Investments                                   |

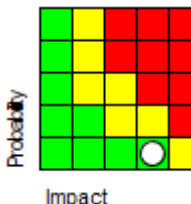
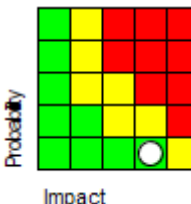
| Cod<br>e           | Risk Description  | Original Score   | Current Score  |
|--------------------|---|--|--|
| TPF<br>034         | THIRD PARTY SUPPLIER<br>FAILURE<br><br>Financial failure of third party<br>supplier results in service<br>impairment and financial loss.<br><br>Fund & Reputation Impact-3<br>Employers Impact-3<br>Member Impact-1 |  6 |  2 |
| Current Mitigation |   | Future Mitigation  | Responsible Officer  |
|                    |   |  | Head of Pensions<br>Governance and<br>Investments                                    |

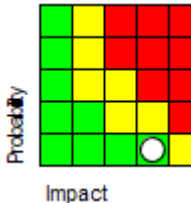
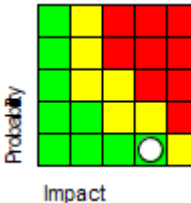
| Cod<br>e           | Risk Description  | Original Score  | Current Score   |
|--------------------|---|---|---|
| TPF<br>037         | COMPLIANCE FAILURES<br><br>Failure to comply with<br>legislative requirements e.g.<br>SIP, FSS, Governance Policy,<br>Freedom of Information<br>requests, Code of Practice 14.<br><br>Fund & Reputation Impact-3<br>Employers Impact-2<br>Member Impact-0 |  6 |  6 |
| Current Mitigation |   | Future Mitigation   | Responsible Officer   |
|                    |   |   | Head of Pensions<br>Governance and<br>Investments                                     |


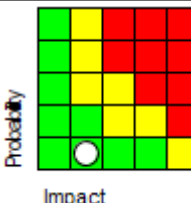
| Cod<br>e   | Risk Description  | Original Score  | Current Score   |
|------------|---|---|---|
| TPF<br>040 | INACCURATE FUND<br>INFORMATION<br><br>In public domain leads to<br>damage to reputation and loss<br>of confidence.<br><br>Fund & Reputation Impact-2<br>Employers Impact-2<br>Member Impact-1 |  4 |  4 |

| Current Mitigation | Future Mitigation | Responsible Officer                         |
|--------------------|-------------------|---|
|                    |                   | Head of Pensions Governance and Investments |

| Cod e              | Risk Description  | Original Score  | Current Score   |
|--------------------|---|---|---|
| TPF 041            | <p>LIQUIDITY SHORTFALLS</p> <p>Risk of illiquidity due to difficulties in realising investments and paying benefits to members as they fall due.</p> <p>Fund &amp; Reputation Impact-2<br/>Employers Impact-1<br/>Member Impact-1</p> |  |  |
| Current Mitigation | Future Mitigation   | Responsible Officer   |   |
|                    |   | Head of Pensions Governance and Investments                                       |   |

| Cod e              | Risk Description   | Original Score   | Current Score  |
|--------------------|--|--|--|
| TPF 042            | DECISION MAKING FAILURES   |  |  |
|                    | Failure to take difficult decisions inhibits effective Fund management.<br><br>Fund & Reputation Impact-5<br>Employers Impact-2<br>Member Impact-1 |  |  |
| Current Mitigation |  | Future Mitigation  | Responsible Officer  |
|                    |  |  | Head of Pensions Governance and Investments  |

| Cod e              | Risk Description  | Original Score  | Current Score   |
|--------------------|---|---|---|
| TPF 043            | CASH INVESTMENT FRAUD   |  |  |
|                    | Financial loss of cash investments from fraudulent activity.<br><br>Fund & Reputation Impact-5<br>Employers Impact-5<br>Member Impact-1 | Probability<br><br><br><br>Impact   | Probability<br><br><br><br>Impact   |
| Current Mitigation |   | Future Mitigation   | Responsible Officer   |
|                    |   |   | Head of Pensions Governance and Investments   |

| Cod e              | Risk Description  | Original Score  | Current Score   |
|--------------------|---|---|---|
| TPF 044            | ICT SYSTEMS FAILURE   |  |  |
|                    | Prolonged administration ICT systems failure.                       |   |   |
|                    | Fund & Reputation Impact-2<br>Employers Impact-2<br>Member Impact-3 |   |   |
|                    |   |   |   |
| Current Mitigation |   | Future Mitigation   | Responsible Officer   |
|                    |   |   | Head of Pensions Governance and Investments   |

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|--|--|---|
|  |  | Head of Pensions<br>Governance and<br>Investments |
|--|--|---|

| Cod<br>e           | Risk Description   | Original Score            | Current Score                                     |
|--------------------|--|---------------------------|---|
| TPF<br>045         | CONTRIBUTION<br>COLLECTION FAILURE<br><br>Failure to collect employee/er<br>member pension contributions.<br><br>Fund & Reputation Impact-1<br>Employers Impact-2<br>Member Impact-1 | <br>Probability<br>Impact | <br>Probability<br>Impact                         |
| Current Mitigation |  | Future Mitigation         | Responsible Officer                               |
|                    |  |                           | Head of Pensions<br>Governance and<br>Investments |

| Cod<br>e           | Risk Description   | Original Score            | Current Score                                     |
|--------------------|--|---------------------------|---|
| TPF<br>046         | INADEQUATE DISPUTES<br>RESOLUTION PROCESS<br><br>Failure to agree and<br>implement an appropriate<br>complaints and disputes<br>resolution process.<br><br>Fund & Reputation Impact-1<br>Employers Impact-2<br>Member Impact-2 | <br>Probability<br>Impact | <br>Probability<br>Impact                         |
| Current Mitigation |  | Future Mitigation         | Responsible Officer                               |
|                    |  |                           | Head of Pensions<br>Governance and<br>Investments |

| Cod<br>e           | Risk Description  | Original Score            | Current Score                                     |
|--------------------|---|---------------------------|---|
| TPF<br>047         | BORDER TO COAST<br>CESSATION<br><br>Partnership disbands or fails to<br>produce a proposal deemed<br>sufficiently ambitious.<br><br>Fund & Reputation Impact-2<br>Employers Impact-2<br>Member Impact-1 | <br>Probability<br>Impact | <br>Probability<br>Impact                         |
| Current Mitigation |   | Future Mitigation         | Responsible Officer                               |
|                    |   |                           | Head of Pensions<br>Governance and<br>Investments |

| Cod<br>e           | Risk Description  | Original Score            | Current Score             |
|--------------------|---|---------------------------|---------------------------|
| TPF<br>048         | POOLING CUSTODIAN<br>FAILURE<br><br>Failure to ensure safe custody<br>of assets.<br><br>Fund & Reputation Impact-2<br>Employers Impact-2<br>Member Impact-1 | <br>Probability<br>Impact | <br>Probability<br>Impact |
| Current Mitigation |   | Future Mitigation         | Responsible Officer       |

|  |  |   |
|--|--|---|
|  |  | Head of Pensions Governance and Investments |
|--|--|---|

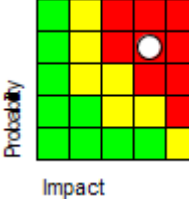
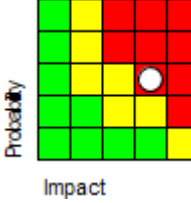
| Cod e              | Risk Description   | Original Score            | Current Score                               |
|--------------------|--|---------------------------|---|
| TPF 049            | OFFICER FRAUD<br>Fraud by administration staff.<br>Fund & Reputation Impact-5<br>Employers Impact-1<br>Member Impact-1 | <br>Probability<br>Impact | <br>Probability<br>Impact                   |
| Current Mitigation |  | Future Mitigation         | Responsible Officer                         |
|                    |  |                           | Head of Pensions Governance and Investments |

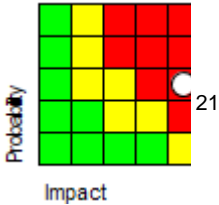
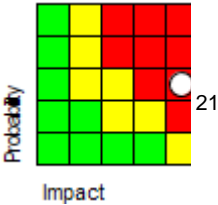
| Cod e              | Risk Description  | Original Score            | Current Score                               |
|--------------------|---|---------------------------|---|
| TPF 050            | EXCESSIVE ADMIN COSTS<br>Excessive costs of member benefit administration leads to lack of VFM and loss of reputation.<br>Fund & Reputation Impact-1<br>Employers Impact-1<br>Member Impact-1 | <br>Probability<br>Impact | <br>Probability<br>Impact                   |
| Current Mitigation |   | Future Mitigation         | Responsible Officer                         |
|                    |   |                           | Head of Pensions Governance and Investments |

| Cod e              | Risk Description  | Original Score            | Current Score                               |
|--------------------|---|---------------------------|---|
| TPF 051            | ERRONEOUS MEMBER BENEFIT CALCS<br>Risk of incorrect calculation of members benefits.<br>Fund & Reputation Impact-1<br>Employers Impact-1<br>Member Impact-2 | <br>Probability<br>Impact | <br>Probability<br>Impact                   |
| Current Mitigation |   | Future Mitigation         | Responsible Officer                         |
|                    |   |                           | Head of Pensions Governance and Investments |

| Cod e              | Risk Description  | Original Score            | Current Score             |
|--------------------|---|---------------------------|---------------------------|
| TPF 052            | INADEQUATE MEMBER COMMS<br>Increased workload for pensions team or increased opt-outs if communications inadequate or misunderstood.<br>Fund & Reputation Impact-2<br>Employers Impact-1<br>Member Impact-1 | <br>Probability<br>Impact | <br>Probability<br>Impact |
| Current Mitigation |   | Future Mitigation         | Responsible Officer       |

|  |  |   |
|--|--|---|
|  |  | Head of Pensions<br>Governance and<br>Investments |
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| Cod<br>e                  | Risk Description   | Original Score  | Current Score   |
|---------------------------|--|---|---|
| TPF<br>053                | <p><b>CLIMATE CHANGE</b></p> <p>The systemic risk posed by climate change and the policies implemented to tackle them will fundamentally change economic, political and social systems and the global financial system. They will impact every asset class, sector, industry and market in varying ways and at different times, creating both risks and opportunities to investors. The Fund's policy in relation to how it takes climate change into account in relation to its investments is set out in its Investment Strategy Statement and Responsible Investment Policy In relation to the funding implications, the administering authority keeps the effect of climate change on future returns and demographic experience, eg. longevity, under review and will commission modelling or advice from the Fund's Actuary on the potential effect on funding as required.</p> |  <p>20</p> |  <p>15</p> |
| <b>Current Mitigation</b> |  | <b>Future Mitigation</b>  | <b>Responsible Officer</b>  |
|                           |  |   | Head of Pensions<br>Governance and<br>Investments   |

| Cod<br>e           | Risk Description  | Original Score  | Current Score  |
|--------------------|---|---|--|
| TPF<br>054         | Political Risk to Scheme The Reform Party has made policy statements suggesting that they would end public sector defined benefit pension entitlements. Should the LGPS become a scheme closed to new entrants then the funding assumptions used by the Actuary would have to be re-evaluated which would impact the funding level of the scheme and likely contribution rates. |  |  |
| Current Mitigation |   | Future Mitigation   | Responsible Officer  |
|                    |   |   | Head of Pensions Governance and Investments  |



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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

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