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TEESSIDE PENSION FUND COMMITTEE

A meeting of the Teesside Pension Fund Committee was held on Wednesday 4 March 2026.

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

ALSO IN ATTENDANCE: W Bourne (Independent Advisor), P Moon (Independent Advisor), D Knight (Border to Coast), T Backhouse (Mazars), H Chambers (South Tyneside), I Milne (Hymans Robertson), J Baillie (Hymans Robertson), M Loo (Bridges Fund Management), E Thorne (Bridges Fund Management) and N Usai (The Ethical Housing Company)

OFFICERS: W Brown, A Lister and T Frankland

APOLOGIES FOR ABSENCE: Councillors T Furness and D McCabe

25/76 **WELCOME AND FIRE EVACUATION PROCEDURE**

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

25/77 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item / Nature of Business
Councillor Beall	Non-Pecuniary	Member of Teesside Pension Fund
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 Tyne and Wear Pension Fund
Councillor Jackson	Non-Pecuniary	Member of Teesside Pension Fund
Councillor Rostron	Non-Pecuniary	Member of Teesside Pension Fund
Brian Foulger	Non-Pecuniary	Member of Teesside Pension Fund

25/78 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 3 FEBRUARY 2026**

The minutes of the meeting of the Teesside Pension Fund Committee held on 3 February 2026 were taken as read and approved as a correct record.

25/79 **INVESTMENT ACTIVITY REPORT (INCL. TM REPORT, VALUATION & FORWARD INVESTMENT PROGRAMME)**

The Head of Pensions Governance and Investments presented a report of the Corporate Director of Finance, the purpose of which was to inform Members how the Investment Advisors' recommendations were being implemented and to provide a detailed report on transactions undertaken to demonstrate the implementation of the Investment Advice, as well as providing the Fund's Valuation and to report on the treasury management of the Fund's cash balances.

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

- The Fund had no investments in Bonds at this time.
- Cash level at the end of December 2025 was 7.31%
- An amount of £39.8m was invested in the quarter.

Details of all transactions undertaken for the period of October – December 2025, were provided in Appendix A which was contained within the reports pack.

The Fund Valuation detailed all the investments of the Fund as at 31 December 2025, and was prepared by the Fund's custodian, Northern Trust (NT). The total value of all investments, including cash, was £6,117 million. This compared with the last reported valuation, as at 30 September 2025 of £5,943 million.

ORDERED that the information provided was received and noted.

25/80

BORDER TO COAST PRESENTATION - INVESTMENT PERFORMANCE

The Committee received a summary and update on the Fund's investments with Border to Coast.

- Teesside Pension Fund's Listed ACS Investments
- Portfolio Performance (Net of Fees)
- Portfolio Performance (Comments)
- Fund Exposure to Defence and Tobacco
- UK Real Estate Fund Performance (Net of Fees)
- UK Real Estate Fund (Purchases and Sales)
- Private Equity – Summary
- Infrastructure – Summary
- Climate Opportunities – Summary

The Border to Coast representative referred to an action from the previous meeting to report on any trends indicating a return to in-person shopping. It was confirmed that the Fund does not invest in shopping centres due to structural changes, but does invest in retail parks and convenience stores, which have remained resilient despite the growth of online shopping.

Members also heard that the Committee's concerns around the Fund's investment in tobacco had been fed back to management within Border to Coast and it had also been raised by the Chair at the Border to Coast Joint Committee. Similarly, a Member noted that, given the current geopolitical climate, investments in defence may now be viewed as more attractive. It was also suggested that recent global events may require a shift in how we approach and think about these matters.

A Member stressed the need for due diligence in defence investments. The Border to Coast representative confirmed they follow UK Government guidance and invest where it is legal and investable.

In reference to the Fund's purchase of 139 houses and apartments located in Cambridge, a Member queried why Teesside Pension Fund continued to invest in other areas of the UK and asked whether there were plans to purchase any properties in Teesside. It was also raised that any regional approach to local investment would likely not benefit the Teesside area as much as other parts of the region which may have more investible opportunities.

The Head of Pensions Governance and Investments confirmed that Teesside Pension Fund had the opportunity to consider its own definition of "local" and consider whether it wanted to work with other Partner Funds on a regional approach to investment.

ORDERED that the information provided was received and noted.

25/81

INVESTMENT ADVISORS' REPORTS

To begin the Investment Advisors' Update, the Head of Pensions Governance and Investments advised Members that this meeting would be Peter Moon's final time advising the Fund before retirement. Peter had advised the Fund for over 40 years and contributed greatly to the

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favourable position the Fund was now in. The Head of Pensions Governance and Investments, the Chair and all Members of the Committee thanked Peter for his valuable advice over the years.

The Independent Investment Advisors had provided reports on current capital market conditions with further commentary provided at the meeting.

The war in the Middle East was referenced and the uncertainty surrounding the conflict highlighted which prompted several questions from Members around the effect this would have on the Fund. It was acknowledged that although the Fund had been substantially diversified over the past seven years, uncertainty had fuelled global market volatility and panic. Nevertheless, the Committee was reassured that markets were generally resilient and had historically recovered following periods of downturn.

ORDERED that the information provided was received and noted.

25/82

TWPF PENSIONS ADMINISTRATION REPORT

Representatives from the Tyne & Wear Pension Fund were in attendance to provide the TWPF Pensions Administration Report. As mentioned previously, Members heard that responsibility for the administration of the Teesside Pension Fund had now been successfully transferred from XPS Group to the Tyne and Wear Pension Fund (TWPF) as part of a shared service agreement. The transition was not without its difficulties but a stable phase had now been reached. All new cases were currently being processed under standard business procedures, indicating a return to normal operations.

As previously reported, the transition of administration resulted in a significant increase in the volume of calls to the Pensions Helpline and during this period, there were weeks when only 40% of calls were successfully answered, indicating the heightened demand for support and guidance. TWPF reacted by allocating extra staff and by December, 79% of calls were answered, showing significant improvement. The rise in answered calls reflects TWPF's ongoing commitment to effective member support and TWPF aimed to further raise this figure and consistently provide excellent service through the Pensions Helpline.

TWPF's default method of communication was digital, meaning that members would receive documents and updates electronically unless they specifically requested to continue receiving paper correspondence. This brought significant efficiencies and cost savings.

A Member raised that making all communication digital could affect the level of service Members receive and noted that it could be viewed as transferring the cost to pensioners who would have to use their own resources to print a letter. Members were reassured by the TWPF representative that paper communication was still available on an opt-in basis and once TWPF were made aware that a Member still required paper communication, this would continue for the foreseeable. TWPF tried to be accommodating to all Members.

Members were advised that there was a statutory duty on employers to provide information regarding their members. TWPF relied heavily on this data to maintain accurate member records, calculate and pay benefits, and provide annual benefit statements. As a result, TWPF closely monitored the overall performance of employers and kept track of any outstanding queries.

Whilst it was acknowledged that there was a period of adjustment whilst employers familiarised themselves with new working practices, the Employer Services Team would continue to review employers who reached trigger levels and support would be provided where necessary which included a dedicated employer helpline, training webinars and meetings.

A Member expressed concern around the estimated timeframes for data issues to be resolved and how this would impact Members at and approaching retirement age. It was confirmed that pensioner data needed less resolution and a lot of the issues lied with deferred Members as there was missing information that required TWPF to contact former employers to provide this. Members of the Committee were reassured that this was a high priority for TWPF but unfortunately it was beyond their control.

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A Member acknowledged that TWPF's service had improved after the teething issues at the beginning of the transfer and noted that feedback had been positive from Members of the Fund. It was raised that the website could be more streamlined and representatives from TWPF confirmed that they were looking into website improvements and would take the suggestion away.

ORDERED that the information provided was received and noted.

25/83

FIT FOR THE FUTURE IMPLEMENTATION

The Head of Pensions Governance and Investments presented a report of the Corporate Director of Finance, the purpose of which was to provide Members with an overview of the changes arising from the Pension Schemes Bill and the draft 2026 LGPS Regulations, with a particular focus on how they will affect the Fund's investment arrangements and its relationship with Border to Coast.

Teesside Pension Fund had participated in the Border to Coast Pensions Partnership asset pool since 2015, following a government directive to consolidate LGPS investments to achieve economies of scale, strengthen governance, and reduce costs while maintaining performance. The pool currently included ten other authorities.

In November 2024, the government launched the Fit for the Future consultation on further LGPS reforms. The consultation sought to reform the LGPS by enhancing asset pooling, improving governance, and increasing investment in local economies to ensure long-term sustainability. Key goals included tackling fragmentation, achieving economies of scale, and accelerating the transfer of assets to qualified, FCA-regulated pools.

These reforms were being driven through a combination of primary legislation, new and amended Regulations:

- The Pension Schemes Bill (expected to gain Royal Assent by April 2026) provided the overarching policy framework, giving Ministers new powers to set standards, issue directions, and require funds to make statutory appointments, and undertake governance reviews.
- The LGPS (Pooling, Management and Investment of Funds) Regulations 2026 evolved the investment framework. They required each administering authority to participate in a single FCA regulated pool responsible for all investment implementation (including portfolio construction, manager selection, stock selection, rebalancing, and stewardship). Funds retained responsibility for setting investment strategy, including the Strategic Asset Allocation (SAA), but must take strategic advice principally from their pool. The regulations also codify new requirements for the Investment Strategy Statement, including the incorporation of local investment objectives and mandatory publication and consultation standards.
- The LGPS (Amendment) Regulations 2026 were primarily concerned with governance. They introduced mandatory roles, policies and training requirements designed to increase capability, improve transparency, and ensure effective oversight. Among these measures were the creation of the Senior LGPS Officer, the appointment of an Independent Person, and the requirement for funds to maintain a Governance Strategy, Training Strategy, and Conflicts of Interest Policy. Committee members, Board members and delegated officers must meet statutory knowledge and understanding standards, to be supported by ongoing training and formally assessed.

These changes amounted to the most significant regulatory shift in the LGPS since pooling began, and successful compliance required an aligned governance model and operational partnership with Border to Coast.

The Government had also confirmed that the ACCESS and Brunel pools would close, with their Partner Funds required to identify alternative pooling arrangements. Seven of these administering authorities had indicated their intention to join Border to Coast, subject to due diligence and legal transition, which would significantly expand the size and scale of the partnership. An update on this had been provided separately.

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Members were advised that further detail on the roles and responsibilities under the 2026 framework was included in the reports pack but the Head of Pensions Governance and Investments highlighted that the Independent Person would play a new statutory role, offering professional challenge and scrutiny to both the Committee and the Senior LGPS Officer, although in exceptional circumstances more than one person could be employed. As a non-voting member of the Committee, their remit would extend beyond investment matters, covering the full range of LGPS activities and pool oversight.

The role of Border to Coast was also explained in further detail and they were responsible for all investment implementation, with clear accountability to Partner Funds. It must manage assets in line with the Fund's strategy, using discretion over manager selection, fund design, portfolio construction, rebalancing, stewardship and hedging. Border to Coast would also provide strategic investment advice, local investment capabilities, legacy asset management, reporting, and support for ISS development. Border to Coast had already begun developing these enhanced capabilities through its 2030 strategy, agreed with shareholders in 2024, to unlock the governance premium associated with holistic scheme management.

Members queried whether there was a potential conflict of interest regarding Border to Coast's new responsibilities under the 2026 framework and highlighted the need for continuity at Committees. It was confirmed that it was a government proposal that LGPS pools were to be the principal providers of investment advice and the Head of Pensions Governance and Investments advised that the administering authority would look to extend William Bourne's role for a period of time whilst the transition took place and Border to Coast were in strong position to advise all 18 funds in the pool. The Independent Person would ensure that independent challenge was maintained.

A Member queried whether a review of governance arrangements was needed in light of the upcoming changes and several alternative arrangements were discussed such as a single purpose pension organisation.

The Head of Pensions Governance and Investments advised that specific statutory government guidance remained incomplete and detailed regulations had not yet been finalised which created a current level of uncertainty around the direction in which the Fund was going.

ORDERED that:

1. The information provided was received and noted.
2. A report exploring alternative potential governance arrangements was presented at a future meeting.

25/84

PENSION FUND BUSINESS PLAN 2026-29

A report of the Corporate Director of Finance was submitted, the purpose of which was to present to Members of the Teesside Pension Fund Committee the annual Business Plan for the Fund.

In order to comply with the recommendations of the Myners Review of Institutional Investment it was agreed that an annual Business Plan should be presented to Members for approval. The Business Plan should contain financial estimates for the Fund, including the budgeted costs for investment and management expenses.

The Teesside Pension Fund Business Plan was designed to set out how the Pension Fund Committee operates, what powers were delegated and to provide information on key issues. The Business Plan sat alongside the Fund's other governance documents, which set out the delegated powers and responsibilities of officers charged with the investment management function.

The Business Plan for 2026/29 was included in the reports pack as Appendix

The Business Plan included:

- The purpose of the Fund, including the Teesside Pension Fund Service Promise (see Appendix A);
- The current governance arrangements for the Fund;

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- The performance targets for the Fund for 2025/26, and a summary of the performance for 2025/26 (latest available) (see Appendix B);
- The arrangements in place for managing risk and the risk register for the Fund;
- Membership, investment and funding details for the Fund;
- An estimated outturn for 2025/26 and an estimate for income and expenditure for 2026/27 (see Appendix C and page 22 of Appendix 1); and
- An annual plan for key decisions and a forward work programme for 2026/27 and an outline work plan for 2028 – 2029.

Fund targets were set for key areas to monitor the performance of the Fund and the funding target was to achieve fully funded status, represented as 100% funded. A Member suggested that the Fund should commit more than that to ensure there is extra in case anything goes wrong. It was confirmed by the Head of Pensions Governance and Investments that this was taken into account in the triannual assumptions and was stress tested.

A Member referenced the Fund's Knowledge and Skills Policy and it was raised that membership of the Committee was transient by nature and there were several queries around this. It was confirmed that Members would be tested via a self-assessment in future and would be supported to achieve the sufficient skills and knowledge needed to undertake their role effectively and in line with stricter expectations from regulatory bodies.

ORDERED that:

1. The Committee approved the Business Plan including the 2026/27 Pension Fund budget.
2. The information provided was received and noted.

25/85

RISK REGISTER

The Head of Pensions Governance and Investments presented a report of the Corporate Director of Finance, the purpose of which was to advise Members of changes to the Pension Fund Risk Register and to provide Members with an opportunity to review the Risk Register.

At the previous Pensions Committee meeting, Members had requested more information on any changes that had been made to the risk register and the reasoning behind those amendments. Members were advised that the appendix included in the reports pack identified the original score when the risk was placed on the register and the current score. Since the February Pensions Committee meeting there had been two amendments to the risk register.

The two risks that had changed were explained in further detail:

- TPF016 – Adverse Legislative Change. Likelihood increased from unlikely to possible to reflect potential challenging timelines for governance changes required by the Fund and the Pool to meet Pensions Bill requirements. In mitigation plans are being developed to meet the trailed governance changes.
- TPF023 – Inaccurate Data Record Collation. Likelihood increased from unlikely to possible to reflect the data issues identified by the new pension's administrator following the transfer of data from the previous provider. In mitigation Tyne and Wear Pension Fund are developing a Data Improvement Plan to resolve any issues.

Amendments to risk assessments made in the previous quarter were explained in detail in the reports pack and a list of the other major risks and their current assessments were also included with the full Risk Register included as an Appendix.

A Member referred to recent media coverage concerning Reform views and comments regarding the LGPS and highlighted the importance of early, long-term planning to mitigate risk in this area to ensure Members continued to secure adequate pension arrangements.

ORDERED that the information provided was received and noted.

25/86

AUDIT COMPLETION REPORT 2024/25

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A representative from Forvis Mazars presented the Audit Completion Report to Committee Members and advised that their audit of the Funds financial statements for 2024/25 was almost complete. The draft results report included in the reports pack was issued at the start of February with some audit work to finish before completion in time to meet the statutory deadline.

The draft report anticipated issuing an unqualified opinion subject to satisfactorily concluding the remaining audit work. Before the final audit certification it was identified that additional information around a leasing note should have been disclosed in the financial statements and the audit opinion has been qualified on that issue. The issue identified was long standing and should have been picked up in previous years accounts preparation and audits. It was expected that a clean audit opinion could be achieved for 2025/26.

This was the first complete audit of the Fund by Forvis Mazars and they had identified several disclosure misstatements presenting information in a slightly different way from previous financial statements in order to conform with accounting standards.

There was an adjusted misstatement arising from valuations from Fund managers being received after the financial statements were produced and before the audit was completed. These timing differences were completely normal with the Level 3 investments made by the Fund.

Several recommendations had been made by the auditor to improve internal controls. These were outlined fully in the Audit Completion Report and would be taken into account in restructuring the Pensions Team and in planning for and producing the 2025/26 financial statements. The Audit Manager concluded the update by noting that the Pension Fund was in a favourable position and ahead of many other Funds in having an up-to-date audit. Despite one disclosure, significant progress had been made.

A Member queried why the audited accounts had not been kept up to date and the Head of Pensions Governance and Investments advised that it was a national issue caused by a variety of factors such as backlog delays due to Covid-19.

ORDERED that the information provided was received and noted.

25/87 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, CAN BE CONSIDERED**

25/88 **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.

25/89 **EXEMPT - BORDER TO COAST SHAREHOLDER ADMISSION DOCUMENTS**

A report was provided, the purpose of which was to advise Members of the legal process to expand Border to Coast membership in response to the Government's Fit for the Future consultation.

ORDERED that:

1. The information provided was received and noted.
2. That the Committee approved the proposed changes and shareholder resolution contained within the report.

25/90 **EXEMPT - FUND ACTUARY - DRAFT REPORT ON THE ACTUARIAL VALUATION AS AT 31 MARCH 2025**

The Actuary presented the Draft Report on the Actuarial Valuation to Members, the purpose of which was to update the Committee on progress on the ongoing triennial actuarial valuation of the Pension Fund as at 31 March 2025.

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The following areas were covered:

- Executive Summary
- Valuation Approach
- Valuation Results
- Risks and Sensitivities
- Final Comments

ORDERED that:

1. The information provided was received and noted.
2. The Head of Pensions Governance and Investments (in consultation with the Chair and Vice Chair) approved the Funding Strategy Statement.

25/91

EXEMPT - LOCAL INVESTMENT UPDATE (EHC)

The Head of Pensions Governance and Investments presented a report of the Corporate Director of Finance, the purpose of which was to provide Members with an update on the due diligence carried out in respect of the Ethical Housing Company local investment proposal.

Representatives from the Ethical Housing Company were also in attendance to answer questions from the Committee regarding their business model.

Discussion ensued and Members expressed that further information was needed in order to make a decision, particularly from Hymans Robertson who carried out the initial review and further analysis.

The Chair proposed an extraordinary meeting to discuss the Fund's investment in the Ethical Housing Company further, which was unanimously agreed by all Members.

ORDERED that:

1. The information provided was received and noted.
2. An extraordinary meeting of the Teesside Pension Fund Committee be arranged with representatives from Hymans Robertson in attendance to consider the Fund's further investment in the Ethical Housing Company.