

## TEESSIDE PENSION FUND COMMITTEE

<b>Date:</b> Wednesday 4th March, 2026
<b>Time:</b> 11.00 am
<b>Venue:</b> Mandela Room (Municipal Buildings)

### 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 - 3 February 2026                            | 5 - 14  |
| 5. | Investment Activity Report (incl. TM Report, Valuation & Forward Investment Programme) | 15 - 42 |
| 6. | Border to Coast Presentation - Investment Performance                                  | 43 - 56 |
| 7. | Investment Advisors' Reports   | 57 - 64 |
| 8. | TWPF Pensions Administration Report  | 65 - 76 |
| 9. | Fit for the Future Implementation  | 77 - 90 |

10.	Pension Fund Business Plan 2026-29	91 - 124
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12.	Audit Completion Report 2024/25	145 - 192
13.	Any other urgent items which in the opinion of the Chair, can be considered	
14.	Exclusion of Press and Public	
	To consider passing a Resolution Pursuant to Section 100A (4) Part 1 of the Local Government Act 1972 excluding the press and public from the meeting during consideration of the following items on the grounds that if present there would be disclosure to them of exempt information falling within paragraph 3 of Part 1 of Schedule 12A of the Act and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.	
15.	<b>Exempt - Border to Coast Shareholder Admission Documents</b>	193 - 200
16.	<b>Exempt - Fund Actuary - Draft Report on the Actuarial Valuation as at 31 March 2025</b>	201 - 252
17.	<b>Exempt - Local Investment Update (EHC)</b>	253 - 302

Charlotte Benjamin  
 Director of Legal and Corporate Services

Town Hall  
 Middlesbrough  
 Tuesday 24 February 2026

**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 Tuesday 3 February 2026.

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

**ALSO IN ATTENDANCE:** T Backhouse (Mazars), J Baillie (Hymans Robertson), W Bourne (Independent Adviser), M Galloway (Hymans Robertson), M Kirkham (Mazars), D Knight (Border to Coast), T Manuel (Border to Coast)

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

**APOLOGIES FOR ABSENCE:** Councillor T Furness and Mr T Watson

25/59 **WELCOME AND FIRE EVACUATION PROCEDURE**

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

25/60 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item / Nature of Business
Councillor Beall	Non-Pecuniary	Member of Teesside Pension Fund and Member of Tees Valley Combined Authority Overview and Scrutiny Committee (Item 12).
Councillor Branson	Non-Pecuniary	Spouse – Member of Teesside Pension Fund and Member Tees Valley Combined Authority Overview and Scrutiny Committee (Item 12).
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 McCabe	Non-Pecuniary	Member of Tees Valley Combined Authority Overview and Scrutiny Committee (Item 12).
Councillor Rostron	Non-Pecuniary	Member of Teesside Pension Fund

25/61 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 24 SEPTEMBER & 10 DECEMBER 2025**

The minutes of the meeting of the Teesside Pension Fund Committee held on 24 September 2025 and 10 December 2025 were taken as read and approved as a correct record.

25/62 **INVESTMENT ADVISORS' REPORTS**

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

It was highlighted that US politics was affecting markets across the globe and inflation was the biggest threat to the Fund in the long-term. High levels of inflation had a significant long-term effect for consumers and pension funds as the real value of money would decline, for example at 3% the real value of money would fall by over 50% over 15 years. At 4% it would reduce by 80%.

A Member queried at what level inflation would start to cause long-term issues for the Fund.

Members were advised that 3.5-4% would be worrying. It was important to position the Fund in a way that it was robust and protected against inflation.

It was also raised by a Member that inflation reduced the value of pensions and amid government plans to phase out final salary pensions, it was queried whether this would likely mean people would make more contributions or look at alternative schemes to build an alternative pot.

Members heard that there would likely be no major consequence to this. Generally in the private sector, contributions were much lower but the benefits were also much lower.

A representative from Hymans Robertson added that if the LGPS became a less attractive scheme, there would be less flexibility and cashflow within the Fund and less time to allow assets to do the work.

An Independent Advisor concluded the update by noting that the Fund was positioned as well as it could be to manage potential volatility.

**ORDERED** that the information provided was received and noted.

25/63

## **BORDER TO COAST PRESENTATION (RESPONSIBLE INVESTMENT)**

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

The presentation provided information on the following:

- Responsible Investment and Border to Coast
- Policy Review

Members heard that Border to Coast had assessed the three policies listed below against other leading pension funds globally and this year there had not been any substantial changes or suggestions on how the fund should develop the policies.

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

Border to Coast was transitioning its Responsible Investment (RI) and Climate Change policies to a three-year formal review cycle (starting 2026-29) to promote more stable governance. While yearly updates would continue for voting guidelines, the strategy focused on long-term themes (2022-2025) including climate change, biodiversity, and social issues via partners like Robeco.

A Member raised that the policies in discussion conflicted with US policies and suggested that this may cause the US to penalise these companies. It was queried whether this would affect the Fund.

A representative from Border to Coast advised that their approach to responsible investment was focussed on clear investment rationale and it was important that companies evidenced how they managed their own risks in the interests of shareholders.

It was also raised by Members that investment in tobacco products raised significant ethical

considerations and a Member queried whether Border to Coast had considered including tobacco products in their exclusions from investment.

A representative from Border to Coast advised that investments were only made when there was a clear investment rationale. The partnership voted on shareholder proposals to drive change, including those related to ethical and ESG issues. The UK fund had a 4.9% exposure to tobacco products.

Another Member raised concern that Border to Coast had transitioned to a three-year review cycle due to the rate that Climate Change was happening. They also highlighted that concerns around tobacco investment had been raised previously at Committee meetings and there had been no feedback or change implemented. It was requested that Border to Coast engage with other Pension Fund Committees to gather views on tobacco investment in tobacco and feed back to the Teesside Pension Fund Committee.

An Independent Advisor queried whether Border to Coast were prepared to engage more meaningfully with companies. It was suggested that Border to Coast engage more closely with all parties around tobacco investment and complete a 360-degree review.

Members heard that Border to Coast committed significant resources to engagement through stewardship, collaboration, active ownership etc. The suggestion of a review would be taken away and discussed internally.

It was also agreed that the concerns raised around tobacco investment would be fed back to the Border to Coast Board via Non-Executive Director, Councillor D Coupe.

**ORDERED** that:

1. The information provided was received and noted.
2. Border to Coast look into engaging with other Pension Fund Committees regarding investment in tobacco products and feed back to the Committee.
3. The Non-Executive Director of Border to Coast Pensions Partnership LTD to feedback concerns around tobacco investment to the Border to Coast Board.

25/64

## **BORDER TO COAST RESPONSIBLE INVESTMENT POLICY, CORPORATE GOVERNANCE & VOTING GUIDELINES AND CLIMATE CHANGE POLICY**

The Head of Pensions Governance and Investments presented a report of the Corporate Director of Finance, the purpose of which was 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.

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended) required the Fund to have a policy on:

- environmental, social and governance (ESG) considerations. The policy was 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.

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 applied across all the investments it held 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) could be found on Border to Coast's website.

The Responsible Investment Policy, Corporate Governance & Voting Guidelines and Climate Change Policy were currently reviewed annually or when material changes needed to be made. It was proposed that a three-year formal review cycle was now more appropriate for the RI Policy and Climate Change Policy. This would follow the existing governance process. The Corporate Governance & Voting Guidelines would continue to be reviewed annually to ensure they were fit for purpose ahead of each proxy season. The annual review process commenced in July to ensure any revisions were in place ahead of the 2026 proxy voting

season.

Border to Coast had 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 had developed and identify emerging gaps in Border to Coast policy. The Policies had also been reviewed against asset managers and asset owners considered to be RI leaders to determine developments across the industry.

The revised documents had been through an approval process at Border to Coast and Border to Coast's Joint Committee had recommended they be presented to all Partner Funds for approval.

**ORDERED** that that Members noted and approved the changes made to the Border to Coast documents - relevant extracts were included as Appendices A, B and C.

25/65

## **ACTUARIAL VALUATION UPDATE AND DRAFT FUNDING STRATEGY STATEMENT**

**At this point in the meeting, Mr B Foulger joined.**

The Head of Pensions Governance and Investments presented a report of the Corporate Director of Finance, 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.

Members heard that every three years the administering authority of each Local Government Pension Scheme (LGPS) Fund was required to obtain an actuarial valuation of the assets and liabilities of their Fund, together with an actuary's report on the valuation and a 'rates and adjustments certificate' which set out the employer contributions required to the Fund over the next three year period.

Each LGPS Fund in England and Wales (including our Fund) was currently undergoing their three-yearly valuation, which would look at the position of each Fund as at 31 March 2025, will set contribution rates for the three year period starting 1 April 2026 and whose final report needs to be produced before 31 March 2026.

The terms of reference for the Teesside Pension Fund Committee included approving the Fund's Funding Strategy Statement and overseeing the triennial valuation.

As part of the valuation process the Fund's actuary Hymans Robertson had produced an update presentation summarising some of the initial outcomes of the valuation for the whole of the Fund. This would be presented later in the meeting.

Members were made aware that the Draft Funding Strategy was currently out for consultation with Hymans and would be brought back to the next Committee meeting. It was also noted that the Government Actuary Department (GAD) had now published guidance on gender gap reporting in the LGPS, which would set out how administering authorities were required to measure and report gender-based inequalities in pension outcomes across the LGPS from the 2025 valuation onwards. Gender pension gap reporting would be included in the Draft Funding Strategy now that guidance had been made available.

**ORDERED** that the information provided was received and noted.

25/66

## **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, provide a detailed report on transactions undertaken to demonstrate the implementation of the Investment Advice, to provide the Fund's Valuation and finally to report on the treasury management of the Fund's cash balances.

The Fund continued to favour growth assets over protection assets. For the period under discussion here, bonds were still not considered value for the Fund. The Fund had no investments in Bonds at this time. It had been agreed that a maximum level of 20% of the

Fund would be held in cash and cash level at the end of September 2025 was 7.79%.

Investment in Alternatives, such as infrastructure and private equity, offered the Fund diversification from equities and bonds. They came with additional risks of being illiquid, traditionally they had costly management fees and investing capital could be a slow process. An amount of £18.3m was invested in the quarter.

It was a requirement that all transactions undertaken were reported to the Committee. Appendix A detailed transactions for the period July - September 2025. There were net purchases of £0.5m in the period.

The Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice (the Code) set out how cash balances should be managed. The Code stated that the objective of treasury management was 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 was more important than the interest rate received.

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 established a list of counterparties (banks, building societies and others to whom the Council will lend) and set limits as to how much it would lend to each counterparty. The counterparty list and associated limits were kept under constant review by the Director of Finance.

Although it was accepted that there was no such thing as a risk-free counterparty, the policy had been successful in avoiding any capital loss through default. As at 30 September 2025, the Fund had £463.2m invested with approved counterparties. This was a decrease of £28m over the last quarter.

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

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

A summary analysis of the valuation showed the Fund's percentage weightings in the various asset classes as at 30 September 2025 compared with the Fund's customised benchmark.

At the September 2024 Pension Fund Committee a revised Strategic Asset Allocation was agreed and a table was contained within the reports pack.

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. A table was contained within the reports pack.

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

In regard to local investments, to date the Fund had three investments classified as 'local'.

- Ethical Housing Company - £5m investment of which £765k had 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 had been called to date.

As at November 2025 total commitments to private equity, infrastructure and other debt were £2,003m. A table was contained within the reports pack.

**ORDERED** that the information was received and noted.

25/67

### **BORDER TO COAST PRESENTATION - INVESTMENT PERFORMANCE**

A presentation on Border to Coast's Investment Performance was provided to Members, providing information on the following:

- 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
- Border to Coast Update

In regard to the Fund's recent purchase of a high street retail unit, a Member queried whether there was any evidence to show that people were returning to in-person shopping rather than online.

A representative from Border to Coast advised that this could be discussed internally with Portfolio Managers who were monitoring trends and fed back to the Committee.

Border to Coast's engagement with the water sector was also referenced in the presentation and it was agreed that a detailed report on this engagement would be circulated to Members.

**ORDERED** that:

1. The information provided was received and noted.
2. Border to Coast would provide feedback on any trends indicating a shift back towards in-person shopping.
3. Report on Border to Coast's 2025 water sector engagement be circulated to Members.

25/68

### **GOVERNANCE POLICIES REVIEW**

A report of the Corporate Director of Finance was presented to provide Members with updated versions of a number of governance policies for comment / noting, as appropriate.

Most of the Pension Fund's governance policies were 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.

The latest consultation legislating to introduce amended governance arrangements was expected to mean further guidance on LGPS governance would be published in early 2026.

The Fund had a different pensions administrator since June 2025 and the policies needed to be updated to reflect this and align the Pensions Administration Strategy to their approach. Consequently, this was a 'light touch' review of the Fund's governance policies, as further changes were likely to be required for some of them during 2026.

The following documents had 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

A Member queried what effect the Pension Schemes Bill would have on Pension Funds in the future.

The Head of Pensions Governance and Investment advised that two important aspects of the Bill included an asset pooling mandate and local investment focus. Reforms also emphasised improved knowledge and understanding for Board and Committee members so there would be more training and Members would be expected to demonstrate their knowledge and commitment to pensions.

It was suggested by a Member that in future reports, any changes in policy were highlighted via tracked changes.

**ORDERED** that the information provided was received and noted.

25/69

### **POOLING UPDATE**

A report on Pooling was presented to the Committee, the purpose of which was 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.

Teesside Pension Fund were 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.

The Government was taking forward a series of changes to the way investment pooling in the LGPS worked through its "Fit for the Future" consultation. Changes included Administration Authorities delegating implementation of investment strategy to the pool and taking their principal investment advice from them. Management of all assets would also be transferred to the pool.

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.

The changes to the LGPS would be brought in through the Pensions Schemes Bill currently making its way through parliament with many of the detailed measures being subject to regulation and guidance which MHCLG have been consulting upon.

The Fund would have to be clear in its Investment Strategy Statement incorporating its Strategic Asset Allocation and including Investment Beliefs and its approach to local investments. The Investment Strategy Statement would inform Border to Coast of the preferred investments of the Fund. Border to Coast would then implement the Investment Strategy deciding the investments to make.

It was highlighted that Teesside Pension Fund would 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 would need to consider its own definition of "local", and consider whether it wanted to work with other Partner Funds on a regional approach to investment.

The current proposal for a pilot project was for a regional investment covering the Tyne and Wear, Durham and potentially the Teesside Pension Fund area. It had been identified that real estate was the most likely asset class to achieve a quick deployment of capital to test Border to Coast's frameworks and capabilities. A Local Investment Pilot would 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 would 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.

It was not expected that all of the developments will be in place for 1st April 2026 but Border to Coast were building up their capabilities to be able to meet the new requirements. Many of the changes would be implemented in an incremental way building upon existing arrangements.

It was noted in the report that Teesside Pension Fund was likely to be required to align its Local Investment Plan to the Tees Valley Combined Authority Local Growth Plan to meet the requirements of legislation and guidance currently making progress through the parliamentary processes.

**At this point in the meeting Councillors J Beall, D Branson and D McCabe declared a disclosable personal interest as Members of the Tees Valley Combined Authority Overview and Scrutiny Committee.** They confirmed that good governance arrangements were a priority for the Overview and Scrutiny Committee.

Members noted the importance of having strong governance in place and the Head of Pensions Governance and Investments added that the Pilot would test whether the correct governance was in place.

Members also queried how the Teesside Pension Fund Committee would have influence on local investment and how the level of investment would be shared between the three areas in the Pilot.

It was confirmed that the Committee would influence through the Strategic Asset Allocation and Funding Strategy Statement. The Pilot was a regional proposition, mainly led to test capabilities for Border to Coast. Border to Coast Investment Managers would inform where investment opportunities were and it would be dependent on what was available upon market testing

**ORDERED** that the information provided was received and noted.

25/70

## **GOVERNMENT CONSULTATION - LGPS: SCHEME IMPROVEMENTS (ACCESS AND PROTECTIONS)**

The Head of Pensions Governance and Investments presented a report of the Corporate Director of Finance, the purpose of which was to inform the Committee of the consultation issued by the Government in 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 inform Members of the consultation response made on behalf of the Fund by the Head of Pensions Governance and Investments (in consultation with the Chair and Vice Chair).

The Ministry of Housing, Communities and Local Government (MHCLG) had consulted on restoring access to the Local Government Pension Scheme for councillors in England and extending it to mayors. The consultation had come as a result of the Access and Fairness consultation in 2025 and covered further administration and benefits related issues, some of which had long been in the offing (like Fair Deal) and some which were more recent proposals (like the re-admission of councillors into the scheme).

The proposed reforms would align England with Scotland, Wales and Northern Ireland where elected members already had access. MHCLG stated "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."

Other measures being consulted on included:

- 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

There was a nine-week deadline for responses. The Head of Pensions Governance and Investments worked with colleagues in Border to Coast and its Partner Funds to produce a response which was attached to the reports pack as an Appendix.

MHCLG would produce a consultation response which would be reported back to Committee.

**ORDERED** that the information provided was received and noted.

25/71

## **GOVERNMENT CONSULTATION - LGPS: FIT FOR THE FUTURE - TECHNICAL CONSULTATION**

The Head of Pensions Governance and Investments presented a report of the Corporate Director of Finance, the purpose of which was 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. The report also aimed to inform Members of the consultation response made on behalf of the Fund by the Head of Pensions Governance and Investments (in consultation with the Chair and Vice Chair).

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 asked for feedback across 29 questions on two new sets of draft regulations, with a 6-week deadline of 2 January 2026.

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 were in the process of being put into primary legislation through the Pension Schemes Bill, which also covered a much wider range of reforms covering the full spectrum of pension schemes in the UK. MHCLG were also working on regulations and guidance specific to the LGPS to implement these reforms. It was expected that there would 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).

This consultation was on two sets of draft regulations implementing the LGPS Fit for the Future reforms. MHCLG asked for feedback on these, focussed on whether they were fit for purpose and do the job that government want. There were a range of different types of questions across the 29 asked, ranging in scope from strictly whether the wording of the regulations was sufficient to meet the government’s aims, through to open questions asking for any comments respondents may have. While the consultation itself provided a summary of the key points they were asking questions on, the devil was in the detail within the draft regulations, which could be difficult to follow and were open to interpretation.

The consultation was split into two sections. The first covered 23 questions regarding the draft Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026, which would 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 asked six questions tackling the draft Local Government Pension Scheme (Amendment) Regulations 2026, which would tackle the governance section of Fit for the Future.

**ORDERED** that the information provided was received and noted.

25/72

## **RISK REGISTER**

The Head of Pensions Governance and Investments presented a report of the Director of Finance, the purpose of which was 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.

Members heard that Internal Audit had recommended that the Risk Register was presented at each quarterly Pension Fund Committee meeting, with any emerging risk or high risks highlighted for discussion. There was one new risk included in the Risk Register which was suggested by the Local Pension Board meeting of the 17th November 2025 and related to the Reform Party's comments in relation to public sector pensions. This risk had been added as TPF054 Political Risk to the Scheme.

Members requested that, where a risk level had changed, future reports should provide supporting information for added context.

**ORDERED** that:

1. The information provided was received and noted.
2. Where a risk level had changed, future reports should provide supporting information for added context.

25/73 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, CAN BE CONSIDERED**

None.

25/74 **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.

25/75 **EXEMPT - FUND ACTUARY - 31 MARCH 2025 VALUATION - INITIAL WHOLE OF FUND RESULTS PRESENTATION**

**At this stage, Councillor McCabe left the meeting.**

A presentation was provided by representatives from Hymans Robertson on the overall funding position of the Fund and the factors that had contributed to changes since the previous valuation on 31 March 2022. The subsequent stages would involve examining employer-level results and setting contribution rates.

**ORDERED** that the information provided was received and noted.

## **TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

### **PENSION FUND COMMITTEE REPORT**

**4 MARCH 2026**

**CORPORATE DIRECTOR OF FINANCE – 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 OCTOBER - DECEMBER 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 December 2025 was 7.31%

- 4.3 Investment in Alternatives, such as infrastructure and private equity, offer the Fund diversification from equities and bonds.

An amount of £39.8m 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 October - December 2025.
- 5.2 There were net purchases of £39.8m 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 31 December 2025, the Fund had £447.1m invested with approved counterparties. This is a decrease of £16.1m 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 31 December 2025, and is prepared by the Fund's custodian, Northern Trust (NT). The total value of all investments, including cash, is **£6,117 million**. This compares with the last reported valuation, as at 30 September 2025 of **£5,943 million**. The NT copy shows an overstated value at £6.538m, the transfer of the Funds Real Estate portfolio has not been accounted for correctly, this should 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 31 December 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 SAA	Current 31/12/25	Minimum	Maximum
<b>GROWTH ASSETS</b>	<b>70%</b>	<b>68.29%</b>	<b>50%</b>	<b>90%</b>
UK Equities	10%	11.86%	5%	20%
+Overseas Equities	45%	45.03%	30%	60%
Private Equity	15%	11.40%	0%	20%
<b>PROTECTION ASSETS</b>	<b>30%</b>	<b>31.43%</b>	<b>10%</b>	<b>50%</b>
Bonds / Other debt / Cash	10%	10.04%	0%	20%
Property	10%	9.63%	0%	20%
Infrastructure	10%	11.76%	0%	20%

(Local Investments account for the missing 0.27% in the "current" totals - there is no allocation within the SAA for these assets)

## 8.4 EQUITIES

As at the 31 December 2025 the Fund's equity weighting was 56.89% compared to 55.93% at the end of September 2025.

Summary of equity returns for the quarter October – December 2025:

Asset	Fund Performance	Benchmark	Excess Return
BCPP UK	6.72%	6.38%	0.34%
BCPP Overseas	4.91%	5.15%	-0.24%
BCPP Emerging Market	3.52%	1.89%	1.63%

(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 7.31%. 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.  
£4.5m has been called to date.

## 8.8 ALTERNATIVES

As at January 2026 total commitments to private equity, infrastructure and other debt were £2,003m, as follows:

	Total committed	Total Invested
Border to Coast Infrastructure	£630m	£374m
Other Infrastructure Managers	£370m	£348m
Border to Coast Private Equity	£450m	£257m
Other Private Equity Managers	£414m	£356m
Other Debt	£159m	£151m
<b>Totals</b>	<b>£2,003m</b>	<b>£1,486m</b>

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

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<u>Settlement Date</u>	<u>Buy / Sell</u>	<u>Stock Name</u>	<u>Country/Category</u>	<u>Sector/Country</u>	<u>Nominal Amount of Shares</u>	<u>Price</u>	<u>CCY</u>	<u>Purchase Cost / Sale Proceeds £</u>	<u>Book Cost of Stock Sold</u>	<u>Profit/ (Loss) on Sale</u>
						(P)		(£)	(£)	(£)
02 October 2025	S	Ancala Infrastructure Fund II	Infrastructure	Infrastructure	~	~	EUR	-10,838.64	-10,838.64	0.00
03 October 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	250,930.87	250,930.87	0.00
03 October 2025	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	-318.47	-318.47	0.00
06 October 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	GBP	828,156.00	828,156.00	0.00
07 October 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	598,414.74	598,414.74	0.00
08 October 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	7,064.42	7,064.42	0.00
09 October 2025	P	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	114,517.52	114,517.52	0.00
09 October 2025	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	-438,711.64	-438,711.64	0.00
10 October 2025	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	-199,181.18	-199,181.18	0.00
14 October 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	-806,712.65	-806,712.65	0.00
15 October 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	-109,398.69	-109,398.69	0.00
15 October 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	108,304.39	108,304.39	0.00
15 October 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	-27,483.27	-27,483.27	0.00
16 October 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	48,177.30	48,177.30	0.00
16 October 2025	S	Ancala Infrastructure Fund II	Infrastructure	Infrastructure	~	~	EUR	-90,066.22	-90,066.22	0.00
16 October 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	143,835.15	143,835.15	0.00
16 October 2025	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-13,720.30	-13,720.30	0.00
20 October 2025	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	290,878.20	290,878.20	0.00
20 October 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	116,362.39	116,362.39	0.00
20 October 2025	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	-47,506.84	-47,506.84	0.00
21 October 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	239,084.19	239,084.19	0.00
22 October 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	EUR	6,342,735.13	6,342,735.13	0.00
23 October 2025	P	Blackrock Global Renewable Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	341,675.52	341,675.52	0.00
23 October 2025	S	Blackrock Global Renewable Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	-146,601.13	-146,601.13	0.00
23 October 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	19,413.52	19,413.52	0.00
23 October 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	-705,620.69	-705,620.69	0.00
24 October 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	44,978.48	44,978.48	0.00
27 October 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	228,958.39	228,958.39	0.00
27 October 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	-1,669,700.50	-1,669,700.50	0.00
28 October 2025	P	Capital Dynamics Clean Energy UK	Infrastructure	Infrastructure	~	~	GBP	1,100,000.00	1,100,000.00	0.00
28 October 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	468,337.16	468,337.16	0.00
31 October 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	642,280.43	642,280.43	0.00
31 October 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	1,826,107.08	1,826,107.08	0.00
31 October 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	-165,419.24	-165,419.24	0.00
04 November 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	183,851.79	183,851.79	0.00
06 November 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	148,771.07	148,771.07	0.00
06 November 2025	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-4,904.47	-4,904.47	0.00
07 November 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	542,833.71	542,833.71	0.00
11 November 2025	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	-27,906.25	-27,906.25	0.00
12 November 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	5,915.39	5,915.39	0.00
12 November 2025	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-96,309.34	-96,309.34	0.00
17 November 2025	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	401,230.43	401,230.43	0.00
17 November 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	1,095,378.54	1,095,378.54	0.00
17 November 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	-3,380.58	-3,380.58	0.00
17 November 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	59,028.37	59,028.37	0.00
19 November 2025	S	Ancala Infrastructure Fund II	Infrastructure	Infrastructure	~	~	EUR	-120,164.82	-120,164.82	0.00
20 November 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	176,187.32	176,187.32	0.00
20 November 2025	P	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	7,957.22	7,957.22	0.00
20 November 2025	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	-375,922.98	-375,922.98	0.00
24 November 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	GBP	193,518.16	193,518.16	0.00
25 November 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	GBP	-32,909.35	-32,909.35	0.00
25 November 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	140,631.94	140,631.94	0.00
26 November 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	172,443.56	172,443.56	0.00
27 November 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	1,837,349.13	1,837,349.13	0.00
28 November 2025	P	Access Capital Fund Infrastructure II	Infrastructure	Infrastructure	~	~	EUR	307,893.49	307,893.49	0.00
28 November 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	340,381.42	340,381.42	0.00
28 November 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	EUR	371,572.52	371,572.52	0.00
03 December 2025	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	USD	792,220.08	792,220.08	0.00
03 December 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	6,649.86	6,649.86	0.00
05 December 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	60,280.20	60,280.20	0.00
08 December 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	-346,214.41	-346,214.41	0.00

08 December 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	2,370.94	2,370.94	0.00
08 December 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	-260,643.60	-260,643.60	0.00
09 December 2025	P	Border to Coast Infrastructure Series 3A	Infrastructure	Infrastructure	~	~	USD	464,307.49	464,307.49	0.00
09 December 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	EUR	-33,829.45	-33,829.45	0.00
09 December 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	121,873.69	121,873.69	0.00
09 December 2025	S	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	EUR	-68,775.87	-68,775.87	0.00
10 December 2025	P	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	259,584.03	259,584.03	0.00
10 December 2025	S	Border to Coast Infrastructure Series 1C	Infrastructure	Infrastructure	~	~	EUR	-44,404.09	-44,404.09	0.00
11 December 2025	P	Border to Coast Infrastructure Series 1B	Infrastructure	Infrastructure	~	~	USD	305,663.40	305,663.40	0.00
11 December 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	EUR	311,514.27	311,514.27	0.00
11 December 2025	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	EUR	-10,220.62	-10,220.62	0.00
11 December 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	192,735.08	192,735.08	0.00
15 December 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	317,015.53	317,015.53	0.00
17 December 2025	P	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	251,043.08	251,043.08	0.00
17 December 2025	S	Border to Coast Infrastructure Series 1A	Infrastructure	Infrastructure	~	~	USD	-15,130.78	-15,130.78	0.00
17 December 2025	S	Blackrock Global Energy & Power Infrastructure Fund III	Infrastructure	Infrastructure	~	~	USD	-1,100,368.74	-1,100,368.74	0.00
18 December 2025	S	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	-398,287.01	-398,287.01	0.00
18 December 2025	P	Border to Coast Infrastructure Series 2A	Infrastructure	Infrastructure	~	~	USD	12,841.49	12,841.49	0.00
19 December 2025	P	Capital Dynamics Clean Energy UK	Infrastructure	Infrastructure	~	~	GBP	1,000,000.00	1,000,000.00	0.00
19 December 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	1,124,110.47	1,124,110.47	0.00
23 December 2025	S	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	-185,667.54	-185,667.54	0.00
23 December 2025	P	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	575,903.18	575,903.18	0.00
23 December 2025	S	Border to Coast Infrastructure Series 2B	Infrastructure	Infrastructure	~	~	USD	-149,069.21	-149,069.21	0.00
23 December 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	213,639.07	213,639.07	0.00
23 December 2025	P	Border to Coast Climate Opportunities Series 2A	Infrastructure	Infrastructure	~	~	USD	4,989.78	4,989.78	0.00

**18,056,507.97**

30 October 2025	P	Teesside Flexible Investment Fund	Local Investments	Local Investments	~	~	GBP	475,000.00	475,000.00	0.00
17 December 2025	P	Teesside Flexible Investment Fund	Local Investments	Local Investments	~	~	GBP	475,000.00	475,000.00	0.00

**950,000.00**

01 October 2025	S	St Arthur Homes	Other Debt	Other Debt	~	~	GBP	-229,687.00	-229,687.00	0.00
20 October 2025	S	Greyhound Retail Park, Chester	Other Debt	Other Debt	~	~	GBP	-109,375.00	-109,375.00	0.00
20 October 2025	S	St Arthur Homes	Other Debt	Other Debt	~	~	GBP	-132,348.00	-132,348.00	0.00
21 October 2025	S	Titan - Investors Loan for Hogmoor House, Templars Way, Bordon	Other Debt	Other Debt	~	~	GBP	-35.64	-35.64	0.00
31 October 2025	S	St Arthur Homes	Other Debt	Other Debt	~	~	GBP	-59,877.00	-59,877.00	0.00
21 November 2025	P	St Arthur Homes	Other Debt	Other Debt	~	~	GBP	3,042,949.00	3,042,949.00	0.00
26 November 2025	P	Greyhound Retail Park, Chester	Other Debt	Other Debt	~	~	GBP	1,218,512.00	1,218,512.00	0.00
10 December 2025	S	St Arthur Homes	Other Debt	Other Debt	~	~	GBP	-98,395.00	-98,395.00	0.00
18 December 2025	P	La Salle Real Estate Debt Strategies IV	Other Debt	Other Debt	~	~	GBP	389,238.55	389,238.55	0.00
18 December 2025	S	Pantheon Private Debt PSD II	Other Debt	Other Debt	~	~	USD	-544,627.17	-544,627.17	0.00
22 December 2025	S	La Salle Real Estate Debt Strategies IV	Other Debt	Other Debt	~	~	GBP	-7,808.13	-7,808.13	0.00
31 December 2025	S	St Arthur Homes	Other Debt	Other Debt	~	~	GBP	-240,545.00	-240,545.00	0.00
31 December 2025	S	St Arthur Homes	Other Debt	Other Debt	~	~	GBP	-47,892.00	-47,892.00	0.00

**3,180,109.61**

01 October 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	2,414,740.56	2,414,740.56	0.00
02 October 2025	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	-8,111.16	-8,111.16	0.00
02 October 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	5,124.06	5,124.06	0.00
07 October 2025	P	Hermes GPE Innovation Fund	Private Equity	Private Equity	~	~	GBP	150,766.80	150,766.80	0.00
07 October 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	910,536.26	910,536.26	0.00
07 October 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	180,643.26	180,643.26	0.00
07 October 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	204,231.71	204,231.71	0.00
09 October 2025	P	Foresight Regional Investment IV	Private Equity	Private Equity	~	~	GBP	28,800.62	28,800.62	0.00
09 October 2025	S	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	-50,660.96	-50,660.96	0.00
10 October 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	6,851,979.25	6,851,979.25	0.00
10 October 2025	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	-4,970,134.19	-4,970,134.19	0.00
14 October 2025	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-41,000.64	-41,000.64	0.00
15 October 2025	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	-27,032.76	-27,032.76	0.00
16 October 2025	S	Crown Co-Investment Opportunities II	Private Equity	Private Equity	~	~	USD	-798,742.84	-798,742.84	0.00
17 October 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	267,494.10	267,494.10	0.00

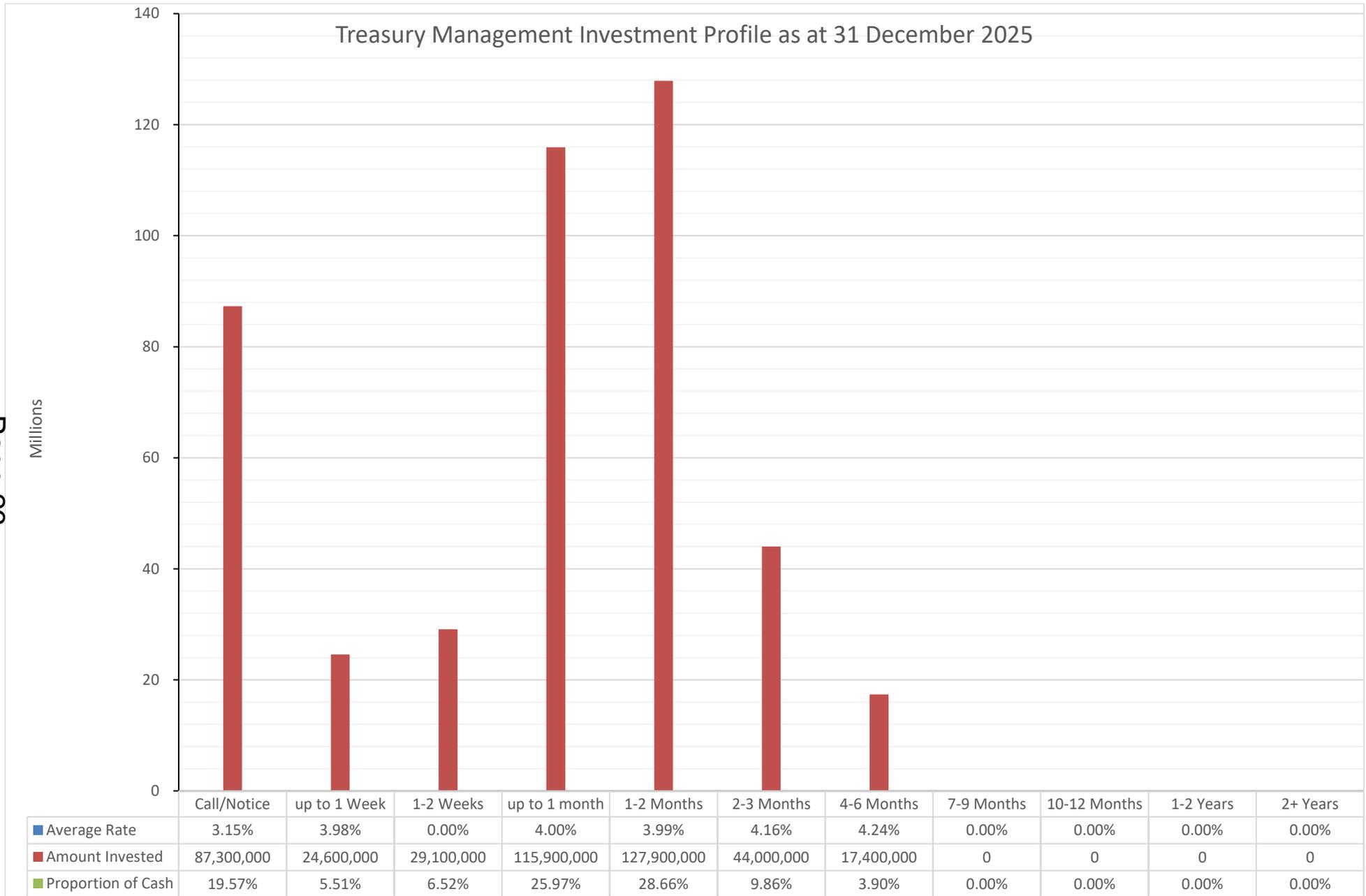
17 October 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	1,271,490.39	1,271,490.39	0.00
17 October 2025	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	15,162.40	15,162.40	0.00
20 October 2025	P	Access Capital Co-Investment Fund Buy-Out Europe II	Private Equity	Private Equity	~	~	EUR	760,287.50	760,287.50	0.00
20 October 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	338,478.52	338,478.52	0.00
21 October 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	1,654,297.62	1,654,297.62	0.00
22 October 2025	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	-59,759.33	-59,759.33	0.00
22 October 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	197,048.49	197,048.49	0.00
23 October 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	447,006.32	447,006.32	0.00
29 October 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	473,673.43	473,673.43	0.00
30 October 2025	S	Crown Secondaries Special Opportunities II	Private Equity	Private Equity	~	~	USD	-980,632.38	-980,632.38	0.00
31 October 2025	S	Capital Dynamics LGPS Collective Private Equity for Pools 18/19	Private Equity	Private Equity	~	~	GBP	-77,775.00	-77,775.00	0.00
04 November 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	453,594.07	453,594.07	0.00
04 November 2025	P	Border to Coast Private Equity Series 3A	Private Equity	Private Equity	~	~	USD	2,390,664.06	2,390,664.06	0.00
05 November 2025	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	-531,042.00	-531,042.00	0.00
05 November 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	21,225.46	21,225.46	0.00
05 November 2025	P	Blackrock Private Opportunities Fund IV	Private Equity	Private Equity	~	~	USD	97,862.54	97,862.54	0.00
05 November 2025	S	Blackrock Private Opportunities Fund IV	Private Equity	Private Equity	~	~	USD	-1,235,858.72	-1,235,858.72	0.00
06 November 2025	S	Crown Co-Investment Opportunities III	Private Equity	Private Equity	~	~	USD	-237,926.01	-237,926.01	0.00
06 November 2025	S	Capital Dynamics Mid-Market Direct V	Private Equity	Private Equity	~	~	EUR	-842,605.87	-842,605.87	0.00
07 November 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	EUR	212,248.02	212,248.02	0.00
10 November 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	1,591,535.01	1,591,535.01	0.00
10 November 2025	S	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	-19,440.64	-19,440.64	0.00
10 November 2025	S	Capital Dynamics Global Secondaries V	Private Equity	Private Equity	~	~	USD	-178,121.02	-178,121.02	0.00
12 November 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	706,854.04	706,854.04	0.00
13 November 2025	S	Pantheon Global Co-Investment Opportunities IV	Private Equity	Private Equity	~	~	USD	-367,343.56	-367,343.56	0.00
13 November 2025	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	EUR	-171,809.20	-171,809.20	0.00
17 November 2025	P	Border to Coast Private Equity Series 3A	Private Equity	Private Equity	~	~	USD	737,569.85	737,569.85	0.00
18 November 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	EUR	235,812.46	235,812.46	0.00
18 November 2025	P	Crown Global Opportunities VII	Private Equity	Private Equity	~	~	USD	301,869.32	301,869.32	0.00
18 November 2025	S	Crown Global Opportunities VII	Private Equity	Private Equity	~	~	USD	-493,377.17	-493,377.17	0.00
18 November 2025	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-252,625.72	-252,625.72	0.00
20 November 2025	P	Foresight Regional Investment IV	Private Equity	Private Equity	~	~	GBP	166,888.83	166,888.83	0.00
20 November 2025	S	Crown Co-Investment Opportunities II	Private Equity	Private Equity	~	~	USD	-1,592,347.89	-1,592,347.89	0.00
21 November 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	384,255.25	384,255.25	0.00
21 November 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	14,661.32	14,661.32	0.00
24 November 2025	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	156,814.80	156,814.80	0.00
24 November 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	1,520,251.75	1,520,251.75	0.00
24 November 2025	S	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	-102,664.61	-102,664.61	0.00
25 November 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	199,372.41	199,372.41	0.00
25 November 2025	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-184,499.11	-184,499.11	0.00
26 November 2025	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	GBP	-137,650.93	-137,650.93	0.00
27 November 2025	S	Capital Dynamics LGPS Collective Private Equity for Pools 18/19	Private Equity	Private Equity	~	~	GBP	-80,775.00	-80,775.00	0.00
28 November 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	416,368.31	416,368.31	0.00
01 December 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	EUR	32,095.69	32,095.69	0.00
01 December 2025	S	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	-124,054.28	-124,054.28	0.00
01 December 2025	S	Access Capital Fund VIII Growth Buy-Out Europe	Private Equity	Private Equity	~	~	EUR	-257,580.55	-257,580.55	0.00
02 December 2025	S	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	-55,127.08	-55,127.08	0.00
02 December 2025	S	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	-110,150.31	-110,150.31	0.00
02 December 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	572,298.19	572,298.19	0.00
02 December 2025	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-15,775.70	-15,775.70	0.00
03 December 2025	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	258,129.63	258,129.63	0.00
11 December 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	217,539.77	217,539.77	0.00
11 December 2025	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	76,396.41	76,396.41	0.00
11 December 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	2,499,799.70	2,499,799.70	0.00
12 December 2025	P	Hermes GPE Innovation Fund	Private Equity	Private Equity	~	~	GBP	426,603.14	426,603.14	0.00
12 December 2025	S	Hermes GPE Innovation Fund	Private Equity	Private Equity	~	~	GBP	-138,524.21	-138,524.21	0.00
12 December 2025	S	Unigestion Direct III - Co-Investment	Private Equity	Private Equity	~	~	EUR	-492,345.11	-492,345.11	0.00
12 December 2025	S	Unigestion Direct III - Global	Private Equity	Private Equity	~	~	EUR	-889,881.03	-889,881.03	0.00
15 December 2025	P	Border to Coast Private Equity Series 3A	Private Equity	Private Equity	~	~	USD	12,006.17	12,006.17	0.00
15 December 2025	P	Border to Coast Private Equity Series 2B	Private Equity	Private Equity	~	~	USD	295,495.96	295,495.96	0.00
16 December 2025	P	Border to Coast Private Equity Series 3A	Private Equity	Private Equity	~	~	EUR	627,441.30	627,441.30	0.00
16 December 2025	P	Border to Coast Private Equity Series 3A	Private Equity	Private Equity	~	~	EUR	1,019,546.11	1,019,546.11	0.00
16 December 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	GBP	423,103.95	423,103.95	0.00
16 December 2025	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	GBP	-47,947.46	-47,947.46	0.00
17 December 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	21,470.95	21,470.95	0.00

18 December 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	49,840.87	49,840.87	0.00
22 December 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	81,862.80	81,862.80	0.00
22 December 2025	S	Unigestion Direct II - Europe	Private Equity	Private Equity	~	~	EUR	-900,600.82	-900,600.82	0.00
22 December 2025	P	Unigestion Direct II - Europe	Private Equity	Private Equity	~	~	EUR	415,696.46	415,696.46	0.00
23 December 2025	P	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	9,515.52	9,515.52	0.00
23 December 2025	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-58,229.42	-58,229.42	0.00
23 December 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	USD	423,237.07	423,237.07	0.00
23 December 2025	P	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	429,730.82	429,730.82	0.00
23 December 2025	S	Border to Coast Private Equity Series 1B	Private Equity	Private Equity	~	~	USD	-61,374.34	-61,374.34	0.00
23 December 2025	S	Border to Coast Private Equity Series 1A	Private Equity	Private Equity	~	~	USD	-158,263.20	-158,263.20	0.00
23 December 2025	P	Border to Coast Private Equity Series 3A	Private Equity	Private Equity	~	~	USD	86,443.90	86,443.90	0.00
23 December 2025	P	Foresight Regional Investment IV	Private Equity	Private Equity	~	~	GBP	63,699.62	63,699.62	0.00
23 December 2025	P	Border to Coast Private Equity Series 2A	Private Equity	Private Equity	~	~	EUR	74,451.19	74,451.19	0.00
23 December 2025	P	Border to Coast Private Equity Series 1C	Private Equity	Private Equity	~	~	USD	631,495.14	631,495.14	0.00
24 December 2025	S	Crown Growth Opportunities Global III	Private Equity	Private Equity	~	~	EUR	-413,235.84	-413,235.84	0.00
24 December 2025	P	Crown Growth Opportunities Global III	Private Equity	Private Equity	~	~	EUR	258,272.40	258,272.40	0.00

Periods October, November and December 2025 (Cumulative) Total

Total Profit - NB: Losses are shown with a ( )

<b>17,620,755.51</b>	
<b>39,807,373.09</b>	<b>0.00</b>



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## ◆ Asset Detail - Customizable

Asset Subcategory	Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
<b>Equities</b>						
<b>Common stock</b>						
<b>Australia</b>						
Common Stock	FINEXIA FINL GROUP NPV SEDOL : BMY4539	0.00 AUD	85.000	0.000	0.19000000	8.010
Common Stock	YOUNG AUSTRALIAN MINES LTD SEDOL : 6741626	0.00 AUD	225,391.000	283,349.800	0.06900000	7,710.370
<b>Total Australia</b>		<b>0.00</b>	<b>225,476.000</b>	<b>283,349.800</b>		<b>7,718.380</b>
<b>Europe Region</b>						
Common Stock	ACIF INFRASTRUCTURE FUND LP CUSIP : 9936FC996	0.00 EUR	18,830,620.190	16,729,051.430	0.93272500	15,410,891.190
<b>Total Europe Region</b>		<b>0.00</b>	<b>18,830,620.190</b>	<b>16,729,051.430</b>		<b>15,410,891.190</b>
<b>Guernsey, Channel Islands</b>						
Common Stock	AMEDEO AIR FOUR PL RED ORD NPV SEDOL : BQKNKR7	0.00 GBP	3,999,998.000	3,338,588.500	0.66200000	2,647,998.680
<b>Total Guernsey, Channel Islands</b>		<b>0.00</b>	<b>3,999,998.000</b>	<b>3,338,588.500</b>		<b>2,647,998.680</b>
<b>United Kingdom</b>						
Common Stock	AFREN ORD GBP0.01 SEDOL : B067275	0.00 GBP	1,000,000.000	1,089,449.060	0.01785000	17,850.000
Common Stock	CARILLION PLC ORD GBP0.50 SEDOL : 0736554	0.00 GBP	436,400.000	0.000	0.14200000	61,968.800
Common Stock	NEW WORLD RESOURCE ORD EUR0.0004 A SEDOL : B42CTW6	0.00 GBP	250,000.000	1,294,544.760	0.00150000	375.000
<b>Total United Kingdom</b>		<b>0.00</b>	<b>1,686,400.000</b>	<b>2,383,993.820</b>		<b>80,193.800</b>
<b>Total Common stock</b>		<b>0.00</b>	<b>24,742,494.190</b>	<b>22,734,983.550</b>		<b>18,146,802.050</b>
<b>Funds - common stock</b>						
<b>Guernsey, Channel Islands</b>						
Funds - Common Stock	VISTRA FD SERVICES DARWIN LEISURE DEV D GBP SEDOL : BD41T35	0.00 GBP	15,000,000.000	15,000,000.000	0.65080000	9,762,000.000
<b>Total Guernsey, Channel Islands</b>		<b>0.00</b>	<b>15,000,000.000</b>	<b>15,000,000.000</b>		<b>9,762,000.000</b>
<b>United Kingdom</b>						
Funds - Common Stock	BORDER TO COAST OVERSEAS DEVELOPED MARKETS EQUITY FUND A GBP INC SEDOL :	0.00 GBP	2,099,596,093.420	2,099,596,093.420	1.17890000	2,475,213,834.530
Funds - Common Stock	BORDER TO COAST UK LISTED EQUITY FUND A GBP INC SEDOL : BS2KKB4	0.00 GBP	612,577,167.050	612,577,167.050	1.18000000	722,841,057.120

◆ Asset Detail - Customizable

Asset Subcategory	Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
<b>Equities</b>						
<b>Funds - common stock</b>						
<b>United Kingdom</b>						
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	1.03220000	401,121,208.410
	<b>Total United Kingdom</b>	<b>0.00</b>	<b>3,100,781,290.320</b>	<b>3,108,048,260.470</b>		<b>3,599,176,100.060</b>
	<b>Total Funds - common stock</b>	<b>0.00</b>	<b>3,115,781,290.320</b>	<b>3,123,048,260.470</b>		<b>3,608,938,100.060</b>
<b>Unit trust equity</b>						
<b>Guernsey, Channel Islands</b>						
Unit Trust Equity						
	DARWIN S REAVEMENT SERVICES FUND CLASS B ACCUMULATION SEDOL : 4A8UCZU	0.00 GBP	14,359,563.469	15,000,000.000	1.10000000	15,795,519.820
	<b>Total Guernsey, Channel Islands</b>	<b>0.00</b>	<b>14,359,563.469</b>	<b>15,000,000.000</b>		<b>15,795,519.820</b>
<b>Luxembourg</b>						
Unit Trust Equity						
	ABERDEEN STANDARD EUR PPTY GROWTH FD LP SEDOL : 8A8TB3U	0.00 EUR	324.970	20,636,888.600	81,432.27000000	23,106,592.680
	<b>Total Luxembourg</b>	<b>0.00</b>	<b>324.970</b>	<b>20,636,888.600</b>		<b>23,106,592.680</b>
<b>United Kingdom</b>						
Unit Trust Equity						
	CANDOVER INVSTMNTS PLC GBP0.25 SEDOL : 0171315	0.00 GBP	60,000.000	321,939.430	0.00000000	0.000
	<b>Total United Kingdom</b>	<b>0.00</b>	<b>60,000.000</b>	<b>321,939.430</b>		<b>0.000</b>
	<b>Total Unit trust equity</b>	<b>0.00</b>	<b>14,419,888.439</b>	<b>35,958,828.030</b>		<b>38,902,112.500</b>
	<b>Total Equities</b>	<b>0.00</b>	<b>3,154,943,672.949</b>	<b>3,181,742,072.050</b>		<b>3,665,987,014.610</b>

◆ Asset Detail - Customizable

Asset Subcategory	Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
<b>Real Estate</b>						
<i>Real estate</i>						
<b>Europe Region</b>						
Real Estate	CAPITAL DYNAMICS MID-MARKET DIRECT V CUSIP : 993RBZ993	0.00 EUR	15,150,951.510	13,051,577.010	1.71063950	22,630,518.340
Real Estate	La Salle Real Estate Debt Strategies IV CUSIP : 9944J7997	0.00 EUR	12,996,315.040	11,153,443.150	0.94807680	10,758,701.210
<b>Total Europe Region</b>		<b>0.00</b>	<b>28,147,266.550</b>	<b>24,205,020.160</b>		<b>33,389,219.550</b>
<b>United Kingdom</b>						
Real Estate	HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP CUSIP : 9936FD994	0.00 GBP	10,000,000.010	10,000,000.010	1.02530270	10,253,027.010
Real Estate	HEARTHSTONE RESIDENTIAL FUND 2 CUSIP : 9942CJ992	0.00 GBP	20,000,000.000	20,000,000.000	0.87657320	17,531,464.000
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
<b>Total United Kingdom</b>		<b>0.00</b>	<b>518,512,883.490</b>	<b>518,512,883.490</b>		<b>552,059,497.490</b>
<b>Total Real Estate</b>		<b>0.00</b>	<b>546,660,150.040</b>	<b>542,717,903.650</b>		<b>585,448,717.040</b>
<i>Funds - real estate</i>						
<b>United Kingdom</b>						
Funds - Real Estate	C - MANAGED PROPERTY SEDOL : 2A5GFSU	0.00 GBP	243,197.480	15,643,118.270	65.94530000	16,037,730.780
Funds - Real Estate	DARWIN LEISURE PRO UNITS CLS 'C' SEDOL : B29MQ57	0.00 GBP	6,493,057.480	10,611,644.050	0.32920000	2,137,514.520
Funds - Real Estate	DARWIN LEISURE PROPERTY FUND UNITS K GBP INC SEDOL : 4A9TBEU	0.00 GBP	34,527,436.047	35,000,000.000	0.09320000	3,217,957.040
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
<b>Total United Kingdom</b>		<b>0.00</b>	<b>41,266,281.007</b>	<b>61,270,487.400</b>		<b>21,408,967.670</b>
<b>Total Funds - real estate</b>		<b>0.00</b>	<b>41,266,281.007</b>	<b>61,270,487.400</b>		<b>21,408,967.670</b>
<b>Total Real Estate</b>		<b>0.00</b>	<b>587,926,431.047</b>	<b>603,988,391.050</b>		<b>606,857,684.710</b>

◆ Asset Detail - Customizable

Asset Subcategory					
Description/Asset ID	Accrued 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	16,437,572.430	14,366,178.180	1.18861150	17,059,790.920
Partnerships ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE CUSIP : 993KDB999	0.00 EUR	18,121,995.740	15,633,696.820	1.56660120	24,789,089.520
Partnerships ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2) CUSIP : 993SRL995	0.00 EUR	12,916,667.440	11,126,252.860	1.16182960	13,103,551.270
Partnerships ACCESS CAPITAL, CO-INVESTMENT FUND BUY-OUT EUROPE II CUSIP : 993SRM993	0.00 EUR	15,498,630.420	13,286,485.430	1.04805660	14,183,197.690
Partnerships Darwin Bereavement Services Fund, Incomeunits CUSIP : 993XBG992	0.00 GBP	30,000,000.000	30,000,000.000	0.81910060	24,573,018.000
Partnerships FORESLIGHT ENERGY I NFRASTRUCTURE PARTNERS - EUR CUSIP : 995KLLQ995	0.00 EUR	14,681,356.060	13,955,667.770	1.12401280	14,408,989.520
Partnerships UNIGESTION DIRECT III - EUR CUSIP : 994RLP993	0.00 EUR	22,664,285.710	19,485,982.770	1.18744380	23,499,098.280
<b>Total Europe Region</b>	<b>0.00</b>	<b>130,320,507.800</b>	<b>117,854,263.830</b>		<b>131,616,735.200</b>
<b>Global Region</b>					
Partnerships CAPITAL DYNAMICS GLOBAL SECONDARIES V (FEEDER) SCSP CUSIP : 995F09997	0.00 USD	7,382,940.190	9,587,117.170	2.78478050	15,285,576.610
Partnerships CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD CUSIP : 993BRL992	0.00 USD	4,100,130.030	3,101,820.750	6.44264280	19,639,172.740
Partnerships INSIGHT IIFIG SECURED FINANCE FUND II (GBP) CUSIP : 9946P0990	0.00 GBP	50,000,000.000	50,000,000.000	1.01182230	50,591,115.000
Partnerships LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS2018/19 - GBP CUSIP : 993LRK992	0.00 GBP	7,859,166.670	7,859,166.670	1.45359850	11,424,072.880
Partnerships PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV CUSIP : 993FYQ994	0.00 USD	19,357,031.000	15,207,514.940	1.67877600	24,159,781.600
Partnerships UNIGESTION DIRECT II - EUR CUSIP : 993MTE992	0.00 EUR	20,212,828.800	17,431,981.920	1.50839590	26,621,868.750
<b>Total Global Region</b>	<b>0.00</b>	<b>108,912,096.690</b>	<b>103,187,601.450</b>		<b>147,721,587.580</b>
<b>Luxembourg</b>					
Partnerships Crown Growth Opportunities Global III fund CUSIP : 995NRV992	0.00 EUR	26,754,357.140	20,878,960.750	1.56781980	36,625,769.850
Partnerships UNIGESTION SA CUSIP : 995NRW990	0.00 EUR	32,926,944.380	26,424,348.320	1.42195780	40,882,197.780
<b>Total Luxembourg</b>	<b>0.00</b>	<b>59,681,301.520</b>	<b>47,303,309.070</b>		<b>77,507,967.630</b>
<b>United Kingdom</b>					

◆ **Asset Detail - Customizable**

Asset Subcategory	Description/Asset ID	Accrued 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	18,710,487.300	16,412,784.710	1.34016340	21,894,697.470
Partnerships	BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A CUSIP : 994MVX996	0.00 GBP	43,878,516.500	43,878,516.500	0.99109480	43,487,769.530
Partnerships	BORDER TO COAST EMERGING MARKET HYBRID FUND - GBP CUSIP : 9942CC997	0.00 GBP	246,131,815.690	246,131,815.690	1.13588590	279,577,658.980
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 3A- GBP CUSIP : 995V88996	0.00 GBP	8,186,144.580	8,186,144.580	1.05607050	8,645,145.800
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 1 CUSIP : 993FT4999	0.00 USD	104,386,680.320	82,624,810.900	1.03752430	80,520,204.700
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 1B CUSIP : 993KGJ999	0.00 USD	46,963,658.390	36,701,120.170	1.17379960	40,984,287.000
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 1C CUSIP : 9942A6992	0.00 GBP	42,009,281.100	42,009,281.100	1.18158240	49,637,427.180
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 2 A (GBP) CUSIP : 994NWK991	0.00 GBP	87,606,164.480	87,606,164.480	1.10240620	96,577,578.880
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 1 CUSIP : 993FYP996	0.00 USD	86,802,465.670	67,507,316.910	1.44730440	93,401,413.940
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 1B CUSIP : 993U46998	0.00 USD	45,098,945.690	35,509,974.470	1.39604020	46,808,618.120
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 1C CUSIP : 993XGK998	0.00 GBP	44,862,241.822	44,862,241.820	1.15975810	52,029,348.340
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 2A- GBP CUSIP : 994JQY997	0.00 GBP	51,964,834.844	51,964,834.840	1.10795760	57,574,833.700
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 2B CUSIP : 994WH4994	0.00 GBP	33,216,615.740	33,216,615.740	1.19983420	39,854,431.570
Partnerships	BORDER TO COAST PRIVATE EQUITY SERIES 3A- GBP CUSIP : 990801490	0.00 GBP	4,885,470.240	4,885,470.240	0.51860830	2,533,645.420
Partnerships	Capital Dynamics Clean Energy Infrastructure Uk - GBP CUSIP : 995J65991	0.00 GBP	8,820,000.000	8,820,000.000	0.86354420	7,616,459.840
Partnerships	CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP CUSIP :	0.00 GBP	9,635,025.770	9,635,025.770	1.08220290	10,427,052.830
Partnerships	CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSP CUSIP : 993FP0991	0.00 GBP	19,991,307.180	19,991,307.180	1.05865600	21,163,917.290
Partnerships	DARWIN LEISURE PROPERTY FUND T ,INCOME UNITS CUSIP : 995NZ7996	0.00 GBP	5,000,000.000	5,000,000.000	0.13180000	659,000.000
Partnerships	FORESIGHT REGIONAL INVESTMENT LP CUSIP : 994JXS992	0.00 GBP	2,324,377.960	2,324,377.960	0.93580700	2,175,169.170
Partnerships	GB Bank Limited CUSIP : 993QJB990	0.00 GBP	60,843,716.400	60,843,716.400	0.34126310	20,763,715.270
Partnerships	GRESHAM HOUSE BSI HOUSING FUND LP CUSIP : 993FP6998	0.00 GBP	19,546,066.490	19,546,066.490	1.02264900	19,988,765.350

◆ **Asset Detail - Customizable**

Asset Subcategory	Description/Asset ID	Accrued 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 BSI INFRASTRUCTURE LP CUSIP : 993FP5990	0.00 GBP	17,533,330.700	17,533,330.700	1.36621140	23,954,236.280
Partnerships	GRESHAM HOUSE, BRITISH SUSTAINABLE INFRASTRUCTURE FUND II CUSIP : 994FXD993	0.00 GBP	24,740,491.880	24,740,491.880	1.18164680	29,234,523.060
Partnerships	GREYHOUND RETAIL PARK, CHESTER CUSIP : 9948YV998	0.00 GBP	19,950,000.000	19,950,000.000	0.99072150	19,764,893.930
Partnerships	HERMES GPE INNOVATION FUND CUSIP : 993NEB992	0.00 GBP	15,258,774.800	15,258,774.800	1.25286070	19,117,119.280
Partnerships	INNISFREE PFI CONTINUATION FUND CUSIP : 9936FE992	0.00 GBP	8,672,972.000	8,672,972.000	1.11680670	9,686,033.240
Partnerships	INNISFREE PFI SECONDARY FUND 2 CUSIP : 9936FF999	0.00 GBP	7,728,331.000	7,728,331.000	1.00382090	7,757,860.180
Partnerships	St Arthur Homes CUSIP : 994NJF997	0.00 GBP	20,756,182.100	20,756,182.100	0.94372940	19,588,219.280
Partnerships	Teesside Flexible Investment Fund - GBP CUSIP : 995EFQ996	0.00 GBP	4,091,330.630	4,091,330.630	1.04160120	4,261,534.890
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	10,983,436.360	10,983,436.360	0.97178850	10,673,577.150
Partnerships	TPF CO-INVESTMENT BSI LP - WASTE KNOT GBP CUSIP : 994FFL995	0.00 GBP	10,000,000.000	10,000,000.000	1.21420250	12,142,025.000
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>1,174,355,515.636</b>	<b>1,111,149,285.420</b>		<b>1,196,151,024.830</b>
<b>United States</b>						
Partnerships	BLACKROCK GLOBAL ENERGY AND POWER INFRASTRUCTURE FUND III CUSIP :	0.00 USD	14,217,934.000	11,192,269.360	1.24967850	13,209,801.710
Partnerships	BLACKROCK GLOBAL RENEWABLE POWER FUND III CUSIP : 993QHY992	0.00 USD	21,381,526.830	16,888,893.150	0.69357810	11,025,431.430
Partnerships	BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL CUSIP : 993FYK997	0.00 USD	17,982,316.000	13,636,122.460	1.25871270	16,828,048.140
Partnerships	BORDER TO COAST INFRASTRUCTURE SERIES 2B- GBP CUSIP : 9952EV992	0.00 GBP	60,145,364.650	60,145,364.650	0.98959500	59,519,552.130
Partnerships	BRIDGES EVERGREEN TPF HOUSING CO-INVEST LP CUSIP : 993XEU998	0.00 GBP	806,792.760	806,792.760	0.94611160	763,315.990
Partnerships	CROWN CO-INVEST OPPORTUNITIES III CUSIP : 993XBM999	0.00 USD	23,963,399.030	18,761,839.880	1.30929260	23,326,342.040
Partnerships	CROWN GLOBAL OPPORTUNITIES VII CUSIP : 993FYN991	0.00 USD	22,335,711.550	17,663,629.150	1.45941550	24,234,845.390

◆ **Asset Detail - Customizable**

Asset Subcategory	Accrued	Nominal	Book Cost	Market Price	Market Value
Description/Asset ID	Income/Expense Curr				
<b>Venture Capital and Partnerships</b>					
<b>Partnerships</b>					
<b>United States</b>					
Partnerships					
LGT CAPITAL CROWN SECONDARIES SPECIAL OPPORTUNITIES II CUSIP : 993QEY995	0.00 USD	18,557,837.380	14,473,328.770	1.48500770	20,488,849.710
Partnerships					
PANTHEON SENIOR DEBT SECONDARIES II CUSIP : 993UAP999	0.00 USD	22,224,897.160	17,511,335.040	0.73222300	12,098,865.060
<b>Total United States</b>	<b>0.00</b>	<b>201,615,779.360</b>	<b>171,079,575.220</b>		<b>181,495,051.600</b>
<b>Total Partnerships</b>	<b>0.00</b>	<b>1,674,885,201.006</b>	<b>1,550,574,034.990</b>		<b>1,734,492,366.840</b>
<b>Total Venture Capital and Partnerships</b>	<b>0.00</b>	<b>1,674,885,201.006</b>	<b>1,550,574,034.990</b>		<b>1,734,492,366.840</b>

◆ Asset Detail - Customizable

Asset Subcategory	Accrued	Nominal	Book Cost	Market Price	Market Value
Description/Asset ID	Income/Expense Curr				
<b>Hedge Fund</b>					
<b>Hedge equity</b>					
<b>Global Region</b>					
Hedge Equity					
IIF UK I LP CUSIP : 993FP3995	0.00 USD	96,632,729.090	80,425,764.280	1.16904790	83,988,158.220
<b>Total Global Region</b>	<b>0.00</b>	<b>96,632,729.090</b>	<b>80,425,764.280</b>		<b>83,988,158.220</b>
<b>Total Hedge equity</b>	<b>0.00</b>	<b>96,632,729.090</b>	<b>80,425,764.280</b>		<b>83,988,158.220</b>
<b>Total Hedge Fund</b>	<b>0.00</b>	<b>96,632,729.090</b>	<b>80,425,764.280</b>		<b>83,988,158.220</b>

◆ **Asset Detail - Customizable**

Asset Subcategory	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
<b>All Other</b>					
<b>Recoverable taxes</b>					
Recoverable taxes					
GBP - British pound sterling	97,715.75	0.000	0.000	0.00000000	0.000
Recoverable taxes					
DKK - Danish krone	296,713.84	0.000	0.000	0.00000000	0.000
Recoverable taxes					
EUR - Euro	1,124,341.17	0.000	0.000	0.00000000	0.000
Recoverable taxes					
CHF - Swiss franc	2,531,882.37	0.000	0.000	0.00000000	0.000
<b>Total</b>	<b>4,050,653.13</b>	<b>0.000</b>	<b>0.000</b>		<b>0.000</b>
<b>Total Recoverable taxes</b>	<b>4,050,653.13</b>	<b>0.000</b>	<b>0.000</b>		<b>0.000</b>
<b>Total All Other</b>	<b>4,050,653.13</b>	<b>0.000</b>	<b>0.000</b>		<b>0.000</b>

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◆ **Asset Detail - Customizable**

Asset Subcategory	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
<b>Cash and Cash Equivalents</b>					
<b>Cash</b>					
Cash					
AUD - Australian dollar	0.15	3,911.060	3,911.060	1.00000000	3,911.060
Cash					
GBP - British pound sterling	-91.91	210.290	210.290	1.00000000	210.290
Cash					
THB - Thai baht	0.00	5,097.250	5,097.250	1.00000000	5,097.250
Cash					
USD - United States dollar	23.32	68,390.110	68,390.110	1.00000000	68,390.110
<b>Total</b>	<b>-68.44</b>	<b>77,608.710</b>	<b>77,608.710</b>		<b>77,608.710</b>
<b>Total Cash</b>	<b>-68.44</b>	<b>77,608.710</b>	<b>77,608.710</b>		<b>77,608.710</b>
<b>Cash (externally held)</b>					
Cash (externally held)					
GBP - British pound sterling	0.00	446,616,051.260	446,616,051.260	1.00000000	446,616,051.260
Cash (externally held)					
EUR - Euro	0.00	0.340	0.340	1.00000000	0.340
<b>Total</b>	<b>0.00</b>	<b>446,616,051.600</b>	<b>446,616,051.600</b>		<b>446,616,051.600</b>
<b>Total Cash (externally held)</b>	<b>0.00</b>	<b>446,616,051.600</b>	<b>446,616,051.600</b>		<b>446,616,051.600</b>
<b>Funds - short term investment</b>					
Funds - Short Term Investment					
GBP - British pound sterling	1,664.03	492,000.000	492,000.000	1.00000000	492,000.000
<b>Total</b>	<b>1,664.03</b>	<b>492,000.000</b>	<b>492,000.000</b>		<b>492,000.000</b>
<b>Total Funds - short term investment</b>	<b>1,664.03</b>	<b>492,000.000</b>	<b>492,000.000</b>		<b>492,000.000</b>
<b>Total Cash and Cash Equivalents</b>	<b>1,595.59</b>	<b>447,185,660.310</b>	<b>447,185,660.310</b>		<b>447,185,660.310</b>
<b>Report Total:</b>					
	<b>4,052,248.72</b>	<b>5,961,573,694.402</b>	<b>5,863,915,922.680</b>		<b>6,538,510,884.690</b>

◆ **Asset Detail - Customizable**

Asset Subcategory

Description/Asset ID	Accrued Income/Expense Curr	Nominal	Book Cost	Market Price	Market Value
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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 GBPO.01	1,089,449.06	0.02	17,850.00	0.00%
AMEDEO AIR FOUR PLUS LTD	3,907,776.01	0.02	2,647,998.68	0.04%
BORDER TO COAST PE UK LISTED EQUITY FUND (AINC)	612,577,167.00	1.26	722,841,057.12	11.82%
CANDOVER INVESTMENTS PLC GBPO.25	321,939.43	0.00	0.00	0.00%
CARILLION ORD GBPO.50	0.00	0.14	61,968.80	0.00%
NEW WORLD RESOURCE ORD EURO.0004 A	1,294,544.76	0.00	375.00	0.00%
<b>TOTAL UK EQUITIES</b>			<b>725,569,249.60</b>	<b>11.86%</b>
<b><u>OVERSEAS EQUITIES</u></b>				
BORDER TO COAST EMERGING MARKET HYBRID FUND	251,187,256.98	0.97	279,577,651.38	4.57%
BORDER TO COAST PE OVERSEAS DEV MKTS EQTY (AINC)	2,099,596,093.42	1.19	2,475,213,834.54	40.46%
FINEXIA FINL GROUP NPV	85.00	0.29	8.01	0.00%
YOUNG AUSTRALIAN MINES LTD	225,391.00	0.07	7,710.37	0.00%
<b>TOTAL OVERSEAS EQUITIES</b>			<b>2,754,799,204.30</b>	<b>45.03%</b>
<b>TOTAL EQUITIES</b>			<b>3,480,368,453.90</b>	<b>56.89%</b>
<b><u>PRIVATE EQUITY</u></b>				
ACCESS CAPITAL CO INVESTMENT FUND BUY OUT EUROPE II	7,858,117.11	0.98	14,183,197.69	0.23%
ACCESS CAPITAL FUND VIII GROWTH BUY OUT EUROPE	14,502,844.73	1.43	24,789,089.52	0.41%
BLACKROCK PRIVATE OPPORTUNITIES FUND IV TOTAL	15,821,278.95	1.20	16,828,048.14	0.28%
BORDER TO COAST PRIVATE EQUITY SERIES 1A	65,530,115.76	1.09	93,401,413.94	1.53%
BORDER TO COAST PRIVATE EQUITY SERIES 1B	28,741,211.36	0.99	46,808,618.12	0.77%
BORDER TO COAST PRIVATE EQUITY SERIES 1C	21,162,341.01	1.04	52,029,348.34	0.85%
BORDER TO COAST PRIVATE EQUITY SERIES 2A	4,957,913.17	0.76	57,574,833.70	0.94%
BORDER TO COAST PRIVATE EQUITY SERIES 2B	26,701,169.90	1.13	39,854,431.57	0.65%
BORDER TO COAST PRIVATE EQUITY SERIES 3A			2,533,645.42	0.04%
CAPITAL DYNAMICS GLOBAL SECONDARIES V	11,042,925.55	1.66	15,285,576.61	0.25%
CAPITAL DYNAMICS LGPS COLLECTIVE PRIVATE EQUITY FOR POOLS 18/19	6,979,550.00	1.36	11,424,072.88	0.19%

CAPITAL DYNAMICS MID-MARKET DIRECT V	13,201,080.63	1.25	22,630,518.34	0.37%
CROWN CO INVESTMENT OPPORTUNITIES II PLCS USD	12,309,133.55	2.04	19,639,172.74	0.32%
CROWN CO INVESTMENT OPPORTUNITIES III	10,447,059.01	1.14	23,326,342.04	0.38%
CROWN GLOBAL OPPORTUNITIES VII	15,563,768.96	1.31	24,234,845.39	0.40%
CROWN GROWTH OPPORTUNITIES GLOBAL III	20,496,138.42	1.52	36,625,769.85	0.60%
CROWN SECONDARIES SPECIAL OPPORTUNITIES II	13,140,741.71	1.34	20,488,849.71	0.33%
DARWIN LEISURE DEVELOPMENT FUND ACCUMULATION UNITS - D CLASS	15,000,000.00	1.10	9,762,000.00	0.16%
DARWIN LEISURE PRO UNITS CLS 'C'	10,611,644.05	2.53	2,137,514.52	0.03%
DARWIN LEISURE PROPERTY FUND, T INCOME UNITS	5,000,000.00	1.00	659,000.00	0.01%
DARWIN LEISURE PROPERTY FUND, K INCOME UNITS	35,000,000.00	0.70	3,217,957.04	0.05%
FORESIGHT REGIONAL INVESTMENTS IV LP	2,093,789.51	0.85	2,175,169.17	0.04%
GB BANK LIMITED	50,043,721.94	1.00	23,445,973.32	0.38%
HERMES GPE INNOVATION FUND	15,228,177.99	1.32	19,117,119.28	0.31%
PANTHEON GLOBAL CO-INVESTMENT OPPORTUNITIES IV	19,141,292.79	1.63	24,159,781.60	0.39%
UNIGESTION DIRECT II	14,547,379.23	1.33	26,621,868.75	0.44%
UNIGESTION DIRECT III	7,213,426.37	0.90	23,499,098.28	0.38%
UNIGESTION SA	22,917,577.35	1.35	40,882,197.78	0.67%
<b>PRIVATE EQUITY</b>			<b>697,335,453.74</b>	<b>11.40%</b>
FW CAPITAL TEESIDE FLEXIBLE INVESTMENT FUND	2,850,019.00	0.00	4,261,534.89	0.07%
<b>PRIVATE EQUITY - LOCAL INVESTMENT</b>			<b>4,261,534.89</b>	<b>0.07%</b>
<b>TOTAL PRIVATE EQUITY</b>			<b>701,596,988.63</b>	<b>11.47%</b>
<b>PROPERTY</b>				
<b>DIRECT PROPERTY</b>				
TEESIDE PENSION FUND - DIRECT PROPERTY (Stay Behinds)	399,152,598.72	1.03	100,350,000.00	1.64%
BTC PROPERTY			401,121,208.42	6.56%
<b>TOTAL DIRECT PROPERTY</b>			<b>501,471,208.42</b>	<b>8.20%</b>
<b>PROPERTY FUNDS</b>				
ABERDEEN STANDARD LIFE EUROPEAN PROPERTY GROWTH FUND	13,608,338.33	120,966.80	23,106,592.68	0.38%
GRESHAM HOUSE BSI HOUSING LP	15,638,997.82	1.10	19,988,765.35	0.33%
HEARTHSTONE RESIDENTIAL FUND 1 LIMITED PARTNERSHIP	10,000,000.01	0.96	10,253,027.01	0.17%
HEARTHSTONE RESIDENTIAL FUND 2	13,740,773.16	0.91	17,531,464.00	0.29%
LEGAL & GENERAL PROPERTY FUND UNITS	15,643,118.27	6.37	16,037,730.78	0.26%

HERMES PROPERTY PUT	2,590.00	6.09	15,765.33	0.00%
<b>TOTAL PROPERTY FUNDS</b>			<b>86,933,345.15</b>	<b>1.42%</b>
BRIDGES EVERGREEN TPF HOUSING CO-INVESTMENT LP	765,180.38	0.93	763,315.99	0.01%
<b>PROPERTY FUNDS - LOCAL INVESTMENT</b>			<b>763,315.99</b>	<b>0.01%</b>
<b>TOTAL PROPERTY</b>			<b>589,167,869.56</b>	<b>9.63%</b>

**PROTECTION ASSETS****INFRASTRUCTURE**

ACCESS CAPITAL FUND INFRASTRUCTURE II	15,571,975.51	1.11	17,059,790.92	0.28%
ACCESS CAPITAL, ACIF INFRASTRUCTURE II LP (FUND 2)	11,255,234.05	1.02	13,103,551.27	0.21%
ACIF INFRASTRUCTURE FUND LP	10,772,726.39	0.74	15,410,891.19	0.25%
ANCALA INFRASTRUCTURE FUND II SCSP	16,729,179.08	1.12	21,894,697.47	0.36%
BLACKROCK GLOBAL ENERGY & POWER INFRASTRUCTURE FUND III	15,874,716.01	0.98	13,209,801.71	0.22%
BLACKROCK GLOBAL RENEWABLE POWER FUND III	11,308,739.08	1.06	11,025,431.43	0.18%
BORDER TO COAST CLIMATE OPPORTUNITIES SERIES 2A	12,551,872.31	1.02	43,487,769.53	0.71%
BORDER TO COAST INFRASTRUCTURE SERIES 1A	67,321,263.18	0.87	80,520,204.70	1.32%
BORDER TO COAST INFRASTRUCTURE SERIES 1B	24,942,901.60	0.89	40,984,287.00	0.67%
BORDER TO COAST INFRASTRUCTURE SERIES 1C	33,456,001.70	1.08	49,637,427.18	0.81%
BORDER TO COAST INFRASTRUCTURE SERIES 2A	32,109,979.63	0.98	96,577,578.88	1.58%
BORDER TO COAST INFRASTRUCTURE SERIES 2B	6,540,791.64	1.00	59,519,552.13	0.97%
BORDER TO COAST INFRASTRUCTURE SERIES 3A	7,719,359.58	0.97	8,645,145.80	0.14%
CAPITAL DYNAMICS CLEAN ENERGY AND INFRASTRUCTURE VIII SCSP	17,500,754.07	1.01	21,163,917.29	0.35%
CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE UK	19,767,420.74	1.00	7,616,459.84	0.12%
CAPITAL DYNAMICS CLEAN ENERGY INFRASTRUCTURE VIII (CO INVESTMENT) LP	9,883,710.38	1.04	10,427,052.83	0.17%
DARWIN BEREAVEMENT SERVICES FUND CLASS B ACCUMULATION	15,000,000.00	1.27	15,795,519.82	0.26%
DARWIN BEREAVEMENT SERVICES FUND, INCOME UNITS	30,000,000.00	1.01	24,573,018.00	0.40%
FORESIGHT ENERGY INFRASTRUCTURE PARTNERS	14,363,583.84	0.93	14,408,989.52	0.24%
GRESHAM HOUSE BRITISH SUSTAINABLE INFRASTRUCTURE FUND II	18,010,845.93	1.07	29,234,523.06	0.48%
GRESHAM HOUSE BSI INFRASTRUCTURE LP	19,070,660.40	1.21	23,954,236.28	0.39%
IIF UK I LP	80,595,460.34	1.05	83,988,158.22	1.37%
INNISFREE PFI CONTINUATION FUND	8,672,972.00	1.20	9,686,033.24	0.16%
INNISFREE PFI SECONDARY FUND 2	8,352,712.00	1.17	7,757,860.18	0.13%
<b>INFRASTRUCTURE</b>			<b>719,681,897.49</b>	<b>11.76%</b>

CO-INVESTMENT BSI LP - WASTE KNOT	10,000,000.00	1.11	12,142,025.00	0.20%
<b>INFRASTRUCTURE - LOCAL INVESTMENT</b>			<b>12,142,025.00</b>	<b>0.20%</b>
<b>TOTAL INFRASTRUCTURE</b>			<b>731,823,922.49</b>	<b>11.96%</b>
<b>OTHER DEBT</b>				
GREYHOUND RETAIL PARK CHESTER	18,731,488.00	0.98	19,764,893.93	0.32%
INSIGHT IIFIG SECURED FINANCE II FUND	50,000,000.00	0.98	50,591,115.00	0.83%
LA SALLE REAL ESTATE DEBT STRATEGIES IV	7,833,117.70	0.95	10,758,701.21	0.18%
PANTHEON SENIOR DEBT SECONDARIES II	13,797,969.19	0.60	12,098,865.06	0.20%
ST ARTHUR HOMES	17,713,233.10	1.00	19,588,219.28	0.32%
TITAN - PRESTON EAST	18,776,850.00	1.00	18,649,862.16	0.30%
TITAN - TEMPLAR'S WAY	10,983,436.36	1.00	10,673,577.15	0.17%
VERDANT REGENERATION LTD	25,000,000.00	1.00	25,000,000.00	0.41%
<b>TOTAL OTHER DEBT</b>			<b>167,125,233.79</b>	<b>2.73%</b>
<b>CASH</b>				
	68,290.33	1.00	68,390.11	0.00%
	3,883.55	1.00	4,121.69	0.00%
	5,766.67	1.00	5,097.25	0.00%
<b>CUSTODIAN CASH</b>			<b>77,609.05</b>	<b>0.00%</b>
<b>INVESTED CASH</b>			<b>447,108,051.26</b>	<b>7.31%</b>
<b>TOTAL CASH</b>			<b>447,185,660.31</b>	<b>7.31%</b>
<b>TOTAL FUND VALUE - 31ST DECEMBER 2025</b>			<b>6,117,268,128.68</b>	<b>100.00%</b>

**Market Value timing differences**

**Market Value**

**Private Equity**

GB BANK LIMITED

2,682,258.05

**2,682,258.05**

**Property**

TEESSIDE PENSION FUND - DIRECT PROPERTY

-423,925,006.48

**-423,925,006.48**

**Total**

**-421,242,748.43**

Asset Allocation Summary

**Actual**

UK Equities

725,569,249.60

11.86%

Overseas Equities

2,754,799,204.30

45.03%

Private Equity

697,335,453.74

11.40%

Property

589,167,869.56

9.63%

Infrastructure

719,681,897.49

11.76%

Other Debt

167,125,233.79

2.73%

Cash & Bonds

447,185,660.31

7.31%

Local Investments - Private Equity, Other Alternatives & Infrastructure

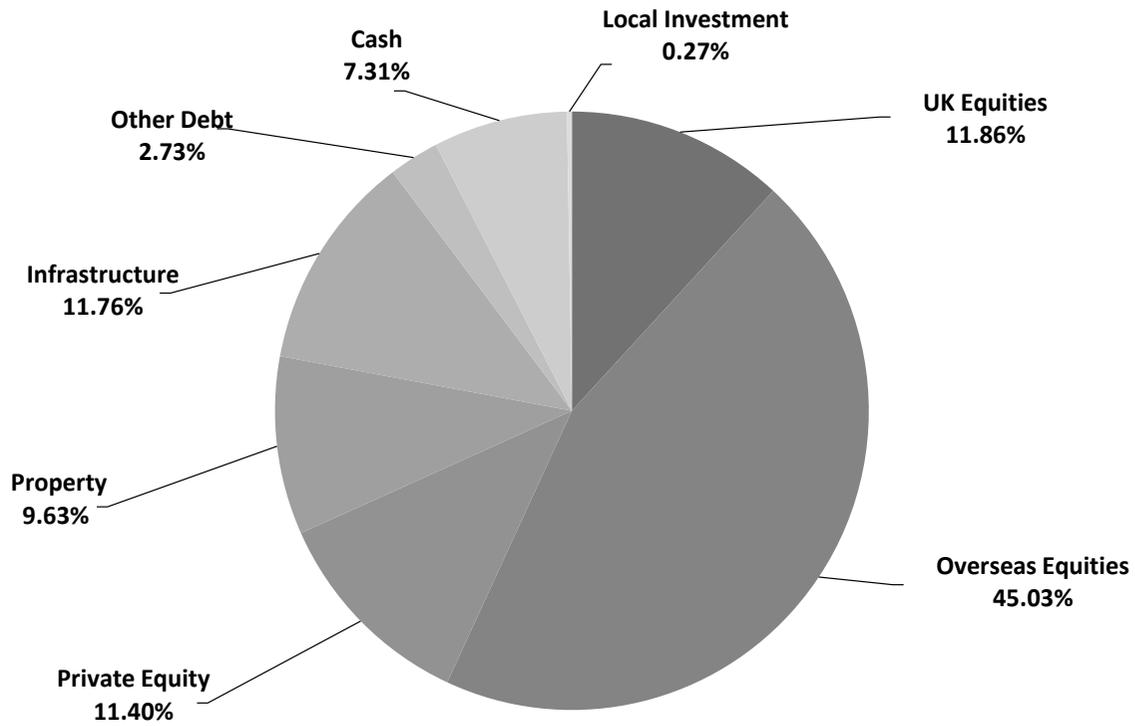
16,403,559.89

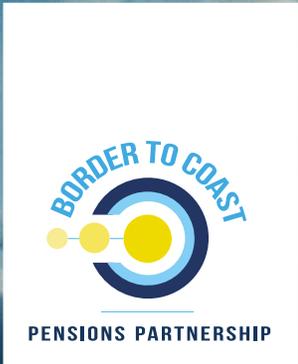
0.27%

6,117,268,128.68

100.00%

### FUND % AT 31 DECEMBER 25





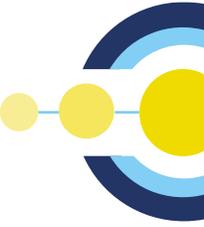
# TEESSIDE PENSION FUND

Border to Coast

Teesside Pensions Committee - March 2026

# TEESSIDE PENSION FUND'S LISTED ACS INVESTMENTS

AS OF 31ST DECEMBER 2025



Fund	Inception Date	Value (31/12/2025)	Value % of Total Assets
UK Listed Equity	25/07/2018	£723m	20.8%
Overseas Developed Markets	16/10/2018	£2,475m	71.2%
Emerging Markets Equity	18/05/2021	£280m	8.0%
UK Real Estate Main Fund	31/07/2025	£401.1m	100%

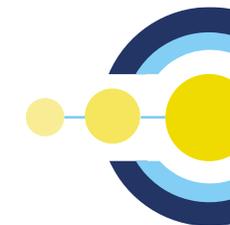
Source: Northern Trust/Border to Coast

Border to Coast – Teesside Pensions Committee

INTERNAL

# PORTFOLIO PERFORMANCE (NET OF FEES)

AS OF 31ST DECEMBER 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	11.90	11.11	0.80	4.91	5.15	(0.24)	17.52	19.70	(2.17)	15.38	14.94	0.45	11.63	10.72	0.90
Emerging Markets Equity Fund	4.73	5.54	(0.81)	3.52	1.89	1.63	20.34	17.33	3.01	11.46	11.22	0.24	-	-	-
UK Listed Equity Fund	7.40	7.05	0.34	6.72	6.38	0.34	25.21	24.02	1.19	12.88	13.58	(0.69)	11.46	11.71	(0.25)

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## Benchnmarks

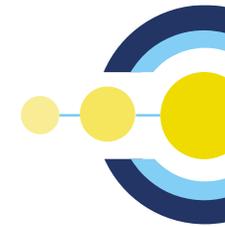
Overseas Developed Markets Equity Fund 40% S&P 500 (Net), 30% FTSE Developed Europe ex UK (Net), 20% FTSE Developed Asia Pacific ex Japan (Net), 10% FTSE Japan (Net)  
 Emerging Markets Equity Fund FTSE Emerging Markets (Net) 29-Apr 2021 to current. 22-Oct-2018 to 09-Apr-2021 S&P Emerging Markets BMI (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 on page 2.
- 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 31ST DECEMBER 2025



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## Overseas Developed Markets Equity Fund

AI-related market shifts were most evident in the US, where weakness in major tech names like Microsoft and Nvidia caused the region to lag the global index. The portfolio's tilt toward high-quality, cash-generative companies—rather than more cyclical tech—resulted in slight underperformance versus the benchmark. Japan showed a similar pattern, with long-term quality holdings also trailing as markets succumbed to similar themes as the US.

Looking ahead to 2026, the key question is whether equities will rise again on the back of the AI theme, whether the rotation into other parts of the tech supply chain signals healthier, broader participation, or whether the AI momentum fades entirely, putting valuations at risk.

### 3-month attribution by Sector:

Positive Contributors: Telecoms and Technology.

Negative Contributors: Healthcare, Industrials and Funds.

### 12-month attribution by Sector:

Positive Contributors: Telecoms, Technology and Basic Materials.

Negative Contributors: Industrials, Healthcare and Financials.

## UK Listed Equity Fund

UK equities continued to reach new all-time highs during Q4, outperforming the global index. The uncertainty running into the November budget was an overhang on UK equities that eased as fiscal headroom proved larger than anticipated, helping to stabilise the gilts market. The equity market was driven higher by a diverse range of sectors including mining, pharmaceuticals, electricity, and banking.

### 3-month attribution by Sector:

Positive Contributors: Financials and Utilities.

Negative Contributors: Basic Materials and Real Estate.

### 12-month attribution by Sector:

Positive Contributors: Industrials and Financials.

Negative Contributors: Real Estate and Healthcare.

## Emerging Markets Equity Fund

Over the quarter EM ex. China equities significantly outperformed Chinese equities, with the FTSE EM ex. China Index posting a 6.8% return in contrast to the FTSE China Index returning -6.9%.

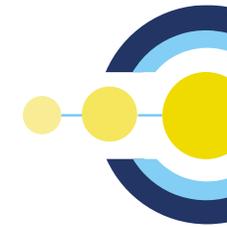
**China Managers:** Both China specialists outperformed their regional benchmark, supported by exposure to innovative companies experiencing growing overseas demand.

**Internal Ex-China Mandate:** Outperformed its regional benchmark. Performance was driven mainly by stock selection in Taiwanese electronic components and advanced packaging names with strong contributions from AI related demand.

ASE Technology was a notable contributor, benefitting from a broader cyclical recovery in the outsourced semiconductor packaging and test market, resulting in an increase in earnings forecasts going forwards.

# FUND EXPOSURE TO DEFENCE AND TOBACCO

AS OF 31ST DECEMBER 2025



Industry Classification	Fund	Number of Fund Holdings	Fund Exposure (£m)	Fund Exposure (%)	Benchmark Exposure (%)
Defence	UK Listed Equity	5	44.5	6.2	6.1
	Overseas Developed	4	54.2	2.2	2.4
	Emerging Markets Equity	2	2.0	0.7	0.5
Tobacco	UK Listed Equity	2	33.0	4.6	4.1
	Overseas Developed	1	1.6	0.1	0.4
	Emerging Markets Equity	1	2.3	0.8	0.2

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## Benchmarks

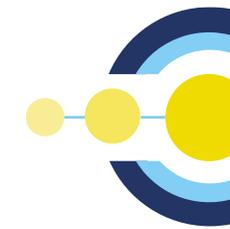
Overseas Developed Markets Equity Fund 40% S&P 500 (Net), 30% FTSE Developed Europe ex UK (Net), 20% FTSE Developed Asia Pacific ex Japan (Net), 10% FTSE Japan (Net)  
 Emerging Markets Equity Fund FTSE Emerging Markets (Net)  
 UK Listed Equity Fund FTSE All Share Index

## 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 31ST DECEMBER 2025



	3 Mths	6 Mths	1 Yr	Since Launch p.a
<b>Fund</b>	1.87	3.79	6.98	7.78
<b>Benchmark</b>	1.56	2.86	7.44	7.63
<b>Relative</b>	0.31	0.93	(0.46)	0.15

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

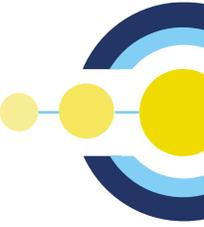
## Performance Comments

- Over the three months to 31 December 2025 UK Main Fund delivered a total return of 1.87% at Fund level compared to 1.40% for the MSCI UK Quarterly Property Index (the comparator benchmark) and 1.56% for the Fund Performance Target (CPI +4% over a rolling 10-year period).
- Over 1 year UK Main Fund has delivered a total return of 6.98% at Fund level compared to 5.7% for the comparator benchmark and 7.44% for the Fund Performance Target.
- The Fund is outperforming the comparator benchmark over all time periods and the Performance Target over 3 months and since inception. It should be noted that we still only have five quarters of data to compare against the Performance Target which is a long-term target.
- Performance continues to be driven by the Funds strong income return.

## 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 completed the purchase of Springstead Village, Cambridge for £70.5 million. This opportunity relates to the forward funding of 139 houses and apartments located on phases 2 and 5 of the Springfield village masterplan in Cambridge. The scheme is in the attractive eastern suburb of Cherry Hinton.

The Fund also purchased The Sans Building, 20 St Johns Gate, Farringdon for £46 million. The property comprises a 38,724 sq ft Best in class institutional grade offices, comprehensively refurbished in 2023 and located in Central London.

The Fund recently sold its freehold interest in Unit 1 Acre Road, Reading to M7 Real Estate for £14.0 million. 1 Acre Road comprises a standalone industrial unit let to Hexadex Ltd until 2029.

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Springstead Village, Cambridge



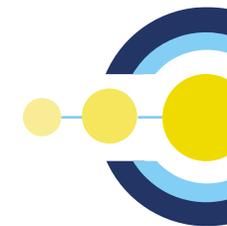
The Sans Building, 20 St Johns Gate, Farringdon, Central London



Unit 1 Acre Road, Reading

# PRIVATE EQUITY - SUMMARY

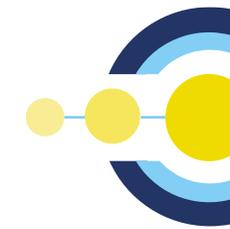
AS OF 31 DECEMBER 2025 (PERFORMANCE AS OF 30 SEPTEMBER 2025)



	Total	Series 1A	Series 1B	Series 1C	Series 2A	Series 2B	Series 3A
<b>Commitment</b>	£450m	£100m	£50m	£50m	£100m	£100m	£50m
<b>Capital Deployment</b>	<b>Capital Committed</b>	99.7%	99.1%	100.0%	99.8%	99.0%	85.4%
	<b>Capital Drawn</b>	92.3%	97.3%	88.4%	57.6%	39.3%	11.6%
	<b>Capital Distributed<sup>1</sup></b>	36.9%	27.1%	2.4%	2.0%	2.2%	0.0%
<b>Performance Target (IRR): 10% p.a. (net)</b>	<b>IRR / TVPI</b>	10.5% / 1.29			10.7% / 1.13	N/M	N/M
<b>Key Update</b>	<b>New Commitment</b>	Lexington Co-Investment Partners VI (October 2025)			<p>The commitment is split between two vehicles: 66.7% to Lexington CIP VI LP (main fund) and 33.3% to Lexington CIP VI Overage LP (fee and carried interest free overflow vehicle)</p> <p>CIP VI LP will build a well-diversified portfolio of 150-200 co-investments across North America and Europe, co-investing alongside high quality managers. CIP VI Overage LP will participate in around one-third of deals, where there is excess capacity.</p>		
	<b>New Commitment</b>	Unigestion (December 2025)			<p>A European based private equity manager that specialises in middle-market investments across secondaries, direct investments, and emerging managers.</p> <p>The Fund is expected to invest in a diversified portfolio of secondary transactions. This will include single fund LP stake transactions, GP led transactions, and direct secondaries.</p>		

# INFRASTRUCTURE - SUMMARY

AS OF 31 DECEMBER 2025 (PERFORMANCE AS OF 30 SEPTEMBER 2025)



	Total	Series 1A	Series 1B	Series 1C	Series 2A	Series 2B	Series 3A
<b>Commitment</b>	<b>£550m</b>	<b>£100m</b>	<b>£50m</b>	<b>£50m</b>	<b>£150m</b>	<b>£150m</b>	<b>£50m</b>
<b>Capital Deployment</b>	Capital Committed	98.7%	98.7%	100.0%	99.7%	99.9%	94.8%
	Capital Drawn	94.4%	83.8%	95.6%	66.1%	42.3%	31.3%
	Capital Distributed <sup>1</sup>	30.6%	7.9%	17.9%	7.9%	0.4%	0.2%
<b>Performance Target (IRR): 8% p.a. (net)</b>	<b>IRR / TVPI</b>	6.4% / 1.19			7.1% / 1.13	N/M	N/M
<b>Key Update</b>	<b>New Commitment</b>	Arcus European Infrastructure Fund 4 (AEIF 4) (October 2025)			This Fund will seek to invest into operational, brownfield infrastructure businesses across the sectors of Digital, Energy, Logistics, and Transport.  Arcus is expected to take controlling positions in 12-14 companies where the firm has an ability to drive value creation via organic growth or improvements as well as inorganic expansion.		
	<b>New Commitment</b>	EQT Active Core Infrastructure (November 2025)			The Fund aims to make equity investments with control, co-control, or influential minority positions with a long-term anticipated hold period. The Fund focuses on investments which are primarily connected to, or which have their principal assets located in OECD countries within three targeted sectors (i) Energy; (ii) Transport and; (iii) Digital infrastructure.		

Source: Albourne / Private Monitor / Border to Coast

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

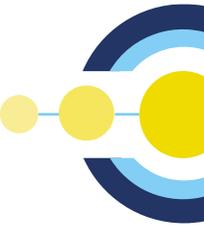
# CLIMATE OPPORTUNITIES - SUMMARY

AS OF 31 DECEMBER 2025 (PERFORMANCE AS OF 30 SEPTEMBER 2025)

	Total	Series 1
Commitment	£80m	£80m
Capital Deployment	Capital Committed	99.9%
	Capital Drawn	64.2%
	Capital Distributed <sup>1</sup>	8.9%
Performance Target (IRR): 8% p.a. (net)	IRR / TVPI	N/M

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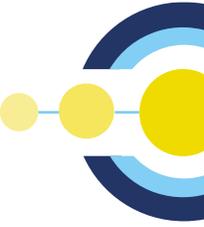
Source: Albourne / Private Monitor / Border to Coast  
<sup>1</sup>Including Recallable Distributions.





**APPENDIX**

# PRIVATE EQUITY / INFRASTRUCTURE – IRR AND TVPI DEFINITIONS



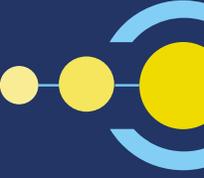
## IRR and TVPI (Pages 8 - 10)

- **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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PENSIONS PARTNERSHIP



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## TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7

### PENSION FUND COMMITTEE REPORT

4 MARCH 2026

CORPORATE DIRECTOR OF FINANCE – 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.
- 4.3 This is likely to be Peter Moon's last meeting advising the Fund. Peter's good advice to the Fund for over 40 years has contributed greatly to the favourable position the Fund is now in.

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

TEL NO.: 01642 726328

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

William Bourne

20<sup>th</sup> February 2026

### Market Commentary

1. When I last reported, I said that we were back to a reasonably benign environment for markets, mainly because monetary policy continues to be loose. Since then, there have been some bumps, most notably in the tech sector, but bond yields have declined and equity markets have held up well. The S&P 500 in the U.S. is at the time of writing, close to its all-time high.
2. U.S. economic growth continues to be remarkably strong, approaching 4%. Trump supporters will say it is down to his policies; opponents will say it is unsustainable and a once-off adjustment as a result of Trump's policies.
3. The U.S. Senate was unable to agree a funding deal after the temporary one ran out at the end of January. As a result, there is a further temporary shut down of the U.S. Government. Markets have so far not paid much heed, but it remains a source of volatility for bond markets in particular, until a more permanent solution is found.
4. Trump nominated Kevin Warsh as the new Chair of the Federal Reserve. If appointed he will have a remit to cut back both the Fed's balance sheet and the 'mission creep' which he believes has occurred. I remind readers that past attempts to rein back loose monetary policy have been reversed at the first whiff of grapeshot – e.g., the 'Taper Tantrum' of 2013.
5. His focus will be on helping Main Street, not Wall Street, and any such tightening move would likely come with lower interest rates, though the strength of the economy will restrict how much he can lower them while keeping inflation under control.
6. He is close to others of Trump's coterie, such as Scott Bessent, and combined they may be able to impose some control over the U.S.'s fiscal policy. Alternatively, they may just rely on the U.S.'s superior growth rates. How markets will react to this combination of policies – lower interest rates combined with Quantitative Tightening (QT) – is uncertain – but it is likely to be different.

7. Consumer inflation is turning down, mainly because the price of oil has fallen. The US inflation rate now stands at 2.4%, the Eurozone at 1.7%, and Japan at 1.5%. The exceptions are the U.K., where it remains higher at 3.0% (driven by service sector inflation at 4.4%) and China (0.2%).
8. Fourth quarter U.S. earnings grew 13.2% over the previous year, substantially higher than the 8.3% expectation. Tech earnings (with Nvidia yet to report) grew by 20.6% compared to the expected 17.9%. As importantly, 2026 prospective earnings growth is expected to be about 14%. These numbers do something to justify the very high ratings of the U.S. market.
9. There has been a flicker of improvement in China, and 2025 economic growth came in at 5%. Exports were the strongest positive factor, while domestic consumption remains weak. The general trend in economic growth is downwards and will probably settle down at about 2 to 3%, similar to the U.S. But the spectre of deflation continues to haunt China – consumer inflation stands at 0.2% and producer at -1.4% as a result of fierce price competition.
10. The U.K. is close to stagflation, with higher inflation and lower growth, despite the Government's 'focus' on it. Other European countries may be in a similar position, but the U.K.'s is uniquely dangerous because of its weak fiscal position. Raising more tax may help the latter but not the former.
11. Warsh's appointment means a shift in market direction for equities. The easy monetary environment will come to an end, and future stimulus, whether fiscal or monetary, will be directed at consumers, not asset owners. That will be broadly negative for equity market valuations despite the prospect of good earnings growth. My best guess is therefore that equity indices will at best go sideways.
12. Bond markets are likewise subject to opposing pressures. The U.S fiscal outlook ought to be a substantial negative, as would any uptick in current inflation or excessive reduction in interest rates (leading to fears of future inflation). On the other hand, if bond yields rose a lot, many governments would be unable to service their debt. I therefore expect that they will take measures to suppress yields below about 5.5% or so at the long-end of the yield curve.

## Portfolio Recommendations

13. Last time I said we were back to an environment of quantitative easing. Assuming Warsh is appointed, that era is likely to come to a close. While I expect equities to do OK in the short term, because U.S. earnings are so strong, any disappointment on that front would lead to market falls.
14. Ahead of the changes expected on 1<sup>st</sup> April, I am not recommending any change.

# **Investment report for Teesside Pension Fund**

## **March 2026**

### **Political and economic outlook**

Maybe 2026 will herald a more predictable and understandable political period. Let's hope so.

There are signs that the US Supreme Court has at last developed a backbone in its ruling against Trump's approach to tariffs. This is the first time in Trump's second administration that the Supreme Court has ruled against him; they have supported him on 24 other occasions.

Regarding the release of half the Epstein files, other jurisdictions appear to be taking the revelations quite seriously but the US Department of Justice seems to have taken an ostrich-like approach to the rule of law by stating that there are no charges to answer. The release of the final 50% of the files may result in a game of two halves. Trump has not featured very much in the first half but he could certainly come into his own in the second. We will just have to wait and see if the files are released to enable the second half, the Democrats will certainly be willing this to happen.

After what I thought was rather a peevish response to not getting a Nobel Peace Prize for doing nothing beneficial at all, Donald has embarked on a period where he has escalated world tension by threatening the use of ( and using) force in such diverse countries as Venezuela and Iran. All this appears a little perverse given his reluctance to support Ukraine after its invasion by Russia. It may be just a coincidence but Marco Rubio's visit to Prime Minister Orban and the veto by Hungary preventing the EU from using increased sanctions against Russia seems a little too convenient. This could be a U.S attempt to maintain its influence but in the longer term

it introduces instability into the world political system which will not prevent China's inexorable rise towards number one in the world pecking order. Elsewhere the political scene looks extremely fluid with shifting alliances; an ex president being jailed in South Korea and a general feeling of uncertainty.

World economic growth looks set to be about 3% in 2006 driven mainly by the United States and China. Variations within this show developing markets and Southeast Asia growth at about 4% and the developed economies at about 2%. The major risks for the world economy remain tariffs and trade tensions and supply chain difficulties. There is very little likelihood that this position will change much over the medium term. Inflation is expected to trend down slowly over the next two years or so but will still remain above Central Bank targets.

## **Markets**

Equity markets should continue to rise modestly driven by AI productivity gains, steady corporate earnings growth and a relatively loose monetary environment. Given the current valuation level of the US market other international markets are expected to outperform it over the medium term, especially the Southeast Asian markets. Geopolitical uncertainties will lead to volatility but the general trend will be gently rising markets.

Bond markets are giving real positive yields but have priced in lower inflation and are likely to show little price appreciation from this level. Developed economy bond markets still have little to recommend them as finances remain stubbornly poor. Developing markets have a higher yield basis and better financial economics and therefore look more attractive. Central Banks have some leeway to bring interest rates down but not a large amount so rates may fall by half a percent or so over the next year.

This is an environment where bond markets should give a modest positive return. Likewise this environment should be good for index linked securities which are already trading on positive real yields. The returns should be modestly positive and similar to conventional fixed interest.

Commercial property should give a positive return in this economic environment however it is likely to underperform other asset classes.

The environment continues to be extremely challenging for the private equity and unquoted sectors of the market.

## **Portfolio recommendation**

I would not recommend any changes to the portfolio over the medium term as most asset classes are forecast to give similar returns.

As I am retiring in June this is likely to be my last committee meeting. I would like to thank everybody on the committee for their forbearance and for listening so politely to my advice over the past 40 years. I will miss you! When I am gone please indulge me by maintaining your love for equity type assets which are more likely to meet your liabilities in the future. Also please continue to treat fixed interest and liability matching assets with extreme caution as they can seriously damage your wealth. Remember there are no real matches for your pension liabilities so the job remains to pick those assets that you think will perform best over the long-term.

**Peter Moon**

**23 February 2026**



## **TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

### **PENSION FUND COMMITTEE REPORT**

**4 MARCH 2026**

**CORPORATE DIRECTOR OF FINANCE – ANDREW HUMBLE**

#### **TWPF PENSION ADMINISTRATION REPORT**

**1. PURPOSE OF THE REPORT**

- 1.1 To provide an overview of administration services provided to the Teesside Pension Fund by TWPF.

**2. RECOMMENDATION**

- 2.1 That Committee Members note the contents of the paper.

**3. FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications for the Fund.

**4. BACKGROUND**

- 4.1 To enable the Committee to gain an understanding of the work undertaken by TWPF and whether they are meeting the requirements of the contract. The report is contained within Appendix A.

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

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# Teesside Pension Fund

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# Administration Report

March 2026

# Pension Administration Report – Q3

This report provides an update on material matters in pensions administration and performance for Q3 up to 31 December 2025.

## 1. Introduction

On 1 June 2025, responsibility for the administration of the Teesside Pension Fund was successfully transferred from XPS Group to the Tyne and Wear Pension Fund (TWPF) as part of a shared service agreement. This transition, as previously reported, was not without its difficulties. A range of challenges emerged during the handover, notably several data-related issues that TWPF is now actively working to resolve. It is acknowledged and accepted that some errors may take several months to resolve.

Despite these initial hurdles, the transition has reached a stable phase. All new cases are currently being processed under standard business procedures, indicating a return to normal operations.

## 2. Pensions Processing

We are still determining the full extent of pension processing while addressing backlog cases, however the number of new cases has stabilised in the last quarter.

Appendix 1 provides a detailed report of the cases outstanding at the end of Quarter 3. Please be advised that the total number of cases is projected to increase in the next quarter, as we start to process 4,500 historical cases requiring benefit calculations to ensure their status is accurately updated.

## 3. Performance Against Statutory Requirements and Key Performance Indicators

TWPF measures the performance of the service against the Occupational and Personal Pension Scheme (Disclosure of Information) Regulations 2013 (“the Disclosure Regulations”), the national LGPS Scheme Advisory Board’s (SAB) Performance Indicators and additional internal performance indicators.

In respect of performance against disclosure, these are measured against 100%. Compliance with this is not always achievable, as there is reliance on employers to provide information and cases can be complex.

Appendix 2 sets out performance for Q3 (i.e. the period up to 31 December 2025).

It is a requirement to report the SAB KPIs in the Annual Report and Accounts. Appendix 3 shows performance against this set of KPIs up to 31 December 2025.

It is important to consider the overall circumstances of the transfer of responsibilities and the progress achieved since the start of the contract on 1 June 2025. It is expected that performance will improve as issues arising during the transition are resolved.

## 4. Online Member Services Registration

TWPF’s default method of communication is digital, meaning that members will receive documents and updates electronically unless they specifically request to continue receiving paper correspondence. This brings significant efficiencies and cost savings.

Teesside Pension Fund members have been notified of this transition through various communications over the past year, ensuring that everyone is aware of the new approach.

The table below displays the number of members registered for online services, showing strong uptake in a short period. It is anticipated that these figures will increase further in the coming months as the Annual Pensioner Update and Annual Benefit Statements are released.

	Active		Deferred		Pensioner	
	Registered	%	Registered	%	Registered	%
<b>30/09/2025</b>	3,796	14%	1,775	9%	870	4%
<b>22/01/2026</b>	7,064	26%	3,558	18%	6,680	25%

## 5. Service Delivery

As previously reported, the transition of administration resulted in a significant increase in the volume of calls to the Pensions Helpline. During this period, there were weeks when only 40% of calls were successfully answered, indicating the heightened demand for support and guidance.

By December, 79% of calls were answered, showing significant improvement. January saw a slight dip due to office closures over Christmas, with increased activity in the first week. The rise in answered calls reflects TWPF's ongoing commitment to effective member support. TWPF aims to further raise this figure and consistently provide excellent service through the Pensions Helpline.

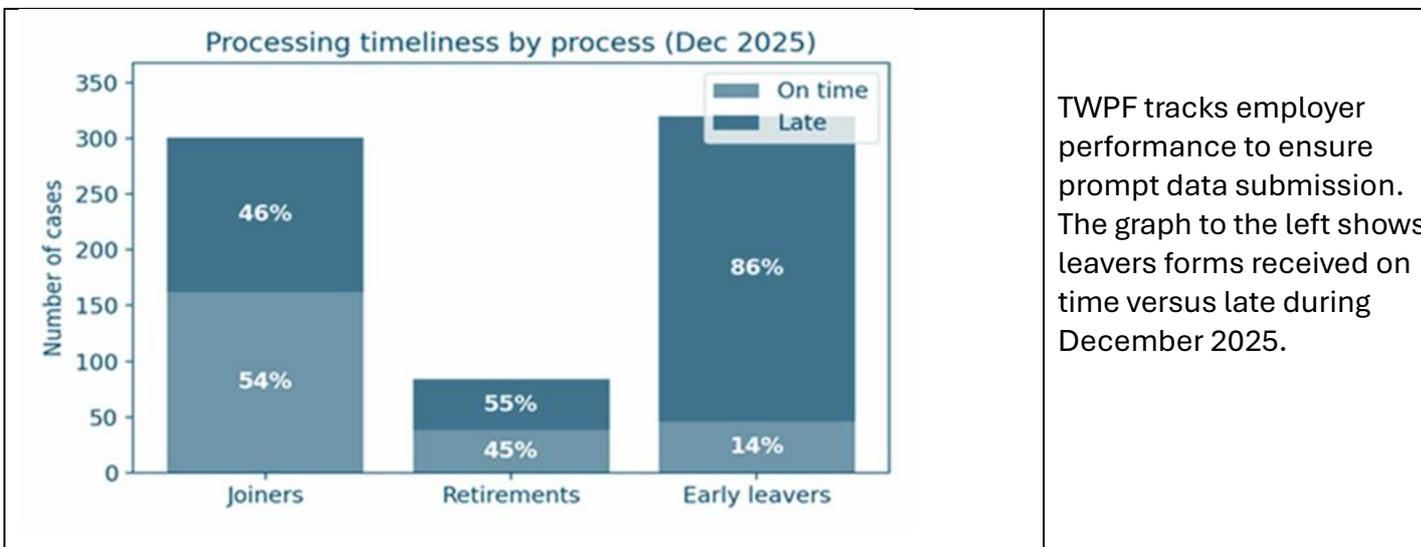
The table below illustrates the volume of calls received by the Pensions Helpline from 1 June 2025 onwards. As backlogs arising from the issues identified during the transition period are cleared, it is anticipated that calls will naturally reduce.

	August	September	October	November	December	January
All calls to the helpline	9353	8595	7244	8114	4965	7630
<i>TOTAL calls to helpline (after option selection)</i>	7126	7225	6184	6978	3802	5151
Average time to answer	00:14:20	07:44	05:52	05:55	03:51	04:47
Number of calls answered	3801	4983	4609	5014	3101	5151
Average length of call	00:04:57	05:09	05:27	05:26	05:17	05:37
Abandoned calls after selection	3325	2242	1575	1964	701	1464
Maximum delay to answer	01:19:33	54:36	50:49	49:16	40:56	01:35:49
% of calls answered	51.42%	68.41%	74.12%	71.33%	78.73%	77.62%
Average abandoned time	04:13	03:14	03:29	02:41	02:45	03:02

It should be noted that the table above shows calls for both TPF and TWPF.

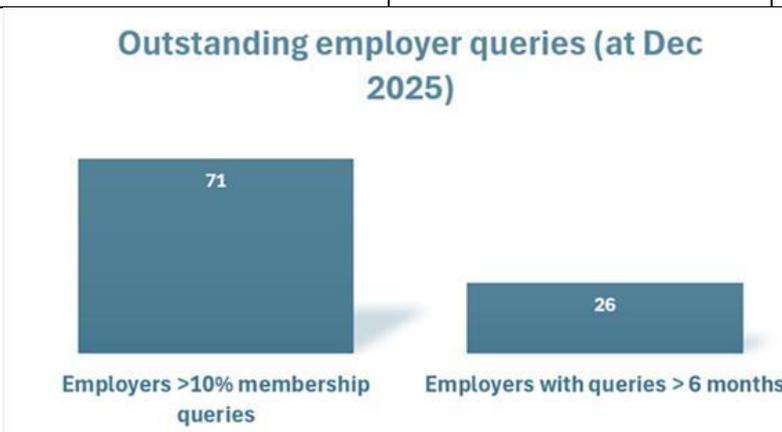
## 6. Employer Performance

There is a statutory duty placed on employers to provide information regarding their members. TWPF relies heavily on this data to maintain accurate member records, calculate and pay benefits, and provide annual benefit statements. As a result, TWPF closely monitors the overall performance of employers and keeps track of any outstanding queries.



TWPF tracks employer performance to ensure prompt data submission. The graph to the left shows leavers forms received on time versus late during December 2025.

TWPF routinely contacts employers to clarify information that has been submitted. The graph on the right illustrates the number of unresolved queries as at December. There are 71 employers with more than 10% of their membership under query, and 26 employers have queries that are older than six months.



The Employer Services Team will continue reviewing employers who reach trigger levels. It is acknowledged that there is a period of adjustment whilst employers familiarise themselves with new working practices. We are monitoring the situation whilst supporting employers. This support includes a dedicated employer helpline, training webinars and meetings where necessary.

## 7. Dashboards

Pensions Dashboards are a government-led initiative designed to give individuals a secure, online, platform to view all their pension information in one place, including LGPS benefits and other pension arrangements. The aim is to improve transparency, help members plan for retirement, and reduce the risk of lost pensions. For LGPS funds, this requires ensuring data accuracy, compliance with technical standards, and integration with the national dashboard infrastructure.

TWPF has appointed Civica, our pensions administration software provider, as our Integrated Service Provider (ISP). TPF have now proven the ability to connect to the dashboard, and TWPF is carrying out the first phase of testing to ensure the data matching criteria works. The date of live launch is yet to be announced, although a period of 6 months' notice is expected.

High-quality data and robust processes are essential to meet regulatory expectations and deliver a reliable service for members. The poor quality of Teesside member data is a notable problem and risk. While we have a plan to improve the Teesside member data, this may take a few years before data reaches a satisfactory standard.

## 8. Added Value

Although the terms of the contract were agreed upon and outlined during the procurement process, since going live on 1st June, TWPF has undertaken - and continues to undertake - a range of additional actions and tasks beyond the scope of the contract at no extra cost. Some of these activities relate to matters predating the commencement of the contract. This includes:

- Putting in place a plan to work with employers to resolve the historical backlog of undecided leavers which had built up prior to the commencement of the contract (starting with approximately 4,700 cases).
- Providing membership data to the Teesside Pension Fund's Actuary in respect of the 2025 valuation and dealing with resulting queries.
- Liaising with and providing information to Teesside Pension Fund Officers and the Auditors to help prepare and finalise the Annual Report and Accounts for 2024/25.
- Providing information to assist Teesside Pension Fund to determine and collect unpaid amounts from Teesside employers in respect of unfunded compensatory added years and strain on the fund payments arising from early retirements.
- Updating member records to ensure compliance with the McCloud Remedy and in readiness for 2026 Annual Benefit Statements.
- Tidying up employer and member records to ensure members are allocated to the current employer and membership is at the correct status.
- In preparation for the 2026 annual pensions increase award identifying and correcting pensions in payment where increases have been incorrectly applied in previous years.

## 9. Conclusion

The transition to TWPF administration has been successfully completed with additional tasks delivered, exceeding initial expectations.

It is acknowledged that there has been some short-term disruption to service delivery, but this is very much an improving picture.

As we move beyond the initial transition phase, there are still a number of challenges that need to be addressed. Despite this, progress is being made and will continue to be made on an ongoing basis.

TWPF is already demonstrating added value at no additional addition cost. Over the coming years, we firmly believe that Teesside members and employers will see significant benefits from our shared administration service.

Active Processes at the end of Quarter 3 2025/26

Position on Major Processes 18 December 2025										
TPF	AVG. No. New Processes per week	AVG No. Processes Completed per week - Previous Year	Active Processes Last Week 11-Dec-2025	Active Processes This Week 18-Dec-2025	Active Process ▲ Increase ▼ Decrease ▶ No Change	New Processes This Week 18-Dec-2025	Pended Processes This Week 18-Dec-2025	Processes Completed This Week 18-Dec-2025	Processes Abandoned This Week 18-Dec-2025	Total Completed / Abandoned This Week 18-Dec-2025
<b>Pensions LPI Priority 1</b>										
Deaths	60	58	191	182	▼ 9	32	100	51	2	53
Immediate Benefits	89	88	246	266	▲ 20	57	232	35	1	36
Transfers In	13	13	25	29	▲ 4	6	17	3	0	3
<b>Sub Total</b>	<b>162</b>	<b>159</b>	<b>462</b>	<b>477</b>	<b>▲ 15</b>	<b>95</b>	<b>349</b>	<b>89</b>	<b>3</b>	<b>92</b>
<b>Pensions LPI Priority 2</b>										
Deferred Retirements	105	105	728	754	▲ 26	91	80	51	9	60
Recalculations - Benefits Paid	12	9	55	55	▶ 0	0	0	0	0	0
Provisional Quote	14	12	136	138	▲ 2	3	5	1	0	1
Deferments	106	93	1,048	1,129	▲ 81	87	67	10	1	11
Refunds	116	102	643	681	▲ 38	84	223	44	2	46
Recalculations - Other	18	17	53	54	▲ 1	1	0	0	0	0
Divorce	8	7	13	10	▼ 3	2	8	4	0	4
Transfers Out	26	25	15	14	▼ 1	5	38	8	2	10
Joiners	50	52	0	0	▶ 0	0	0	0	0	0
Personal Updates - Employer Notified	17	17	13	18	▲ 5	10	0	5	0	5
Personal Updates - Member Notified	6	5	18	26	▲ 8	8	0	0	0	0
Change Scheme Section	3	4	59	56	▼ 3	2	0	5	0	5
<b>Sub Total</b>	<b>481</b>	<b>448</b>	<b>2,781</b>	<b>2,935</b>	<b>▲ 154</b>	<b>293</b>	<b>421</b>	<b>128</b>	<b>14</b>	<b>142</b>
<b>Pensions LPI Priority 3</b>										
Deaths Supplementary	85	84	304	295	▼ 9	38	64	36	3	39
Pension Monetary Changes	58	65	355	393	▲ 38	43	12	7	0	7
DWP Trace	10	7	30	32	▲ 2	1	9	2	1	3
Returned Mail (Pensioners)	0	0	135	135	▶ 0	0	0	0	0	0
AVC/APC	16	19	264	201	▼ 63	2	87	88	1	89
Interfunds In	30	24	108	125	▲ 17	14	105	8	1	9
Interfunds Out	23	18	162	167	▲ 5	31	74	16	2	18
Aggregation	334	262	827	809	▼ 18	69	91	91	27	118
Opt Out Less than 3 months	14	18	191	189	▼ 2	6	0	7	0	7
CARE Updates	19	18	512	553	▲ 41	51	0	9	4	13
MMD	289	275	435	410	▼ 25	30	0	55	0	55
Annual Allowance	4	15	145	145	▶ 0	0	6	0	0	0
Ops Other	91	108	365	391	▲ 26	45	0	98	0	98
<b>Sub Total</b>	<b>973</b>	<b>913</b>	<b>3,833</b>	<b>3,845</b>	<b>▲ 12</b>	<b>330</b>	<b>448</b>	<b>417</b>	<b>39</b>	<b>456</b>
<b>Total</b>	<b>1,616</b>	<b>1,520</b>	<b>7,076</b>	<b>7,257</b>	<b>▲ 181</b>	<b>718</b>	<b>1,218</b>	<b>634</b>	<b>56</b>	<b>690</b>

### Member Administration

Nominations	7	6	150	148	▼	2	6	0	4	0	4
Bank Changes	22	25	0	0	▶	0	0	0	0	0	0
Address Changes	32	32	52	63	▲	11	25	0	14	0	14
Communication Method Updates	1	1	0	0	▶	0	0	0	0	0	0
Member WEB Queries	175	158	33	34	▲	1	23	0	22	3	25
Returned Mail (Active/Deferred)	0	0	9	9	▶	0	0	0	0	0	0
Comms Other	82	43	90	93	▲	3	33	1	32	3	35
<b>Sub Total</b>	<b>319</b>	<b>265</b>	<b>364</b>	<b>347</b>	<b>▲</b>	<b>13</b>	<b>87</b>	<b>1</b>	<b>72</b>	<b>6</b>	<b>78</b>

### Payroll Processes

Leavers from Payroll	42	42	0	0	▶	0	0	0	0	0	0
P50/Payslip Request	12	15	0	0	▶	0	0	0	0	0	0
Invoice Request	13	14	0	0	▶	0	0	0	0	0	0
General Correspondence	1	6	0	0	▶	0	0	0	0	0	0
<b>Sub Total</b>	<b>68</b>	<b>77</b>	<b>0</b>	<b>0</b>	<b>▶</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Pensions, Member Administration and Payroll Process Total

<b>Total</b>	<b>2,003</b>	<b>1,862</b>	<b>7,410</b>	<b>7,604</b>	<b>▲</b>	<b>194</b>	<b>805</b>	<b>1,219</b>	<b>706</b>	<b>62</b>	<b>768</b>
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### Impact of Bulk Data Loading of Information

We have been using Bulk Data Inputs to load Personal Updates, Hour Change Information and Joiner Information. These changes are not reflected in the figures above.

The numbers of changes loaded are as follows

From 01/04/25 to date	Personal Changes	Hour Changes Loaded	Joiners
Total Loaded at End of Previous Week	2	261	799
Total Loaded to Date	2	261	799
Increase Over Previous Week	0	0	0

## Teesside Pensions Fund's Performance against Disclosure Standards up to 31 December 2025

Consistently achieve the service standards – Disclosure Regulations – Target is 100%

No.	Performance Indicator	Team Responsibility	2025/26	
			Cases Processed Year to Date	Achieved Standard Year to Date (%)
1	Death of a member (Combined to include active deferred and pensioner)	Benefits and Bereavements Manager	150	63%
2	Death in service - (Revised)	Benefits and Bereavements Manager	0	0%
3	Deferred Benefit – Notification of entitlement	Transfers and Early Leavers Manager	846	100%
4	Deferred Benefit into Payment	Benefits and Bereavements Manager	964	66%
5	Deferred Refund into Payment	Transfers and Early Leavers Manager	532	95%
6	Divorce Quotation	Transfers and Early Leavers Manager	89	98%
7	Estimate of Benefits	Benefits and Bereavements Manager	137	91%
8	Immediate Pension	Benefits and Bereavements Manager	1,113	57%
9	Immediate Pension (Revised)	Benefits and Bereavements Manager	0	0%
10	Joiner not BDI	Employer Services Manager	426	51%
11	Joiner BDI	Employer Services Manager	855	17%
12	Refund	Transfers and Early Leavers Manager	777	87%
13	Refund (Revised)	Transfers and Early Leavers Manager	327	8%
14	TV In Quotation	Transfers and Early Leavers Manager	56	96%
15	TV Out Quotation	Transfers and Early Leavers Manager	104	94%
16	TV Out Payment	Transfers and Early Leavers Manager	25	80%

**SAB Administration Key Performance Indicators at 31 December 2025 (Quarter 3)****Table A – Total number of casework**

A – ADMINISTRATION KEY PERFORMANCE INDICATORS				
Table A - Total number of casework				
Ref	Casework KPI	Total no. new cases created in the year (April to December)	Total no. of cases Completed in year (1 April to December)	Total % of cases completed in year
A1	Deaths recorded of active, deferred, pensioner and dependent members	407	292	● 39%
A2	New dependent member benefits	126	124	● 98%
A3	Deferred member retirements	1,678	1,187	● 54%
A4	Active member retirements	1,431	935	● 57%
A5	Deferred benefits	1,543	263	● 6%
A6	Transfers in (including interfunds in, club transfers)	168	122	● 63%
A7	Transfers out (including interfunds out, club transfers)	408	361	● 82%
A8	Refunds	1,776	813	● 43%
A9	Divorce quotations issued	115	99	● 71%
A10	Actual divorce cases	7	6	● 40%
A11	Member estimates requested either by scheme member and employer	310	166	● 50%
A12	New joiner notifications	0	0	● 0%
A13	Aggregation cases	2,023	1,112	● 17%
A14	Optants out received after 3 months membership			

**Table B – Time taken to process casework**

Table B - Time taken to process casework			
Ref	Casework KPI	Suggested fund target*	% completed within fund target in year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	● 84%
B2	Communication issued confirming the amount of dependents pension	10 days	● 74%
B3	Communication issued to deferred member with pension and lump sum options (quotation)	15 days	● 68%
B4	Communication issued to active member with pension and lump sum options (quotation)	15 days	● 76%
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 days	● 90%
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15 days	● 96%
B7	Payment of lump sum (both actives and deferreds)	15 days	● 93%
B8	Communication issued with deferred benefit options	30 days	● 50%
B9	Communication issued to scheme member with completion of transfer in	15 days	● 90%
B10	Communication issued to scheme member with completion of transfer out	15 days	● 100%
B11	Payment of refund	10 days	● 84%
B12	Divorce quotation	45 days	● 98%
B13	Communication issued following actual divorce proceedings i.e application of a Pension Sharing Order	15 days	● 83%
B14	Communication issued to new starters	40 days	● 98%
B15	Member estimates requested by scheme member and employer	15 days	● 89%

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**TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

AGENDA ITEM 9

**PENSION FUND COMMITTEE REPORT**

4 MARCH 2026

**CORPORATE DIRECTOR OF FINANCE – Andrew Humble****FIT FOR THE FUTURE IMPLEMENTATION****1. PURPOSE OF THE REPORT**

- 1.1 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.

**2. RECOMMENDATION**

- 2.1 That the Pensions Committee notes this paper.

**3. FINANCIAL IMPLICATIONS**

- 3.1 There are no specific financial implications resulting from this report but the changes required may create cost pressures.

**4. EXECUTIVE SUMMARY**

- 4.1 The LGPS 'Fit for the Future' reforms formalise the requirement for administering authorities to work through a single pool and evolve the division of responsibilities between Funds and their pool companies. Under the new framework, Funds will continue to set investment strategy, but all decisions beneath this level – including portfolio construction, manager selection, rebalancing, cashflow management, and stewardship—will become the statutory responsibility of the pool. The Investment Strategy Statement (ISS) must now follow a prescribed format, include high-level objectives for returns, risk, liquidity, responsible investment and local investment, and be based on "principal strategic advice" from Border to Coast.
- 4.2 To support this new model, Border to Coast is working with Partner Funds to develop advisory and implementation capabilities that will provide Partner Funds with an end-to-end investment solution. This evolution is consistent with the direction of travel set out in the 2030 Strategy approved unanimously by Partner Funds, which sought to harness the governance premium through a holistic approach to scheme management. This Strategy anticipated the need for advisory support from the Pool, deeper alignment between strategy and implementation, and a more resilient operating model as the LGPS matures and the policy landscape evolves. Border to Coast and Partner Funds are committed to continuing

the collaborative approach to the Partnership that has driven success to date, ensuring no surprises in the future model through clear and structured engagement.

- 4.3 Alongside the pooling reforms, the Government is also introducing wider governance requirements for administering authorities—including a new Senior LGPS Officer role, the appointment of an Independent Person, strengthened training and oversight expectations, and regular Independent Governance Reviews. These matters remain the responsibility of Partner Funds but shape the environment in which the new pooling model will operate.

## 5. BACKGROUND

- 5.1 Teesside Pension Fund has 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 includes ten other authorities.
- 5.2 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 include tackling fragmentation, achieving economies of scale, and accelerating the transfer of assets to qualified, FCA-regulated pools.
- 5.3 These reforms are being driven through a combination of primary legislation, new and amended Regulations:
- 5.3.1 The **Pension Schemes Bill** (expected to gain Royal Assent by April 2026) provides the overarching policy framework, giving Ministers new powers to set standards, issue directions, and require funds to make statutory appointments, and undertake governance reviews.
- 5.3.2 The **LGPS (Pooling, Management and Investment of Funds) Regulations 2026** evolve the investment framework. They require 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 retain 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.
- 5.3.3 The **LGPS (Amendment) Regulations 2026** are primarily concerned with governance. They introduce mandatory roles, policies and training requirements designed to increase capability, improve transparency, and ensure effective oversight. Among these measures are 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.
- 5.4 These changes amount to the most significant regulatory shift in the LGPS since pooling began, and successful compliance requires an aligned governance model and operational partnership with Border to Coast.

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

## 6. GOVERNMENT GUIDANCE REQUIREMENTS

6.1 Alongside the Regulations, three pieces of guidance set detailed expectations for Funds.

6.1.1 The **Investment Strategy Statement (ISS) Guidance** prescribes the structure and content of the ISS. The Fund must articulate high-level objectives for returns, risk, liquidity, responsible investment, and local investment, and set its SAA using a template required by the guidance (see Appendix I). While the Committee retains responsibility for the ISS, it must prepare it based on advice from Border to Coast. The ISS must be consulted on with employers, members and strategic authorities, and reviewed within 18 months of each valuation.

6.1.2 The **Pooling Guidance** formalises the relationship between the Fund and its pool. It requires the Fund to use the pool as its principal strategic investment adviser. While the work of the Committees can be supported by an Independent Person for advice, external advisers (i.e. consultants) can only be used in exceptional cases. Border to Coast must be given scope to implement investment strategy using its professional judgement, in order to deliver scale benefits and operational efficiency. While the Fund is to set an objective for local investment (taking into account Local Growth Plans set by the relevant strategic authority), the pool is responsible for due diligence, implementation, monitoring and reporting of local investments. Alignment of investment strategies with AAs in the pool is encouraged.

6.1.3 The **Fund Governance Guidance** strengthens governance expectations. The Senior LGPS Officer assumes responsibility for all pension functions, including governance, investment, administration, risk management, and reporting. The Independent Person is expected to provide professional scrutiny and challenge on strategy and pool performance. The Pensions Committee must meet higher knowledge standards and demonstrate that decisions are well-informed and evidence-based. The Fund must also undertake and publish a comprehensive Independent Governance Review (IGR) at least once per valuation cycle.

## 7.0 REVISED ROLES AND RESPONSIBILITIES UNDER THE 2026 FRAMEWORK

7.1 The new framework is an evolution to the responsibilities of the Committee, the new Senior LGPS Officer, the Local Pension Board and Pools.

7.2 The **Pensions Committee** retains strategic leadership of the Fund. It continues to set investment strategy, approve the ISS and governance documents, and hold the Senior LGPS Officer and Border to Coast to account. With operational investment decisions transferring elsewhere, Committees will be positioned to be able to focus on strategic value. The Committee must demonstrate stronger knowledge and understanding and ensure that strategic decisions are consistent with statutory requirements and long-term funding needs. Further examples of the Committee's future role are given in Appendix II.

7.3 The **Senior LGPS Officer** becomes the central operational figure in the governance structure. This role provides day-to-day leadership across all pension functions, ensures the preparation of compliant strategies, oversees risk, manages suppliers, and ensures the Fund

adheres to regulatory obligations. The Senior LGPS Officer will also participate in the governance structures of the investment pool as shareholder or customer representative.

- 7.4 The **Local Pension Board** continues to assist the Fund in securing compliance and improving governance. Under the new regime, its oversight of training, policy production and regulatory compliance becomes more prominent, including reviewing adherence to the Committee’s knowledge and understanding obligations.
- 7.5 The **Independent Person** plays a new statutory role, offering professional challenge and scrutiny to both the Committee and the Senior LGPS Officer. As a non-voting member of the Committee, their remit extends beyond investment matters, covering the full range of LGPS activities and pool oversight.
- 7.6 Finally, **Border to Coast** is 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 also provides strategic investment advice, local investment capabilities, legacy asset management, reporting, and support for ISS development. Border to Coast has 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.
- 7.7 The table below summarises how responsibility and accountability within the pooling framework will evolve. Within this framework, Border to Coast and Partner Funds are committed to continuing to work on the basis of “no surprises” – ensuring collaborative, proactive, transparent and clear engagement.

Area	Phase	Responsible	Accountable	Consulted	Informed*
Strategic asset allocation / investment advice / local investment strategy	Current State	Investment Consultant / Partner Fund	Partner Fund	Employers & Members	Border to Coast
	Final State	Border to Coast	Partner Fund	Employers, Members, Local Strategic Authorities & Growth Plans	Border to Coast
SAA implementation inc. split between funds, rebalancing, cashflow management, local investment implementation	Current State	Partner Fund	Partner Fund	Investment Consultant / Partner Fund	Border to Coast
	Final State	Border to Coast	Border to Coast		Partner Fund
Manager selection – pooled vehicles	Current State	Border to Coast	Border to Coast		Partner Fund
	Final State	Border to Coast	Border to Coast		Partner Fund
Manager selection – unpooled vehicles	Current State	Partner Fund	Partner Fund	Investment Consultant / Partner Fund	Border to Coast
	Final State	Border to Coast	Border to Coast		Partner Fund

- 7.8 These revised roles are designed to ensure that strategic direction remains with the Fund while investment management – and the benefits of scale – are delivered through the pool.

## 8. FUND-SPECIFIC IMPLEMENTATION REQUIREMENTS

- 8.1 The Fund must update core governance documents to comply with the Amendment Regulations. The Governance Strategy must describe delegation arrangements, governance structures and decision-making processes. The Training Strategy must set out how knowledge and understanding requirements will be met, assessed and recorded. The Conflicts of Interest Policy must identify, monitor and manage both personal and institutional conflicts, including conflicts relating to pooling.

8.2 The Investment Strategy Statement must be comprehensively revised to reflect the new statutory template. It will need to incorporate high-level objectives for return, risk, liquidity, responsible investment and local investment, and present the SAA in the required form. The revised ISS must be prepared using Border to Coast's strategic advice and be subject to formal consultation.

## 9. BORDER TO COAST IMPLEMENTATION

9.1 From 1 April 2026, the draft Regulations require each LGPS authority to participate in an asset pool company. The asset pool company must:

- a) be FCA-regulated
- b) have the expertise and capacity to implement investment strategies
- c) act as the principal source of advice on the authority's investment strategy
- d) manage all funds for which the authority is responsible, including legacy assets
- e) conduct due diligence on, and manage, local investments.

9.2 The transition to the new operating model will involve transferring new responsibilities to Border to Coast. The Senior LGPS Officer will oversee the transition plan to ensure operational readiness.

9.3 To deliver investment implementation under the new statutory model, Border to Coast has established an enhanced operating framework formalised through an Investment Management Agreement (IMA). The IMA confirms Border to Coast's role as an FCA-regulated investment manager, sets out the services it provides, and defines the discretionary authority under which it will act:

9.3.1 The **Advisory Service** supports Partner Funds in reviewing and developing investment objectives and beliefs, conducting triennial strategic asset allocation reviews, completing annual strategic health checks, incorporating responsible investment considerations, and ensuring the ISS is aligned with deliverable structures.

9.3.2 The **Asset Allocation Service** delegates to Border to Coast the responsibility to implement the Fund's strategic allocation, including rebalancing and liquidity management.

9.3.3 The **Legacy Management Service** ensures assets outside Border to Coast structures are overseen effectively during any period of run-off or transition.

9.3.4 The **Hedging Service** allows Border to Coast to implement currency and other risk-mitigation strategies, where agreed.

9.4 These services collectively enable the full implementation of Partner Fund strategies in line with statutory pooling requirements and ensure consistent standards of risk management and execution. A shared approach, and an alignment in processes and practices between Partner Funds, will support efficient implementation of these capabilities; however, Border to Coast also recognise the sovereign differences between its Partner Funds.

9.5 Further detail of each of these services is set out in the Appendix III.

9.6 Officers across the Partner Funds are working to review the IMA, including a legal review being

co-ordinated by Tyne & Wear on behalf of all Partner Funds.

- 9.7 The reforms place increased emphasis on alignment and collaboration between Partner Funds and the pool. Border to Coast will provide strengthened reporting capabilities to support Committee decision-making, including whole-of-fund reporting, standardised performance analytics, enhanced responsible investment reporting, and progress against local investment objectives – this will follow a phased rollout, with an initial “lite” report developed in 2026 and further enhancements to follow. Partner Funds will work collectively to evolve their shared oversight arrangements, including agreeing common principles for reporting, oversight, and strategic engagement. In parallel, a review of Border to Coast’s governance and oversight structures will take place to ensure they remain fit for purpose. Further detail of each of these services is set out in the Appendix III.

## **10. IMPLEMENTATION TIMETABLE**

- 10.1 The Government acknowledges that pools are unlikely to meet all elements of the new policy framework by 1 April 2026. Instead, it expects a clear, credible, and time-bound implementation plan.
- 10.2 The transition to the new operating framework will be phased, ensuring readiness from both Border to Coast and Partner Funds to deliver a cost effective and risk managed solution. The key milestones are as follows:
- By 1 April 2026: Border to Coast to be in a position to provide strategic advice, working closely with Partner Funds and existing consultants to ensure a smooth transition and handover, and ongoing oversight of indexed equities invested outside of the Pool.
  - By 1 July 2026 for existing PFs (and 1 January 2027 for incoming PFs): Border to Coast to provide oversight and management of legacy private markets and real estate outside of the Pool.
  - By 1 January 2027: Full implementation of Partner Fund investment strategy including portfolio construction, rebalancing, and cashflow management.
- 10.3 Further detail on the implementation timetable is set out in Appendix IV.

## **11.0 CONFLICTS OF INTEREST**

- 11.1 Going forward, Border to Coast will provide investment advice. The government’s view is that conflicts of interest are limited because pools are wholly owned by LGPS administering authorities, exist to serve those authorities’ interests, and do not benefit financially from providing poor-quality advice. Nevertheless, there is agreement that a clear and iterative approach to managing conflicts of interest is essential.
- 11.2 A working group of Officers has been established to define and implement efficient and effective oversight of Border to Coast, ensuring that the pool delivers each authority’s investment strategy against agreed goals and targets.

## **12. KEY RISKS**

- 12.1 The transition period presents several risks that must be actively managed, including regulatory compliance risks, delays in appointing statutory roles, challenges associated with data, operational transition to Border to Coast, market-related volatility, and dependencies on external providers. These risks are mitigated through early appointments, strong project planning, reliance on Border to Coast’s enhanced systems and governance structures, and close co-operation between officers, the pool and advisers.

12.2 Further risks include the potential for misalignment of strategic timetables across Partner Funds, the need for coordinated resourcing during transition, and the operational risks associated with onboarding new Partner Funds into the enlarged pool. These will be mitigated through detailed transition planning, robust programme governance, and close collaboration between Border to Coast and administering authorities.

### **13. CONCLUSION**

13.1 The 2026 regulatory framework strengthens the architecture of investment pooling and confirms Border to Coast's role as the investment manager responsible for implementing Partner Fund strategies. The enhanced advisory and operational model, formalised through the IMA, provides the structure required to deliver the benefits of pooling while supporting Funds in meeting their new obligations. The reforms also align with the long-term ambitions set out in Border to Coast's 2030 strategy, enabling the pool to deliver enhanced advisory capability, greater economies of scale, wider access to investment opportunities, and a more resilient operating model. The statutory framework therefore not only supports regulatory compliance but also accelerates the collective ambitions agreed by Partner Funds.

13.2 The reforms also reshape the wider governance environment for administering authorities. While these internal matters remain the responsibility of Partner Funds, they influence the environment in which strategy is set and pooling operates. Border to Coast's enhanced services and deepened engagement model will support Funds in navigating this transition and ensuring effective alignment of strategy and implementation.

**Appendix I: Asset Allocation Template**  
**Investment Strategy Guidance Section 4**

“The SAA must follow the template shown below. The asset classes shown may be grouped together (for example, a single private markets class may be used instead of private credit, private equity and infrastructure), but the asset classes must not be split into more granular asset classes. Tolerance ranges are an essential tool for the pool to effectively manage a diverse portfolio of different asset classes. They should be wide enough to avoid the risks and costs of frequent rebalancing.”

	Strategic Asset Allocation (%)	Tolerance Range (±%)
Listed Equity		
Private Equity		
Private Credit		
Property / Real Estate		
Infrastructure		
Other alternatives (ii)		
Credit (i)		
UK Government Bonds		
Cash		

- (i) Including credit instruments of investment grade quality, including (but not limited to) corporate bonds and non-UK government bonds.
- (ii) Other alternatives are investments which do not fit into the other asset classes.

## Appendix II: Examples of Pensions Committee Activities

- a) Setting the investment strategy after taking advice from the pool
  - taking into consideration all factors, including environmental, social and governance factors, which are financial material to the performance of investment and impact of investments
  - taking into consideration non-financial factors where this would not involve the risk of significant financial detriment to the fund.
  - Note: The Pensions Committee is responsible for the final investment strategy.
- b) Setting high level investment objectives which meet the requirements of the funding strategy statement and consider relevant factors (e.g. risk appetite, fund maturity, risk management).
- c) Setting the strategic asset allocation (strategic asset allocation and tolerance range for prescribed asset classes).
- d) Review of the Investment Strategy Statement.
- e) Determine the objectives, priorities and preferences in relation to responsible investment,
  - acknowledging the primary obligations remains to act in the best financial interest of the fund
  - considering the views of employer and member representatives.
  - Setting this in collaboration with the pool and partner Authorities
- f) Review of the responsible investment approach to ensure they remain relevant and up to date.
- g) Set out objectives on stewardship and engage with the pool on corporate governance and corporate responsibility matters.
- h) Set the approach to local investment including target range, target area, return, risk and impact, taking into account
  - Local growth priorities of strategic authorities and opportunities for local investment
  - the advice from the pool.
- i) Co-operate with relevant strategic authorities to identify and develop appropriate investment opportunities and recommend specific projects for local investment to the pool for their consideration.
- j) Ensuring the Investment Strategy Statement complies with Regulation and guidance.
- k) Consult on the investment strategy and consideration of views expressed before the investment strategy is finalised and published.
- l) Review the investment strategy statement is reviewed where changes occur or are expected to occur which affect the long term overall asset value or liabilities.
- m) Scrutinising the pool's implementation of the investment strategy statement and hold the pool accountable for the delivery of the strategy effectively including in asset management, manager selection and due diligence.
- n) Hold the pool to account for their performance.
- o) Ensure the pool is properly resourced to deliver the strategy.
- p) Maintain an active dialogue with the pool [to align objectives with operational realities and fiduciary responsibilities].
- q) Taking advice from the independent person on the development of the investment strategy statement, scrutiny of the pool's implementation of the investment strategy.

## **Appendix III: Further Detail on Border to Coast Capabilities**

### **1. Advisory Capability**

Border to Coast is building a full-service investment advisory function that will become the principal provider of strategic investment advice to Partner Funds. This capability includes:

#### **Strategic Advice**

- Support for investment beliefs, long-term objectives and investment policy development.
- Triennial Strategic Asset Allocation (SAA) reviews and annual SAA health checks.
- Advice on portfolio implementation options (constrained and unconstrained), including understanding the “cost of compromise” of using pooled vehicles.

#### **Asset–Liability Modelling (ALM)**

- Procurement and operation of an ALM model to integrate funding, actuarial and investment considerations.
- Ability to model risk/return trade-offs and optimise long-term strategy.

#### **Research & Responsible Investment Advice**

- Analytical support on portfolio construction, risk, markets and asset class opportunities.
- Advice on Responsible Investment priorities, stewardship objectives and reporting.

This service is being built collaboratively with Partner Funds and will evolve over time, strengthening Partner Fund governance capacity while maintaining decision-making sovereignty.

### **2. Asset Allocation Capability**

Border to Coast will provide an end-to-end asset allocation implementation service, including:

#### **Implementation of Strategic Asset Allocation**

- Translating high-level strategy set by Partner Funds into an investable portfolio.
- Portfolio construction using Border to Coast ACS, SLP and third-party vehicles.

#### **Monitoring & Execution**

- Monitoring allocations against SAA and tolerance ranges.
- Execution of required adjustments through rebalancing, transitions or capital movements.

#### **Integration with Advisory**

- Close linkage between strategic advice and practical implementation to ensure portfolios remain on track.

This capability ensures the pool can implement strategy efficiently, at scale, and in line with FCA requirements under the new statutory regime.

### **3. Rebalancing & Cashflow Management**

Border to Coast will manage liquidity and short-/medium-term cash movements across portfolios, including:

#### **Rebalancing**

- Managing asset allocation drift across the portfolio versus rebalancing ranges
- Executing rebalancing trades across both Border to Coast and non-pooled holdings (where relevant).

#### **Cashflow Modelling**

- Long-term cashflow projections to support investment strategy and Alternatives pacing.
- Scenario tools to help Funds understand liquidity under stress conditions.

#### **Cashflow Monitoring & Liquidity Management**

- Monitoring cash across investments and anticipated flows.
- Managing capital calls.
- Supporting liquidity provision to support Officers in operational cashflow needs.

This integrated approach brings together rebalancing, cashflow forecasting and liquidity management, improving execution quality and reducing operational burden for Partner Funds.

#### **4. Legacy Asset Management**

Border to Coast will progressively take responsibility for legacy assets – investments held outside Border to Coast structures – including private markets, real estate and externally managed indexed equity mandates.

##### **Monitoring & Oversight**

- Quarterly monitoring aligned to Border to Coast’s existing processes.
- Distinguishing between “material” and “non-material” assets using value, lifecycle stage and risk factors.

##### **Reporting**

- High-level narrative reporting and performance analysis.
- Integration into the Investment Book of Record (IBOR) via the new Investment & Data Platform (I&DP).
- Aggregated reporting by region, sector, asset class and vintage.

##### **Execution & Corporate Actions**

- Oversight and processing of corporate actions such as amendments, extensions, secondary sales and redemptions.

Legacy oversight improves consistency, support for responsible investment, and readiness for eventual transition into pooled structures where appropriate.

#### **5. Capital Call Management**

Border to Coast will also introduce a streamlined capital call management service, including:

- Managing capital call schedules and ensuring timely funding.
- Coordination of capital flows for SLP structures in a consistent, efficient manner.
- Enhanced visibility of future commitments through the I&DP.

This ensures smoother deployment of private market commitments and reduces operational strain for Partner Funds.

#### **6. Hedging Capability**

Border to Coast will offer hedging services initially focused on currency overlays, with potential to expand into other risk-mitigation tools. Features include:

- Monitoring currency exposures.
- Executing hedging trades within agreed parameters.
- Procurement and oversight of third-party hedging providers where necessary.

#### **7. Whole-of-Fund Reporting & Data Capability**

Border to Coast is implementing an Investment & Data Platform (I&DP) to support all capabilities above.

##### **Whole-of-Fund Reporting**

- Consolidated portfolio view covering public markets, private markets and real estate.
- Performance attribution across strategy, allocation and manager skill.
- Integrated risk analytics, scenario analysis and ESG/RI reporting.

##### **Data Integration**

- Automated data feeds from custodians, GPs, managers and internal systems.
- A central IBOR to support reconciliation, oversight and portfolio management.

This will significantly enhance Partner Funds’ ability to oversee and scrutinise implementation, consistent with the new regulatory model.

**Appendix IV: Implementation Timetable**

Government Expectation		Pensions Bill Compliance and Rep Risk on 1 April 2026	End State	Expected End State Timeline	Actions and Risks of Interim Solution for Compliance on 1 April
FCA authorisation		Full compliance	FCA regulated	Delivered	N/A
All assets to be controlled and managed by the relevant asset pool	Liquid assets excl. indexed equities	100% of liquid assets pooled with Border to Coast, equivalent to £3.5Bn	All liquid assets pooled	Complete	N/A
	Indexed Equities	This is not directly applicable to the Fund	All indexed equities pooled or under pool management	1 April 2026	N/A
	Legacy private markets	The Fund has investments of £1.9Bn in legacy private markets and commitments of a further £321m which should come under Pool oversight from 1 April 2026	Pool oversight and management of legacy private market commitments.	1 July 2026	<b>Tolerate</b> It is unlikely that Border to Coast will be able to develop an FCA compliant model in these timescales, pending the roll out of an Investment & Data Platform, and any interim solution would be extremely manual and generate unnecessary spend and resource.
	Legacy indirect real estate	The Fund has investments of £39m in indirect real estate, which is expected to transition to the Border to Coast UK Real Estate Main Fund in due course. This will take time, and Pool oversight and management will be required in the meantime from 1 April 2026.	Pool oversight and management of legacy indirect UK Real Estate.	1 July 2026	<b>Tolerate</b> It is unlikely that Border to Coast will be able to develop an FCA compliant model in these timescales, pending the roll out of an Investment & Data Platform, and any interim solution would be extremely manual and generate unnecessary spend and resource.

Principal Investment Advisor to Partner Funds	The Fund does not utilise an investment consultant on an ongoing basis.	Pool to be principal advisor	1 April 2026 to be appointed and begin transition from current advisors. 1 January 2027 for full services launch.	<b>Tolerate</b> The Fund will work with Border to Coast to utilise their advisory capability in setting investment strategy.
<b>Implementation of Investment Strategy</b>	Partner Fund Officers are currently responsible for implementation of investment strategy, with advice where needed. Full implementation is expected to transition to the Pool from 1 April 2026.	Pool to be responsible for implementation	1 January 2027	<b>Tolerate</b> It is unlikely that Border to Coast will be able to develop an FCA compliant model in these timescales, pending the roll out of an Investment & Data Platform, and any interim solution would be extremely manual and generate unnecessary spend and resource.
<b>Capacity to manage local investments</b>	The Fund has an established local investment programme.	Pool to support Partner Funds in setting local investment strategy and management of local investments	H2 2026	<b>Tolerate</b> Border to Coast are launching a pilot local investment programme with the North East Border to Coast funds, which will be available to other Partner Funds from H2 2026. Work to be done to establish local strategy.

**TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

AGENDA ITEM 10

**PENSION FUND COMMITTEE REPORT**

4 MARCH 2026

**CORPORATE DIRECTOR OF FINANCE, ANDREW HUMBLE****PENSION FUND BUSINESS PLAN 2026/29****1. PURPOSE OF THE REPORT**

- 1.1 To present to Members of the Teesside Pension Fund Committee (the Committee) the annual Business Plan for the Fund.

**2. RECOMMENDATION**

- 2.1 That Members approve the Business Plan including the 2026/27 Pension Fund budget.

**3. FINANCIAL IMPLICATIONS**

- 3.1 The 2026/27 forecast income and expenditure is set out in the Business Plan, and is summarised below (expenditure in brackets):

	<b>£ millions</b>
Income from employers / members	136.0
Expenditure to members	(226.2)
Administration and management expenses	(5.4)
Estimated net investment income	157.0
Forecast change in market value	341.6
<b>Net increase (decrease) in net assets available for benefits</b>	<b>403.0</b>

**4. BACKGROUND**

- 4.1 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.
- 4.2 The Teesside Pension Fund Business Plan is designed to set out how the Pension Fund Committee operates, what powers are delegated and to provide information on key issues. The Business Plan sits alongside the Fund's other governance

documents, which set out the delegated powers and responsibilities of officers charged with the investment management function.

4.3 The Business Plan for 2026/29 is attached (Appendix 1). The Business Plan includes:

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

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

TEL NO.: 01642 726328

# Business Plan

## 2026 – 2029



Teesside Pension Fund

## EXECUTIVE SUMMARY

The purpose of this Business Plan is to outline the Fund’s objectives and provide a plan of action as to how key priorities will be achieved in order to further these objectives.

Over the last few years, the Fund has faced increasing complexities and there has been and continues to be new legislation that has and will continue to fundamentally change the way in which we work and our relationship with our stakeholders. The complexities have stemmed from but are not limited to the following;

- Asset Pooling
- The Pensions Bill 2025
- Funding pressures resulting from longevity risk and volatile financial markets
- Overriding HMRC legislation
- Increased diversity of scheme employers resulting from alternative service provision models
- Changing Local Government Pension Scheme regulations

To manage these challenges the Fund needs to be flexible and responsive to adapt in a timely and effective manner.

This Business Plan also outlines the expected non-investment related Fund receipts and payments for the financial year 2025-26, and projections for 2026-27, as well as the administration and investment expenses.

The Business Plan also details the key performance indicators by which the Fund’s performance will be measured. A full listing of these indicators can be found in section 5.

Officers will update the Pensions Committee and the Pension Board on the progress made against aspects of the Business Plan in update reports presented at future meetings.

## INTRODUCTION

Middlesbrough Borough Council is the Administering Authority for the Teesside Pension Fund (the Fund). The Fund is part of the Local Government Pension Scheme (LGPS), a defined benefit pension scheme providing ongoing benefits on a career average revaluated earnings (CARE) basis, with most benefits earned before April 2014 calculated on a final salary basis. It is funded primarily by contributions from its constituent employers and members and by investment income.

The Fund currently has over 83,000 scheme members from around 150 employer bodies, including four Local (Unitary) Authorities.

The results of the latest actuarial valuation, as at March 2022 showed the assets worth £5.036 billion, were sufficient to meet 116% of the Fund's liabilities. The formal result of the next valuation (based on asset and liability figures as at 31 March 2025) is due by 31 March 2026 with employer contribution rates being set to reflect the outcome of this valuation for the three year period starting 1 April 2026.

## PURPOSE OF THE FUND

### Mission Statement

*"To provide an efficient and effective pension scheme for all scheme members and employers in accordance with the requirements of the regulations and legislation for the Local Government Pension Scheme."*

### Purpose

The Fund is a vehicle by which scheme benefits are delivered. The purpose of the Fund is to:

- Receive monies in respect contributions from employers and employees, transfer values and investment income.
- Pay out monies in respect of scheme benefits, transfer values, costs, charges and expenses as defined in the LGPS Regulations 2013 and as required in the LGPS (Management and Investment of Funds) Regulations 2016.

### Aims

The aims of the Fund are to:

- Manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due.
- Enable primary contribution rates to be kept as nearly constant as possible and (subject to the administering authority not taking undue risks) at reasonable cost to

taxpayers, and the employing bodies, while achieving and maintaining fund solvency and long-term cost efficiency, which should be assessed in light of the risk profile of the fund and employers, and the risk exposure policies of the administering authority and employers alike.

- Seek returns on investments within reasonable risk parameters.

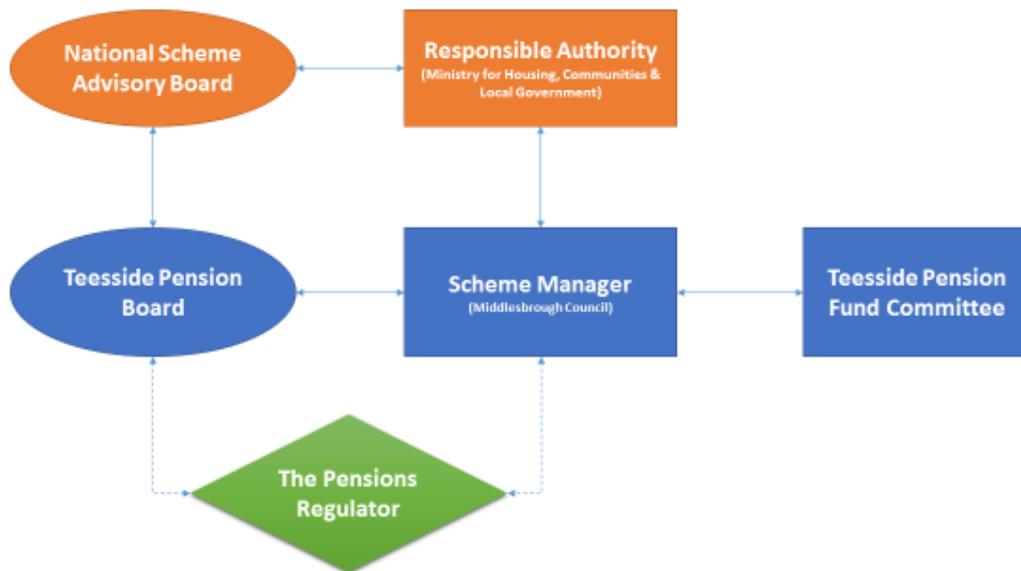
**Service Promise**

*“We will provide a customer-focused pension service meeting the needs of members and employers, and manage the investments of the Fund to achieve solvency and long-term cost efficiency for our customers.”*

The full service promise is attached as Appendix A, and sets out the promises to the four key stakeholders of the Fund.

**GOVERNANCE ARRANGEMENTS**

The Public Service Pensions Act 2013 updated the national and local governance framework for all public sector pension schemes, including the LGPS. The interaction of the various bodies is shown below.



**Responsible Authority**

For the LGPS, this is the Ministry of Housing, Communities & Local Government (MHCLG); its primary roles being:

- The LGPS Scheme ‘sponsor’;
- Ensuring affordability of the LGPS for members and employing authorities;

- Developing policy for the operation of the LGPS to reflect government policy and LGPS specific experience; and
- Commissioning and updating legislation and actuarial guidance.

More information can be found on MHCLG at the following website:

<https://www.gov.uk/government/organisations/ministry-of-housing-communities-local-government>

## **The Local Government Pension Scheme Advisory Board – England and Wales**

The Local Government Pension Scheme Advisory Board (SAB):

- Advises on policy, best practice, and governance issues;
- Reporting responsibility;
- Single source of information for LGPS stakeholders on general and specific health of the LGPS; and
- Liaison role with the Pensions Regulator.

Further information on the Scheme Advisory Board, its role and operation can be found at the SAB website: <http://www.lgpsboard.org/> .

## **The Pensions Regulator**

The statutory objectives of the Pension Regulator that are relevant to the LGPS are:

- Protect member benefits (although they accept that in the LGPS these are effectively guaranteed); and
- Promote and improve understanding of good administration.

Please visit The Pensions Regulator website for more information:

<https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes>

In addition to the national bodies, each individual LGPS Fund has a single employing authority designated as the administering authority for its geographic area. Middlesbrough Council was appointed the Administering Authority for the Teesside Pension Fund by the Secretary of State, replacing the former Cleveland County Council Fund following Local Government Reorganisation in 1996.

Each administering authority is responsible for the financial and administrative functions of their Fund. For the Teesside Fund, this function is delegated to the Teesside Pension Fund Committee, which is assisted by the Teesside Pension Board.

## **Teesside Pension Fund Committee**

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 Local Government Pension Scheme Regulations, His Majesty's Revenue & Customs (HMRC)'s 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 any 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 ('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 the Mayor's Nominee (in their 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 Border to Coast 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 fund administrator, independent professional advisers and Additional Voluntary Contribution (AVC) provider.
- i) Liaison with internal and external audit, including providing or agreeing 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.

### Teesside Pension Board

The Board is responsible for assisting the Administering Authority:

- a) To secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and
- b) To ensure the effective and efficient governance and administration of the Scheme.

The Council considers this to mean that the Pension Board is providing oversight of these matters and, accordingly, the Pension Board is not a decision making body in relation to the management of the Pension Fund. The Board makes recommendations and provides assurance to assist in the management of the Fund.

### Teesside Pension Officer Support

In order to support the Teesside Pension Fund Committee and Teesside Pensions Board and enable them to fulfil their obligations under the LGPS investment regulations administering authorities are required to take proper advice. "*Proper advice*" is defined in the LGPS Investment Regulations 2016 as "*the advice of a person whom the authority reasonably considers to be qualified by their ability in and practical experience of financial matters.*" Advice is taken from internal and external sources:

- Internal advice comes from the **Corporate Director of Finance**, who has Section 151 responsibilities. It is the Director who is responsible for ensuring that adequate expertise is available internally and, where the Director deems that not to be the case, they will advise when external advice should be sought. Internal expertise and advice is provided by:
  - The **Head of Legal Services** on legal matters pertaining to the Fund.
  - The **Head of Pensions Governance and Investments** on pensions, investments and LGPS governance issues.
  - The **Principal Pensions Manager** of the Fund's partners on administration and regulatory issues.

- The **Head of Corporate Finance** on issues relating to the Statement of Accounts.
- External advice is provided by:
  - The **Fund’s Investment Advisors** on asset allocation and investment matters.
  - The **Fund’s Actuary**, Hymans Robertson LLP, on actuarial matters.
  - The **Fund’s Solicitors**, CMS LLP, on regulatory and administrative matters.
  - The **Fund’s Auditor**, Forvis Mazars LLP, regarding auditing the accounts and internal controls and systems.
  - Other external advisors as the Corporate Director of Finance shall see fit to recommend.

## PROCEDURE FOR THE REVIEW OF MANAGERS AND ADVISORS

The Fund’s management arrangements, the arrangements for the appointment of advisors and other external service providers and the regular review of those arrangements have been determined by the Committee.

- The LGPS (Management and Investment of Funds) Regulations 2016 include the requirement for all LGPS Funds to pool their assets. The Fund is one of eleven (soon to be eighteen) Funds who are shareholder partners in Border to Coast Pension Partnership Limited (‘Border to Coast’) and has now moved to a position where Border to Coast manages the majority of investment assets for the Fund. The Pensions Bill 2025 which is making its way through parliament strongly suggests investment oversight of all the Fund’s assets (with the exception of operational cash) will move to the pool (Border to Coast) over the year.
- Initial asset transfers took place during 2018-19 which resulted in all the Fund’s UK equities being transferred to be under Border to Coast’s management. During 2021 most of the Fund’s overseas equities were also transferred from being managed passively by State Street Global Advisers to being managed by Border to Coast. During 2024-25 the passive Equity holdings with State Street were sold and partly reinvested with Border to Coast’s (internally managed) overseas equity fund. All of the Fund’s liquid assets (except cash) are now invested through Border to Coast.
- There are a number of investment assets which currently remain with the Fund to manage, either because they are unlikely to transfer to Border to Coast, e.g. cash, or because it is not practical or cost-effective to do so, such as existing private markets investments. Once the Pensions Bill 2025 receives royal ascent whilst ownership of these private markets investments will remain with the Pension Fund (because of

the cost and complexity of transferring this), the investment oversight of the assets will transfer to become the responsibility of Border to Coast.

- Fund Investment Advisor arrangements were reviewed during 2018-19 and following a procurement exercise two independent Investment Advisors were appointed. The Pensions Bill 2025 will require the Fund to appoint a single Independent Advisor to advise the Committee on governance and administration matters as well as investment advice.
- The contract to provide Custodian Services to the Fund is carried out by Northern Trust – the contract started on 1 May 2019, was again awarded to Northern Trust following a procurement exercise from 1 June 2022 and is due to be reviewed in 2026.
- Pension Administration Services are provided by South Tyneside Council (the administering authority for the Tyne & Wear Pension Fund) under the terms of a contract commencing 1 June 2025 following a procurement exercise.
- The contract to provide Actuarial Services to the Fund was put out to tender towards the end of 2021 and a new actuary, Hymans Robertson LLP, was appointed with effect from 1 January 2022. The contract is for six years (covering two valuation periods) with an option to extend for a further three years.
- Fund Additional Voluntary Contribution (AVC) provision was reviewed by the Investment Panel on 12 July 2002 and the Prudential Assurance Company Ltd were appointed. The long-term nature of AVC provision does not lend itself to the regular review of providers.

## PERFORMANCE TARGETS

Targets are set for each of these key areas to monitor the performance of the Fund.

### Funding

The Funding Strategy Statement sets out a comprehensive strategy for the whole Fund, balancing and reconciling the many interests which arise from the nature of the Scheme and the requirements to fund benefits now and in the future. The Funding Strategy Statement is being updated in line with the production of the most recent triennial valuation and will be published in March 2026.

The funding target of the Fund is to achieve fully funded status, i.e. the assets of the Fund match, exactly, its liabilities. This is expressed as a percentage, with fully funded status represented as 100% funded. The Fund's Actuary carries out a full actuarial valuation every three years, with the last valuation undertaken based on the assets and membership at 31 March 2022 – the final valuation report was published on 30 March 2023. The next valuation will be carried out based on assets, membership and financial conditions as at 31 March 2025 with the final report due by the end of March 2026.

### Investments

The Investment Strategy Statement sets out the Fund's strategy asset allocation (also known as the customised benchmark), a tailor made mix of investments which is reached after an Actuarial Valuation and subsequent Asset/Liability Study. The strategic asset allocation was last updated in 2024, and an updated Investment Strategy Statement was published in December 2024.

Monitoring investment performance is one way in which Members can assess how well the Fund is being managed. Performance is measured against the tailor-made mix of investments which should produce returns over the medium and long term to meet the Fund's liabilities; the strategic asset allocation and customised benchmark.

The Fund's investment performance is measured by Hymans Robertson following their acquisition of Portfolio Evaluation Limited (PEL), a leading provider of performance services to public and private sector pension schemes. Investment performance is reported as part of the Fund's Annual Report & Accounts and to the Pension Fund Committee each year.

Investment performance is measured against the customised benchmark over three time periods; one year, three year and ten year (i.e. short, medium and long term performance).

## Pensions Administration

Key Performance Indicators (KPIs) relating to pensions administration are in line with Scheme Advisory Board guidance:

Pension Administration KPI	Target
Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days
Communication issued confirming the amount of dependents pension	10 days
Communication issued to deferred member with pension and lump sum options (quotation)	15 days
Communication issued to active member with pension and lump sum options (quotation)	15 days
Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 days
Communication issued to active member with confirmation of pension and lump sum options (actual)	15 days
Payment of lump sum (both active and deferred)	15 days
Communication issued with deferred benefit options	30 days
Communication issued to scheme member with completion of transfer out	15 days
Payment of refund	15 days
Divorce quotation	45 days
Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	15 days
Communication issued to new starters	40 days
Member estimates requested by scheme member and employer	15 days

KPIs based on the new partnership arrangement with the South Tyneside Council will be reported to the Pension Fund Committee and Pension Board.

## Accounting

The Fund's Annual Report and Accounts are prepared in line with the current guidelines and reported to the Teesside Pension Fund Committee. The Annual Report and Accounts are audited by the Fund's External Auditors (Forvis Mazars LLP). Forvis Mazars present their audit findings to the Teesside Pension Fund Committee and provide their audit opinion based on the findings of the report. The target is for the External Auditors to report that the Annual Report & Accounts show a true and fair view of the transactions the Fund.

To ensure there are adequate internal controls in place to manage and administer the Fund effectively, Internal Audit carry out an independent audit review every year, and the final reports are presented to the Teesside Pension Fund Committee and the Teesside Pension Board. Internal Audit report their findings and an audit assurance level. The target for both internal audits is to receive an assurance level of a strong control environment.

## Governance

In addition to the Funding Strategy Statement and Investment Strategy Statement, the Fund is required to have in place a number of other key governance documents to allow the Fund to run effectively and smoothly. These additional governance documents are:

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

All governance documents should be reviewed at least every three years to ensure they are still relevant and represent best practice.

A summary of performance against targets is presented in Appendix B of this report.

## RISK MANAGEMENT

The Fund's 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.

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 Fund 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 Fund 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.

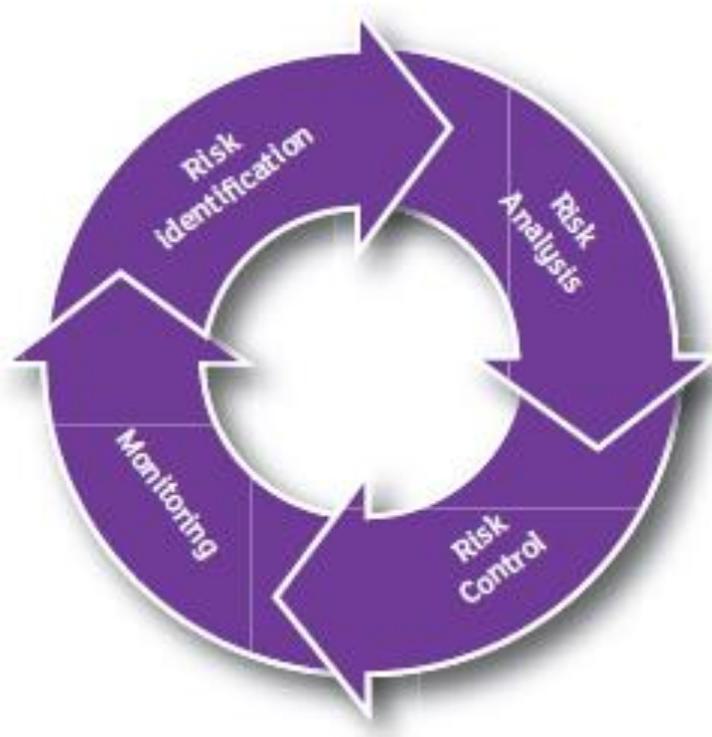
In relation to understanding and monitoring risk, the Administering Authority aims to:

- 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.
- The Pensions Act 2004 and the Pensions Regulator's Code of Practice for Public Service Pension Schemes as they relate to managing risk.

The Fund'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:



## 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.

## Risk Analysis

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.

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.

## Risk Control

Risk control specifies actions taken to reduce the likelihood of a risk event happening, the frequency it could happen and reducing the impact if it does occur. Possible courses of action against risk:

- **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.

### **Risk Monitoring**

Risk monitoring is the final part of the risk management cycle and is the responsibility of the Pension Fund Committee. In monitoring risk management activity, the Administering Authority / Committee considers 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.

### **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 at least 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 and a formal review will be carried out at least twice a year.

As a matter of course, the Teesside 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 Teesside 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 will be included in the Risk Register.

### **Risk Matrix**

The risk matrix is adapted from the one used by the Council and the External Auditor's assessment of materiality (for the 2024/25 audit £27 million) is used as the high value for the purposes of scoring the identified risks.

**TEESSIDE PENSION FUND  
BUSINESS PLAN 2026 – 2029**

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

## TRAINING PLAN

The Fund has adopted the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills. It is a requirement of the Code that an annual statement on compliance must be included in the Fund's Statement of Accounts.

Investment Officers are required to acquire, by examination, the Investment Management Certificate (IMC) or relevant qualification. Officers without the relevant qualification and with less than five years relevant experience must undergo a minimum of twenty hours relevant training.

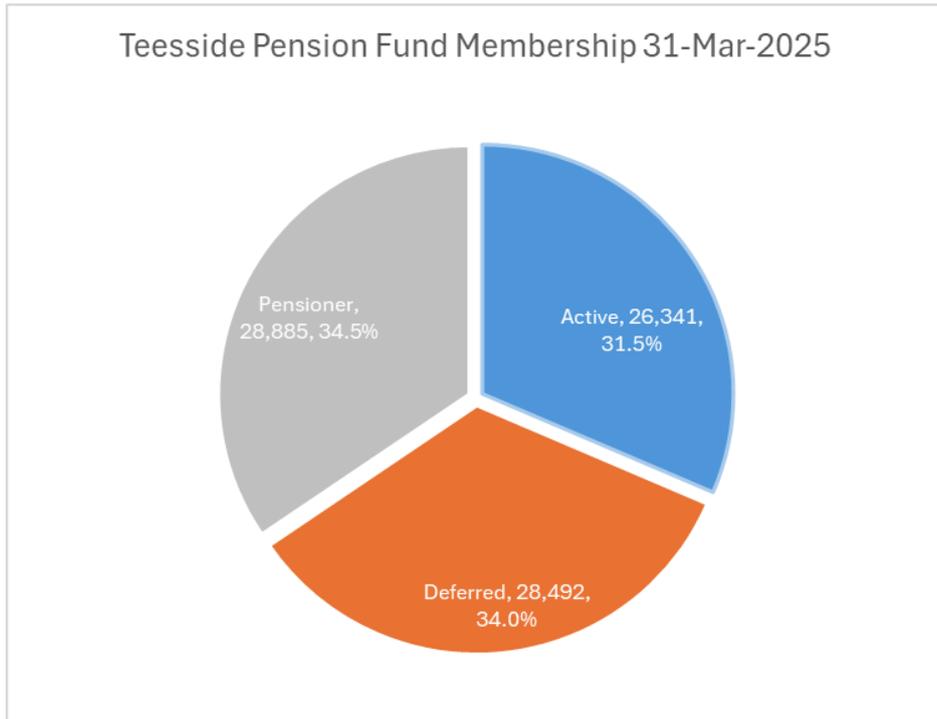
The Principles included in the Myners Review of Institutional Investment included a requirement under "Effective Decision Making" that Trustees should have sufficient expertise and be offered appropriate training.

It is a requirement that all Members serving on the Teesside Pension Fund Committee and those who may act as substitute received adequate training. This facility is extended to also include non-Middlesbrough Council members of the Committee. All Teesside Pension Board Members have received training and are encouraged to undertake the Pension Regulator's toolkit.

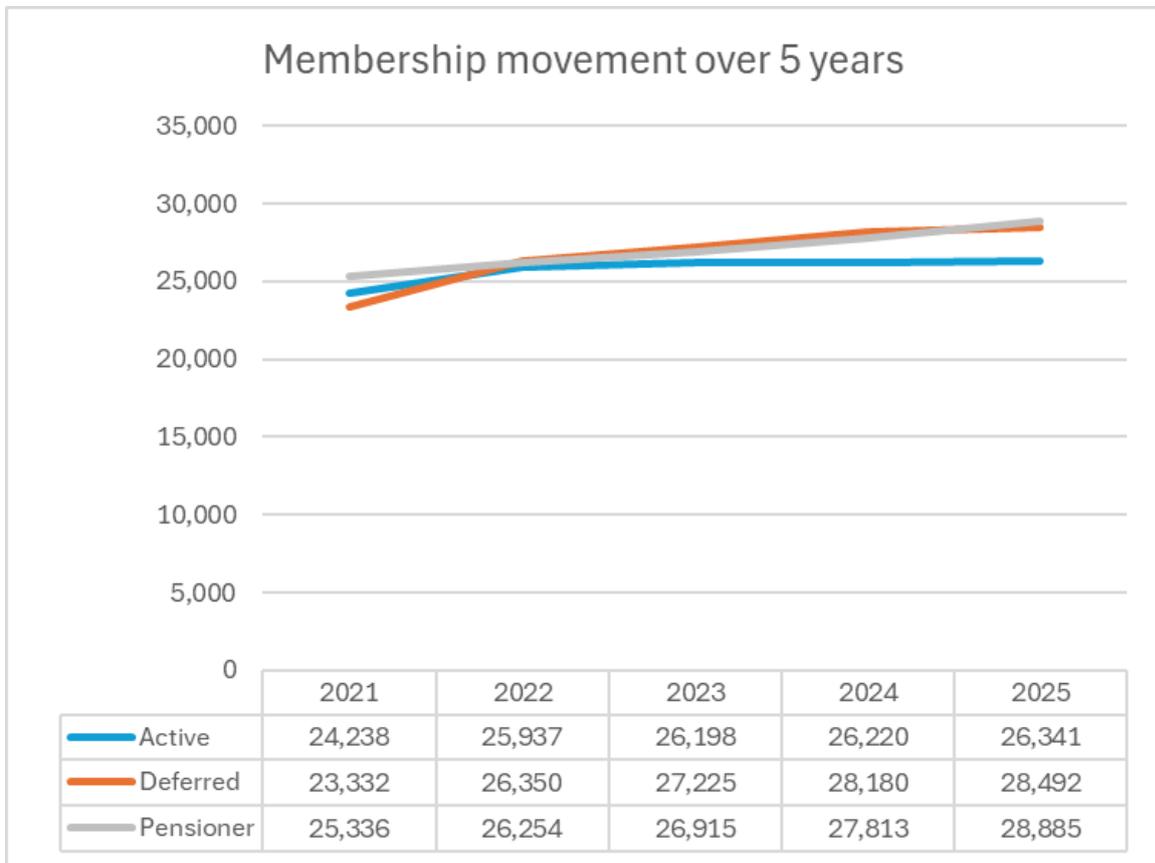
Training for Members and the staff employed by the Fund is essential as the Fund is moving to a position where its primary role will be managing two critically important outsourcing contracts / partnership arrangements with Border to Coast managing the majority of the Fund's investment assets, and XPS Administration / South Tyneside Council managing the Fund's pension administration service.

## MEMBERSHIP DATA

The total scheme membership for the Fund as at 31 March 2025 was 83,718 made up of the following membership types:



The changes to the scheme membership types over the last five years are shown below. While the total membership has increased by approx. 10,800 members over the period, the numbers of actives, deferred and pensioner members have increased steadily over the period.

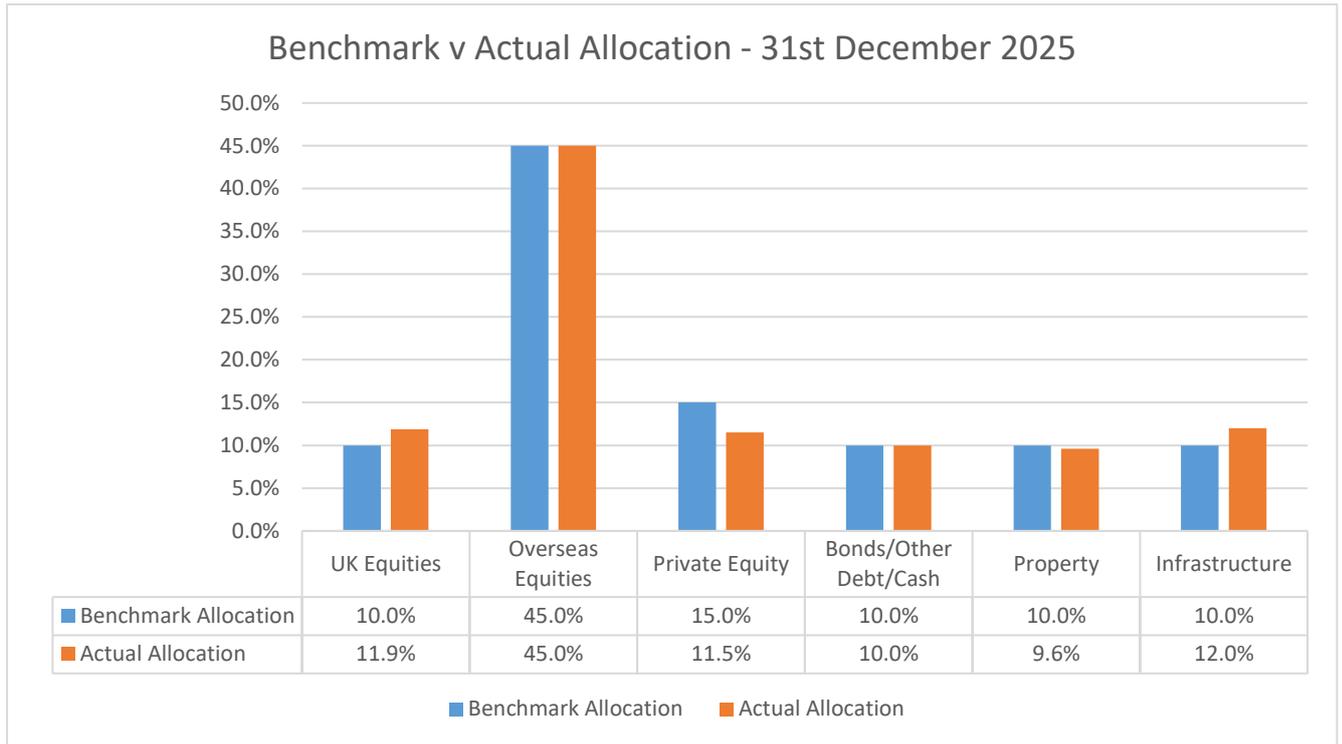


**INVESTMENTS AND FUNDING**

The Pension Fund invests in a wide range of asset classes and regularly reviews its asset allocation policy to ensure that it remains appropriate for the Fund.



The Fund’s Investment Strategy Statement sets out the Asset Allocation Strategy. This strategy is set for the long term and is reviewed at least every three years as part of the Fund’s Asset/Liability study to ensure that it remains appropriate to the Fund’s liability profile. As part of the strategy the Administering Authority has adopted a strategic benchmark representing the mix of assets best able to meet the long term liabilities of the Fund. A revised strategic benchmark was agreed by the Pension Fund Committee at its September 2024 meeting, and this revised benchmark was used to update the Investment Strategy Statement in December 2024. As at 31 December 2024 the actual assets compared to the revised strategic benchmark as follows:



Actuarial valuations are carried out every three years with the last completed valuation dated 31 March 2022. These valuations calculate the value of the Fund’s liabilities and compare them to the market value of the assets to determine a funding ratio. At the 2022 valuation, there was a surplus of £684 million, which corresponded to a funding ratio of 116%.

The next triennial valuation (as at 31 March 2025) will be published by 31 March 2026. The result of that valuation will be implemented from 1 April 2026, with any changes to employer contribution rates due to take effect then.

**FUND ACCOUNT, INVESTMENT AND ADMINISTRATION COSTS**

The following table provides a summary of the fund account, investment and administration income and expenditure:

Description	2024-25 Actual £'000s	<b>2025-26 Forecast £'000s</b>	<b>2026-27 Estimate £'000s</b>
Contributions	-125,283	-129,276	-121,416
Transfers in from other pension funds	-10,977	-9,516	-9,516
Other income	-2,573	-5,091	-5,091
<b>Total income from members</b>	<b>-138,833</b>	<b>-143,883</b>	<b>-136,023</b>
Benefits payable	200,488	203,896	211,644
Payments to and on account of leavers	16,881	14,536	14,549
<b>Total expenditure to members</b>	<b>217,369</b>	<b>218,432</b>	<b>226,194</b>
Management expenses	8,456	5,295	5,407
<b>Total income less expenditure</b>	<b>86,992</b>	<b>79,844</b>	<b>95,578</b>
Investment income	-98,377	-159,449	-156,982
Change in Asset Market Value	-90,461	-523,004	-341,600
<b>Net return on investments</b>	<b>-188,838</b>	<b>-682,453</b>	<b>-498,582</b>
<b>Net (increase) / decrease in net assets available for benefits during the year</b>	<b>-101,846</b>	<b>-602,609</b>	<b>-403,004</b>

Further detail behind the above summary is attached in Appendix C.

**ANNUAL PLAN FOR RECEIVING REPORTS**

The Teesside Pension Fund Committee meets four times each year, with an additional (July) meeting to approve the Annual Report & Accounts. These should be before the end of:

- June;
- July;
- September;
- December; and
- March.

This allows for the presentation of key reports, which are needed to meet statutory deadlines:

June	Fund Performance Report
July	Annual Report & Accounts Audit Report
September	Interim Actuarial Valuation Report (where relevant)
December	Shareholder Governance Annual Report
March	Business Plan Annual External Audit Plan

**FORWARD PLAN FOR KEY DECISIONS**

A number of reviews and reports have been scheduled as a result of earlier Pension Fund Committee decisions and the requirement to put out to external tender services provided to the Fund. It may be necessary to delay non-contractual elements of the Plan, depending on resources available.

**2026/27:**

**Pooling of Investment Assets:**

- Where appropriate, taking into account Investment Advisors’ views, continue to commit assets to Border to Coast’s private equity, infrastructure and climate opportunities funds as they become available.
- Receive regular reports and presentations from Border to Coast in relation to the assets the Fund has committed to the pool.

- Work with Border to Coast to consider how investment oversight of the 'legacy' private market assets that the Fund owns can transfer to Border to Coast.
- Work with Border to Coast and its Partner Funds to continue to develop the investment oversight and (as appropriate) company oversight of Border to Coast.

**Pension Fund Governance:**

- Assess the Fund against the requirements of the Pensions Bill and subsequent legislation, regulations and guidance.
- Consider how Border to Coast can be principal source of investment advice for the Fund.
- Restructure the Pensions Team to reflect the changes in workload following the transfer of pensions administrator, pooling of investments and additional requirements from new legislation and regulation.
- Assess the Fund's training policy and plans to meet requirements of the Pensions Bill.
- Assess the Fund against the Scheme Advisory Board's recommended governance standards.
- Review role of independent advisor in the light of expected regulation / legislation – agree how to source independent Person.
- Monitor progress against full compliance with Pensions Regulator's General Code of Practice, including best practice areas.
- Review Financial Statements Quality Assurance process.

**Pension Investments:**

- Review / restate Fund's investment beliefs, in the context of ensuring these are appropriately understood and taken into account by Border to Coast.
- Review Investment Strategy Statement
- Set objectives for local investment taking into account Local Growth Plans of the Tees Valley Combined Authority.
- Monitor implementation of the strategic asset allocation set by the Pension Fund Committee.
- Monitor and report investment performance of the Fund, as measured against the Fund's customised benchmark.
- Monitor Fund's liquidity and consider whether / when to invest in fixed income.
- Set and monitor Responsible Investment policy.

**Pension Administration:**

- Complete onboarding of new pensions administration partner.

- Compile a Data Improvement Plan.
- Review business continuity plans / cyber security arrangements of new provider
- Work to identify potential efficiencies and improvements possible through new partnership arrangement.
- Complete implementation of 'McCloud' changes, including retrospective review of leavers since 2014 - this is an additional check on leaving / drawing benefits to give certain scheme members the better of benefits under the current CARE scheme or under the old final salary rules for service from 1 April 2014 to 31 March 2022.
- Implement outcome of GMP reconciliation exercise.
- Prepare data and system functionality for compliance with Pensions Dashboard requirements.

## Funding:

- Implement outcome of actuarial valuation as at 31 March 2025 – work with actuary and TWPF to review valuation process to see where improvements can be made.
- Review and update the Funding Strategy Statement and Investment Strategy Statement if required.
- Notify employers of required contribution rates for three year period from 1 April 2026 onwards.

**2027/28:**

- Evaluate process for oversight of the Pool company – on investment performance, investment advice and ensure governance structures are appropriate.
- Re-assess compliance with Pension Regulator's Code of Practice
- Evaluate partnership approach to delivery of pensions administration function – ensure efficiencies and opportunities are being identified and delivered.
- Implement training programme to meet the knowledge and skills requirements of the Pensions Bill, particularly for new Pensions Committee members.
- Triennial independent governance review (if required)
- Ensure data is prepared for submission to actuary for 31 March 2028 triennial valuation. Work with actuary on reviewing assumptions.

**2028/29:**

- Develop and review Responsible Investments approach, incorporating TCFD reporting.
- Triennial independent governance review (if required)

- Implement training programme to meet the knowledge and skills requirements of the Pensions Bill.
- Carry out 31 March 2028 triennial valuation.



# Teesside Pension Fund

## Our Service Promise

*We will provide a customer-focused pension service meeting the needs of members and employers, and manage the investments of the Fund to achieve solvency and long-term cost efficiency for our customers.*

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### Contact:

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### Scheme Members

- Payment of pension payments/retirement grants
- New entrants to the LGPS processed
- Accurate transfer values calculated and paid
- Provide annual benefit statements

### Scheme Employers

- Accurate contribution calculated and collected
- Pension costs accurately calculated and recharged
- Cash flow data supplied to the Actuary for IAS19/FRS17 reports

### Pension Fund Committee

- Safe custody of the Fund's assets
- Invest the Fund's monies in accordance with LGPS Regulations and Investment Panel Instructions
- Manage the relationship with the Fund's pooling asset management company (Border to Coast Pensions Partnership)
- Report the Fund's investment transactions & asset valuations
- Produce a Business Plan for approval
- Hold accurate scheme membership data
- Statutory and selected non-statutory returns will be completed.

### Pension Board

- Annual Report & Accounts produced in accordance with the latest CIPFA LGPS Code of Practice.

### What we'll do for you:

- We will administer and manage the Fund in accordance with the relevant statute and regulations.
- We will process transactions and payments listed in this Service Promise in line with the timescales stipulated.
- We will provide annual benefit statements to all scheme members, in accordance with the LGPS Regulations by 31 August every year.
- We will provide Rates & Adjustment Certificates to scheme employers following the triennial valuation of the Fund's assets and liabilities, in accordance with the LGPS Regulations by 31 March the year following the valuation.



### What you can do for us:

- Scheme employers provide all required information within the timeliness required for the task and in the format required.
- Scheme employers make contribution payments on time and in line with the Regulations and their Admission Agreements.
- Scheme employers provide a bond or other guarantee required by their Admission Agreements.
- All scheme members and scheme employers provide updated information relevant to the general upkeep of the data needed to maintain their records accurately.

## SUMMARY OF PERFORMANCE AGAINST TARGETS

### **Funding:**

	Target	Actual
2022 Triennial Actuarial Valuation	100%	116%

### **Investments:**

	As at 31 December 2025		
	Benchmark	Actual	Excess Return
Performance Return – 1 Year	11.7%	13.0%	<b>-1.3%</b>
Performance Return – 3 Year (per annum)	9.0%	9.4%	<b>-0.3%</b>
Performance Return – 5 Year (per annum)	8.6%	6.8%	<b>1.8%</b>
Performance Return – 10 Year (per annum)	8.9%	7.7%	<b>1.2%</b>

### **Pensions Administration:**

	As at 31 December 2025	
	Target	Actual
All new entrant processed within twenty working days of receipt of notification being received by pensions.	98.50%	Data not supplied by XPS
Transfer Values - To complete the process within ten working days of the date of receipt/request for payment.	98.50%	Data not supplied by XPS
Refund of contributions - correct refund to be paid within ten working days of the employee becoming eligible and the correct documentation being received.	98.75%	Data not supplied by XPS
Statements issued within ten working days - Estimate of benefits (of receipt of request) and Deferred Benefits (of receipt of all relevant information).	98.25%	Data not supplied by XPS
Pension costs to be recharged monthly to all employers.	98.75%	Data not supplied by XPS
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	98.75%	Data not supplied by XPS

	As at 31 December 2025	
	Target	Actual
Payment of retirement grant payment to be made within 6 working days of the later of the payment due date and the date of receiving all of the necessary information.	98.75%	Data not supplied by XPS
Pay eligible pensioners a monthly pension on the dates specified by the Council.	100.00%	Data not supplied by XPS
All calculations and payments are correct.	98.75%	Data not supplied by XPS

**Accounting:**

	Target	Actual
External Auditor Opinion	True & Fair View	The 2023/24 accounts were 'disclaimed' by the auditor, principally owing to lack of time to complete the necessary work.
Internal Audit Opinion – Investments	Strong Control Environment	Strong Control Environment
Internal Audit Opinion – Administration	Strong Control Environment	Strong Control Environment

**Governance:**

	Target	Actual
Funding Strategy Statement	Last 3 Years	March 2023
Investment Strategy Statement	Last 3 Years	December 2024
Governance Policy & Compliance Statement	Last 3 Years	February 2026
Training Policy	Last 3 Years	February 2026
Conflict of Interest Policy	Last 3 Years	February 2026
Risk Management Policy	Last 3 Years	February 2026
Procedures for Reporting Breaches of Law	Last 3 Years	February 2026
Communication Policy	Last 3 Years	February 2026
Pension Administration Strategy	Last 3 Years	February 2026
Fund Officers' Scheme of Delegation	Last 3 Years	February 2026

***Fund account, investment and administration - detailed analysis***

	<b>2024-25 Actual £'000s</b>	<b>2025-26 Forecast £'000s</b>	<b>2026-27 Estimate £'000s</b>
<b><i>Income from members</i></b>			
Employers' contributions normal	-87,023	-89,808	-80,644
Employers' contributions deficit recovery	-15	-15	0
Members' contributions	-38,245	-39,469	-40,771
Transfers in from other schemes	-10,977	-9,516	-9,516
Other income	-2,573	-5,091	-5,091
	<b>-138,833</b>	<b>-143,899</b>	<b>-136,022</b>

	<b>2024-25 Actual £'000s</b>	<b>2025-26 Forecast £'000s</b>	<b>2026-27 Estimate £'000s</b>
<b><i>Expenditure to members</i></b>			
Pensions paid	164,845	167,647	174,018
Commutations and lump sum retirement benefits	33,222	33,787	35,071
Lump sum death benefits	2,421	2,462	2,556
Payments to and on account of leavers	16,881	14,536	14,549
	<b>217,369</b>	<b>218,432</b>	<b>226,194</b>

## Appendix C

	2024-25 Actual £'000s	2025-26 Forecast £'000s	2026-27 Estimate £'000s
<b>Management expenses:</b>			
<b>Administration costs</b>	<b>1,953</b>	<b>2,015</b>	<b>2,082</b>
<b>Investment management expenses</b>			
Custody fees	25	26	27
External investment management expenses	5,267	2,000	2,000
Internal investment management expenses	770	793	818
Transaction costs	0	0	0
<b>Total Investment management expenses</b>	<b>6,062</b>	<b>2,819</b>	<b>2,843</b>
External audit cost	118	122	125
<b>Oversight &amp; governance costs</b>	<b>323</b>	<b>339</b>	<b>356</b>
<b>Total Management Expenses cost</b>	<b>8,456</b>	<b>5,295</b>	<b>5,407</b>

	2024-25 Actual £'000s	2025-26 Forecast £'000s	2026-27 Estimate £'000s
<b>Investment Income</b>			
Investment income from pooled investment vehicles	-52,749	-132,749	-136,731
Other investment income	0	0	0
Property gross rental income	-28,825	-9,500	-2,782
Property expenses	985	400	131
Interest on cash deposits	-17,788	-17,600	-17,600
	<b>-98,377</b>	<b>-159,449</b>	<b>-156,982</b>
<b>Change in Asset Market Value</b>	<b>-90,461</b>	<b>-523,004</b>	<b>-341,600</b>

**TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**PENSION FUND COMMITTEE REPORT****4 March 2026****CORPORATE DIRECTOR OF FINANCE – ANDREW HUMBLE****RISK REGISTER REVIEW****1. PURPOSE OF THE REPORT**

- 1.1 To advise Members of changes 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.

**5. MODIFIED RISKS**

- 5.1 At the last Pensions Committee meeting members requested more information on the changes which had been made to the risk register and the reasoning behind those amendments. The Appendix identifies the original score when the risk was placed on the register and the current score. Since the February Pensions Committee meeting there have been two amendments to the risk register.
- 5.2 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.
- 5.3 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.

5.4 Amendments to risk assessments made in the previous quarter were:

5.4.1 TPF029 – Insufficient Range of Pooling Asset Classes. Likelihood was decreased from unlikely to rare to reflect the increased investment propositions available from Border to Coast and the restrictions on available asset classes which are being placed on Funds through the Pensions Bill.

5.4.2 TPF044 – ICT Systems Failure. Impact was reduced from minor to rare to reflect that most investment and administration functions are outsourced to suppliers with robust ICT recovery protocols.

5.4.3 TPF045 – Contribution Collection Failure. Likelihood was increased from rare to unlikely to reflect the change in process which employers will have to get used to following the change of pensions administrator.

5.6 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.

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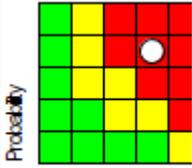
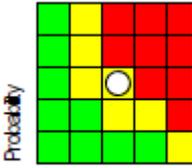
## Appendix - Teesside Pension Fund Risk Register

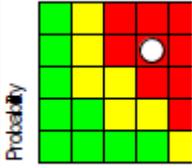
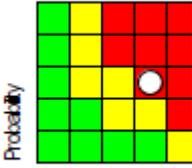
Code	Risk Description	Original Score	Current Score
TPF 001	<p><b>INFLATION</b></p> <p>Price inflation is significantly more than anticipated: an increase to long-term CPI inflation of 0.2% a year will increase Fund liabilities by £129m and reduce the funding level from 116% to 112% (31.03.2022 valuation figures).</p> <p>Fund &amp; Reputation Impact-5 Employers Impact-5 Member Impact-5</p>	<p>Probability</p> <p>Impact</p>	<p>Probability</p> <p>Impact</p>
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
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

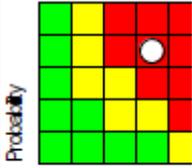
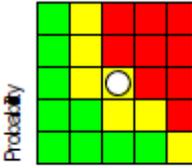
Code	Risk Description	Original Score	Current Score
TPF 002	<p><b>ADVERSE ACTUARIAL VALUATION</b></p> <p>Impact of increases to employer contributions following the actuarial valuation.</p> <p>Fund &amp; Reputation Impact-3 Employers Impact-5 Member Impact-1</p>	<p>Probability</p> <p>Impact</p>	<p>Probability</p> <p>Impact</p>
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
Interim valuations provide early warnings. Actuary has scope to smooth impact for most employers.			Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 003	<p><b>GLOBAL FINANCIAL INSTABILITY</b></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 Employers Impact-5 Member Impact-1</p>	<p>Probability</p> <p>Impact</p>	<p>Probability</p> <p>Impact</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 economic instability. As a long-term investor the Fund does not have to			Head of Pensions Governance and Investments

be a forced seller of assets when they are depressed in value.		
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Code	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 Employers Impact-5 Member Impact-1</p>	 <p>20</p>	 <p>9</p>
Current Mitigation		Future Mitigation	Responsible Officer
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

Code	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 Employers Impact-5 Member Impact-1</p>	 <p>20</p>	 <p>15</p>
Current Mitigation		Future Mitigation	Responsible Officer
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

Code	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 Employers Impact-1 Member Impact-1</p>	 <p>20</p>	 <p>9</p>
Current Mitigation		Future Mitigation	Responsible Officer
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 Employers Impact-2 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
<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 Employers Impact-1 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
<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 Employers Impact-5 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
<p>1) Fund employers will monitor own experience. 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>

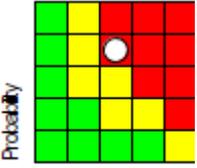
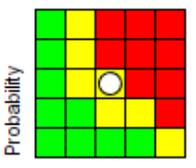
3) Employers are made aware of generic impact that salary increases can have upon final salary linked elements of LGPS benefits.		
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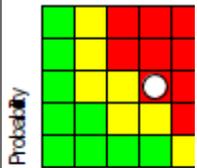
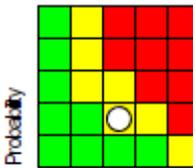
Cod e	Risk Description	Original Score	Current Score
TPF 012	<p>POOLING INVESTMENT UNDERPERFORMANCE</p> <p>Investments in the investment pool not delivering the required return.</p> <p>Fund &amp; Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

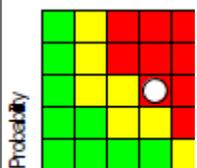
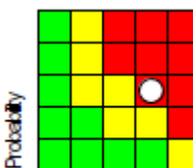
Cod e	Risk Description	Original Score	Current Score
TPF 014	<p>LONGEVITY</p> <p>Pensioners living longer: adding one year to life expectancy will increase the future service rate by 0.8%.</p> <p>Fund &amp; Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
<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 Employers Impact-3 Member Impact-3</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
<p>1) Fund employers should monitor own experience. 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. 3) Employer covenant review.		
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Cod e	Risk Description	Original Score	Current Score
TPF 016	ADVERSE LEGISLATIVE CHANGE  Risk of changes to legislation, tax rules etc.; resulting in increases required in employer contributions.  Fund & Reputation Impact-3 Employers Impact-3 Member Impact-3	 Probability Impact	 Probability Impact
Current Mitigation		Future Mitigation	Responsible Officer
Plans being developed to meet governance changes being required of the Fund. The process of legislative change and the actuarial valuation cycle means any such change to benefits 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  Failure to ensure appropriate transfer is paid to protect the solvency of the fund and equivalent rights are acquired for transferring members.  Fund & Reputation Impact-3 Employers Impact-5 Member Impact-1	 Probability Impact	 Probability 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  Lack of knowledge of Committee & Board members relating to the pension arrangements and related legislation and guidance.  Fund & Reputation Impact-5 Employers Impact-3 Member Impact-1	 Probability Impact	 Probability 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			Head of Pensions Governance and Investments

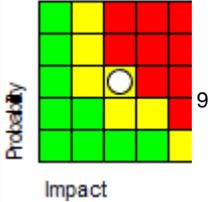
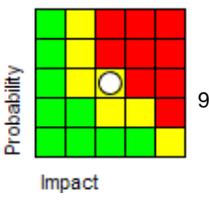
and Skills Framework including Pooling.		
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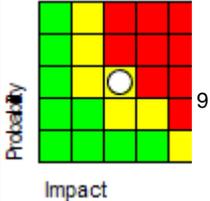
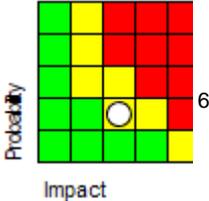
Cod e	Risk Description	Original Score	Current Score
TPF 020	<p>INADEQUATE BORDER TO COAST OVERSIGHT</p> <p>Insufficient resources to properly monitor pooling &amp; Border to Coast.</p> <p>Fund &amp; Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>15</p>	<p>Probability</p> <p>Impact</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

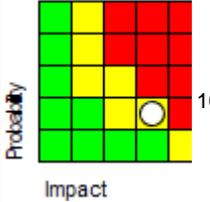
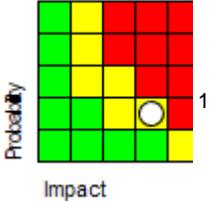
Cod e	Risk Description	Original Score	Current Score
TPF 021	<p>INAPPROPRIATE INVESTMENT STRATEGY</p> <p>Mismatching of assets and liabilities, inappropriate long term asset allocation of investment strategy, mistiming of investment strategy.</p> <p>Fund &amp; Reputation Impact-7 Employers Impact-7 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>14</p>	<p>Probability</p> <p>Impact</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

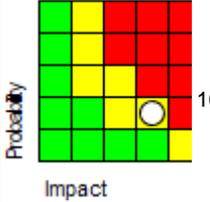
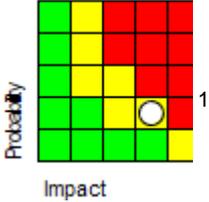
Cod e	Risk Description	Original Score	Current Score
TPF 022	<p>GDPR COMPLIANCE</p> <p>Non-compliance with GDPR regulations.</p> <p>Fund &amp; Reputation Impact-3 Employers Impact-1 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>9</p>	<p>Probability</p> <p>Impact</p> <p>10</p>
Current Mitigation		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
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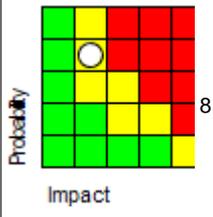
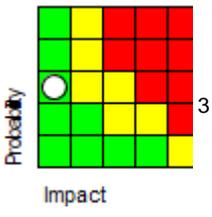
TPF 023	INACCURATE DATA RECORD COLLATION		
	<p>Failure to maintain proper, accurate and complete data records leading to increased errors and complaints.</p> <p>Fund &amp; Reputation Impact-1 Employers Impact-3 Member Impact-3</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
TWPF to produce data improvement plan, as well as being assessed regularly in order to meet Pensions Regulator requirements on scheme data..			Head of Pensions Governance and Investments

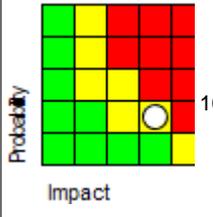
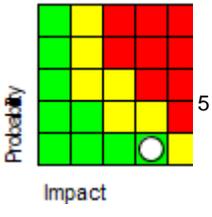
Code	Risk Description	Original Score	Current Score
TPF 024	STRUCTURAL CHANGES TO EMPLOYER MEMBERSHIP		
	<p>Risk that TPF are unaware of structural changes to an employer's membership, or changes (e.g. closing to new entrants) meaning the individual employer's contribution level becomes inappropriate.</p> <p>Fund &amp; Reputation Impact-2 Employers Impact-3 Member Impact-2</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
TWPF Administration employer liaison team will improve this by working closely with employers.			Head of Pensions Governance and Investments

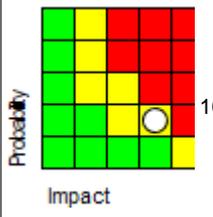
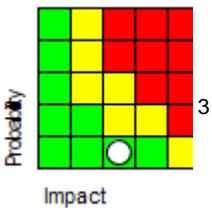
Code	Risk Description	Original Score	Current Score
TPF 025	OUTSOURCED MEMBER ADMIN FAILURE		
	<p>TWPF fails to the point where it is unable to deliver its contractual services to employers and members.</p> <p>Fund &amp; Reputation Impact-1 Employers Impact-1 Member Impact-5</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
TWPF Administration is a well-resourced established pensions administration provider specialising in LGPS which is not in financial difficulty.			Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 026	INSECURE DATA		
	<p>Failure to hold personal data securely - i.e data stolen/cyber attack.</p> <p>Fund &amp; Reputation Impact-3 Employers Impact-1 Member Impact-5</p>		

Current Mitigation	Future Mitigation	Responsible Officer
TWPF Administration have advised they are not aware of any attempted hacking events.		Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 027	SCHEME MEMBER FRAUD Fraud by scheme members or their relatives (e.g. identity, death of member). Fund & Reputation Impact-1 Employers Impact-1 Member Impact-2		
Current Mitigation	Future Mitigation	Responsible Officer	
		Head of Pensions Governance and Investments	

Code	Risk Description	Original Score	Current Score
TPF 028	INADEQUATE POOLING INVESTMENT EXPERTISE Inadequate, inappropriate or incomplete investment expertise exercised over the pooled assets. Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1		
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	INSUFFICIENT RANGE OF POOLING ASSET CLASSES Insufficient range of asset classes or investment styles being available through the investment pool. Fund & Reputation Impact-5 Employers Impact-3 Member Impact-1		
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
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TPF 031	INTERNAL COMPLIANCE FAILURES		
	<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 Employers Impact-1 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 033	ESG REPUTATIONAL DAMAGE		
	<p>Insufficient attention to environmental, social and governance (ESG) leads to reputational damage.</p> <p>Fund &amp; Reputation Impact-2 Employers Impact-1 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
Border to Coast provides increased focus on Responsible Investment.			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 034	THIRD PARTY SUPPLIER FAILURE		
	<p>Financial failure of third party supplier results in service impairment and financial loss.</p> <p>Fund &amp; Reputation Impact-3 Employers Impact-3 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 037	COMPLIANCE FAILURES		
	<p>Failure to comply with legislative requirements e.g. SIP, FSS, Governance Policy, Freedom of Information requests, Code of Practice 14.</p> <p>Fund &amp; Reputation Impact-3 Employers Impact-2 Member Impact-0</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>

		Head of Pensions Governance and Investments
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Code	Risk Description	Original Score	Current Score
TPF 040	<p><b>INACCURATE FUND INFORMATION</b></p> <p>In public domain leads to damage to reputation and loss of confidence.</p> <p>Fund &amp; Reputation Impact-2 Employers Impact-2 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 041	<p><b>LIQUIDITY SHORTFALLS</b></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 Employers Impact-1 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 042	<p><b>DECISION MAKING FAILURES</b></p> <p>Failure to take difficult decisions inhibits effective Fund management.</p> <p>Fund &amp; Reputation Impact-5 Employers Impact-2 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

Code	Risk Description	Original Score	Current Score
TPF 043	<p><b>CASH INVESTMENT FRAUD</b></p> <p>Financial loss of cash investments from fraudulent activity.</p> <p>Fund &amp; Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>

		Head of Pensions Governance and Investments
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Cod e	Risk Description	Original Score	Current Score
TPF 044	ICT SYSTEMS FAILURE Prolonged administration ICT systems failure. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-3	 Probability Impact	 Probability Impact
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 045	CONTRIBUTION COLLECTION FAILURE Failure to collect employee/er member pension contributions. Fund & Reputation Impact-1 Employers Impact-2 Member Impact-1	 Probability Impact	 Probability Impact
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 046	INADEQUATE DISPUTES RESOLUTION PROCESS Failure to agree and implement an appropriate complaints and disputes resolution process. Fund & Reputation Impact-1 Employers Impact-2 Member Impact-2	 Probability Impact	 Probability Impact
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 047	BORDER TO COAST CESSATION Partnership disbands or fails to produce a proposal deemed sufficiently ambitious. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1	 Probability Impact	 Probability Impact
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>

		Head of Pensions Governance and Investments
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Cod e	Risk Description	Original Score	Current Score
TPF 048	<p>POOLING CUSTODIAN FAILURE</p> <p>Failure to ensure safe custody of assets.</p> <p>Fund &amp; Reputation Impact-2 Employers Impact-2 Member Impact-1</p>	<p>Probability</p> <p>Impact</p>	<p>Probability</p> <p>Impact</p>
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

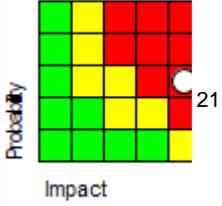
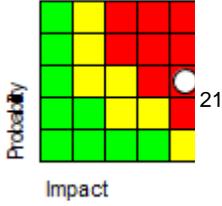
Cod e	Risk Description	Original Score	Current Score
TPF 049	<p>OFFICER FRAUD</p> <p>Fraud by administration staff.</p> <p>Fund &amp; Reputation Impact-5 Employers Impact-1 Member Impact-1</p>	<p>Probability</p> <p>Impact</p>	<p>Probability</p> <p>Impact</p>
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 050	<p>EXCESSIVE ADMIN COSTS</p> <p>Excessive costs of member benefit administration leads to lack of VFM and loss of reputation.</p> <p>Fund &amp; Reputation Impact-1 Employers Impact-1 Member Impact-1</p>	<p>Probability</p> <p>Impact</p>	<p>Probability</p> <p>Impact</p>
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 051	<p>ERRONEOUS MEMBER BENEFIT CALCS</p> <p>Risk of incorrect calculation of members benefits.</p> <p>Fund &amp; Reputation Impact-1 Employers Impact-1 Member Impact-2</p>	<p>Probability</p> <p>Impact</p>	<p>Probability</p> <p>Impact</p>
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments

Cod e	Risk Description	Original Score	Current Score
TPF 052	<p>INADEQUATE MEMBER COMMS</p> <p>Increased workload for pensions team or increased opt-outs if communications inadequate or misunderstood.</p> <p>Fund &amp; Reputation Impact-2 Employers Impact-1 Member Impact-1</p>		
	<p><b>Current Mitigation</b></p>	<p><b>Future Mitigation</b></p>	<p><b>Responsible Officer</b></p> <p>Head of Pensions Governance and Investments</p>

Cod e	Risk Description	Original Score	Current Score
TPF 053	<p>CLIMATE CHANGE</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><b>Current Mitigation</b></p>	<p><b>Future Mitigation</b></p>	<p><b>Responsible Officer</b></p> <p>Head of Pensions Governance and Investments</p>

Code	Risk Description	Original Score	Current Score
TPF 054	<p>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.</p>		
<b>Current Mitigation</b>		<b>Future Mitigation</b>	<b>Responsible Officer</b>
			Head of Pensions Governance and Investments



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## **TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 12**

### **PENSION FUND COMMITTEE REPORT**

**4 MARCH 2026**

**CORPORATE DIRECTOR OF FINANCE – ANDREW HUMBLE**

#### **AUDIT COMPLETION REPORT 2024/25**

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

- 1.1 To provide Members with the Audit completion report from the external audit of the Pension Fund for year ended March 2025 carried out by Forvis Mazars.

#### **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 Forvis Mazars have nearly completed their audit of the Funds financial statements for 2024/25. The attached draft results report was issued at the start of the month with some audit work to finish before completion in time to meet the statutory deadline.
- 4.2 The draft report anticipates issuing an unqualified opinion subject to satisfactorily concluding the remaining audit work. The auditor will be able to update Committee on the final audit position which will have concluded before this meeting.
- 4.3 This is the first complete audit of the Fund by Forvis Mazars and they have identified several disclosure misstatements presenting information in a slightly different way from previous financial statements in order to conform with accounting standards.
- 4.4 There is 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 are completely normal with the Level 3 investments made by the Fund.
- 4.5 Several recommendations have been made by the auditor to improve internal controls. These will be taken into account in restructuring the Pensions Team and in planning for and producing the 2025/26 financial statements.

**5. NEXT STEPS**

- 5.1 Forvis Mazars will complete the audit of the Pension Fund financial statements and give their audit opinion.
- 5.2 The Fund Annual Report including the audit opinion will be published on the Funds website.
- 5.4 The internal control recommendations will be acted upon.

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

TEL NO.: 01642 726328



# Audit Completion Report

## Teesside Pension Fund – year ended 31 March 2025

10 February 2025

Members of the Audit Committee

Middlesbrough Council

PO Box 500  
Middlesbrough  
TS1 9FT

February 2026

Dear Committee Members,

Forvis Mazars  
5<sup>th</sup> Floor  
3 Wellington Place  
Leeds  
LS1 4AP

## Audit Completion Report – Year ended 31 March 2025

We are pleased to present our Audit Completion Report for Teesside Pension Fund (“the Fund”) for the year ended 31 March 2025. The purpose of this report is to summarise our audit findings and conclusions.

This report is intended solely for Audit Committee for the purpose of communicating certain matters that, in our professional judgement, are relevant to your oversight of the financial reporting process. To the fullest extent permitted by law Forvis Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk.

We appreciate the courtesy and co-operation extended to us by Teesside Pension Fund throughout our audit. We would be happy to discuss the contents of this report, or any other matters regarding our audit, with you in more detail.

Yours faithfully



Mark Kirkham (Feb 10, 2026 11:03:00 GMT)

Mark Kirkham

Forvis Mazars LLP

# Contents

<b>01</b>	Executive summary
<b>02</b>	Status of our audit
<b>03</b>	Audit approach and risk summary
<b>04</b>	Significant findings
<b>05</b>	Significant control deficiencies
<b>06</b>	Summary of misstatements
<b>07</b>	Fraud considerations
<b>A</b>	Appendix A: Internal control conclusions
<b>B</b>	Appendix B: Draft management representation letter
<b>C</b>	Appendix C: Draft audit report
<b>D</b>	Appendix D: Draft consistency report
<b>E</b>	Appendix E: Confirmation of our independence
<b>F</b>	Appendix F: Other communications

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Our reports are prepared in the context of the 'PSAA Statement of Responsibilities of Auditors and of Audited Bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. This document is to be regarded as confidential to Teesside Pension Fund. It has been prepared for the sole use of the Audit Committee as the appropriate group charged with governance. We do not accept any liability or responsibility to any other person in respect of the whole or part of its contents.

# 01

## Executive Summary

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# Executive summary

## Scope

We have been engaged to audit the financial statements of Teesside Pension Fund for the year ended 31 March 2025 which are prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting.

Our audit of the financial statements will be conducted in accordance with International Standards on Auditing (UK), relevant ethical and professional standards, our own audit methodology, and in accordance with the Code of Audit Practice.

## Audit status

Our audit procedures are now substantially complete for the year ended 31 March 2025.

Please refer to the 'Status of our audit' section for a list of significant audit matters outstanding at the date of this report. We will provide an update to Audit Committee on completion of those outstanding matters by way of a follow-up letter.

## Areas of focus and audit approach, and significant findings

We have not made any changes to our initial risk assessment and planned audit approach that was communicated to Audit Committee in our Audit Strategy Memorandum.

## Significant Control deficiencies

We did not identify any significant deficiencies in internal control in 2024/25. We have followed upon significant deficiencies identified in previous years in Section 5 of this report.

We did not identify any non-significant control observations in 2024/25. We have followed up on non-significant deficiencies identified in previous years within 'Appendix A: Internal control conclusions'.

## Audit misstatements

A summary of the adjusted and unadjusted misstatements above our reporting threshold we have identified to date is set out in the 'Summary of misstatements' section.

We have identified no adjusted or unadjusted misstatements above our reporting threshold to date.

## Audit opinion

At the time of issuing this report and subject to the satisfactory conclusion of our remaining audit work, we anticipate issuing an unqualified opinion, without modification, as set out in Appendix C.

## Consistency Report

We anticipate concluding that the Pension Fund financial statements within the Pension Fund's Annual Report are consistent with the Pension Fund financial statements within the Statement of Accounts of Middlesbrough Council. Our draft consistency report is provided in Appendix D.

## Wider reporting powers

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Fund and to consider any objection made to the accounts. We confirm that no such correspondence from electors has been received.

# Executive summary

## Qualitative aspects of Fund's accounting practices

We have reviewed the Fund's accounting policies and disclosures and conclude that they comply with the 2024/25 Code of Practice on Local Authority Accounting, appropriately tailored to the Fund's circumstances.

Draft accounts were authorised by the Director of Finance on 30 June 2025 and were of a generally good quality. There have however been several amendments made to ensure compliance with the CIPFA Code of Practice and associated Disclosure Notes, particularly within the disclosures for the Fund's financial instruments.

We have been provided with good quality working papers by management during the engagement.

## Significant matters discussed with management

During our audit, we did not have any significant matters to discuss with management.

## Significant difficulties during the audit

We have not encountered any significant difficulties, and we have had the full co-operation of management.

## Other matters of significance

We encountered no significant difficulties during our audit and had no significant disagreements with management. There was effective co-operation and communication between Forvis Mazars, management, and the Audit Committee during our audit. All requested information and explanations were provided to us.

Other matters we are required by ISA (UK) 260 *Communication with Those Charged with Governance* to communicate to you have been set out in Appendix F.

# 02

Status of our audit

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# Status of our audit

Our audit work is substantially complete and there are currently no matters of which we are aware that would require modification of our audit opinion, subject to the satisfactory resolution of the outstanding matters set out below.

## Cash Deposits

This requires the receipt of all confirmations from external counterparties and agreement of balances per the draft accounts to the figures per the confirmations.

## Level 3 Investment Assets

This includes assessing the value of differences in the market value of investments between the Pension Fund's draft accounts and confirmations from fund managers and reporting of any differences in unit holdings per the Fund's custodian and Fund managers.

## Directly Held Properties

This includes review of underlying information (rentals, yields) to assess the valuation of the properties and review of title deeds/tenancy agreements.

## Financial Instruments

This includes checking the classification of all investment assets to fund manager reports and ensuring consistency of presentation with the CIPFA Code of Practice.

## IAS19 assurance

This includes review the submission to the actuary for completeness and accuracy and presentation of IAS19 assurance letters to auditors of employer bodies.

## Quality & Technical Review of Accounts

This includes clearance of all matters relating to quality compliance with the CIPFA Code of Practice and Guidance Notes.

## Audit Review and Completion Procedures

These are our standard closure procedures including: reviewing the final version of the Statement of Accounts, consideration of post-balance sheet events and completing our final quality review procedures.

## Annual Report

This includes completing consistency checks between the Statement of Accounts and the Annual Report, in addition to competing quality review procedures.

### Status



Likely to result in a material adjustment or a significant change to disclosures in the financial statements.



Potential to result in a material adjustment or a significant change to disclosures in the financial statements.



Not considered likely to result in a material adjustment or a change to disclosures in the financial statements.

# 03

## Audit approach and risk summary

# Audit approach and risk summary

## Changes to our audit approach

There have been no changes to the audit approach we communicated in our Audit Strategy Memorandum, issued on 24 July 2025.

## Materiality

Our provisional performance materiality at the planning stage of our audit was set at £27.9m using a benchmark of 1% of net assets available to pay benefits as per the Audit Strategy Memorandum. We set a provisional specific materiality for the Fund Account of £10.0m at the planning stage of the audit using a benchmark of 10% of benefits payable.

Based on the final financial statement figures and other qualitative factors, performance materiality was set at £27.9m; the trivial threshold was set at £1.7m and the final specific materiality for the Fund Account was £10.0m.

## Use of experts

As detailed in our Audit Strategy Memorandum, management makes use of experts in specific areas when preparing the financial statements. We also use experts to assist us to obtain sufficient appropriate audit evidence on specific items of accounts. There have been no changes to ours or management's use of experts since the Audit Strategy Memorandum was issued.

Item of Account	Management's Expert	Our Expert
Valuation of investment within level 3 of the fair value hierarchy and related disclosures	External investment managers	None.
Disclosure notes on funding arrangements and actuarial present value of promised retirement benefits	Hymans Robertson	NAO's consulting actuary (PwC)
Financial instrument disclosures	Hymans Robertson	None.

## Service organisations

The table below summarises the service organisations used by the Pension Fund and our planned audit approach. There have been no change to the service organisations used or our planned audit approach since the Audit Strategy Memorandum.

Item of Account	Service Organisation(s)	Audit Approach
Investment valuations and related disclosures	Investment managers	Substantive testing of in-year transactions and valuations applied to investments at the year-end.
Investment income and related disclosures	Custodian (Northern Trust)	

# Audit approach and risk summary

In	Audit risk/ key area of judgement	Fraud risk	Judgement	Error	Substantive audit procedures	Tests of s	Misstatement identified	Control recommendations	Conclusion
Significant risks Page 157	Management Override of Controls	●	○	○	●		○	○	<p>Within our Audit Strategy Memorandum, we confirmed we planned to address this risk by carrying out audit work on a combination of accounting estimates, journal entry testing and reviewing the journals listing for any significant transactions outside the normal course of business or otherwise unusual.</p> <p>Risk satisfactorily addressed in our review of accounting estimates, journal entry testing and the review of the journals listing for significant transactions outside the normal course of business.</p>
	Valuation of Investments within Level 3 of the Fair Value hierarchy	○	●	●	●	○	●	●	<p>In our Audit Strategy Memorandum, we confirmed we planned to address this risk by carrying out audit work on a combination of</p> <ul style="list-style-type: none"> <li>• agree holdings from fund manager reports to the global custodian's report;</li> <li>• agree valuations included in the Pension Fund's underlying financial systems to the most up-to date supporting documentation at the time of audit including investment manager valuation statements and cash flows for any adjustments made to the investment manager valuation;</li> <li>• agree the investment manager valuations to audited accounts or other independent supporting documentation, where available;</li> <li>• where audited accounts are available, check that they are supported by an unmodified opinion;</li> <li>• review the valuation methodologies through review of accounting policies within audited financial statements and challenge of the fund manager, where required; and</li> <li>• where available, review independent assurance reports to identify any exceptions that could present a risk of material misstatement in the Pension Fund's financial statements.</li> </ul> <p>As noted in <b>Section 2</b> of this report, our work on the valuation of Level 3 investments is currently ongoing. We will provide an update to Audit Committee on progress with this once our procedures are complete.</p> <p>We note there were internal control deficiencies reported in previous years. We have reported on progress made to address these issues within <b>Section 5</b> and <b>Appendix A</b> of this report.</p>

# 04

Significant findings

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# Significant findings

The significant findings from our audit include our conclusions regarding the significant risks we identified and other key areas of judgement, which are set out in this section.

## Significant risks

### Management override of controls

#### Description of the risk

In all entities, management at various levels within an organisation are in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding s that otherwise appear to be operating effectively. Due to the unpredictable way in which such override could occur, we consider there to be a risk of material misstatement due to fraud and thus a significant risk on all audits.

#### How we addressed this risk

We addressed this risk by carrying out audit work on:

- accounting estimates impacting amounts included in the financial statements;
- consideration of identified significant transactions outside the normal course of business; and
- journal entries recorded in the general ledger and other adjustments made in preparation of the financial statements.

#### Audit conclusion

Based on the work performed, we are satisfied that this risk has been satisfactorily addresses and there are no issues to report.

### Valuation of Level 3 Investments

#### Description of the risk

The valuation of investments within level 3 of the fair value hierarchy is based on unobservable inputs. The use of unobservable inputs increases the risk of material misstatement.

#### How we addressed this risk

In addition to our standard program for investments, we performed the following additional procedures:

- compared holdings from fund manager reports to the global custodian's report;
- agreed the valuation to supporting documentation including the investment manager valuation statements and cash flows for any cash adjustments made to the investment manager valuation;
- agreed the investment manager valuation to audited accounts or other independent supporting documentation, where available;
- where audited accounts were available, checked that they are supported by an unmodified opinion;
- reviewed the valuation methodologies for reasonableness through review of valuation policies within audited financial statements and challenge of the fund manager, where necessary.

#### Audit conclusion

As noted in **Section 2** of this report, our work is ongoing in respect of journal entry testing. We will report any conclusions to Audit Committee once this work in complete.

# Significant findings

## Wider responsibilities

Our powers and responsibilities under the 2014 Act are broad and include the ability to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to law; and
- issue an advisory notice under schedule 8 of the 2014 Act.

We have not exercised any of these powers as part of our 2024/25 audit.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. No such objections have been raised.

# 05

Significant control deficiencies

# Significant control deficiencies

As part of our audit, we obtained an understanding of the Fund's internal environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and determine the nature, timing, and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Fund's internal controls, we are required to communicate to Audit Committee any significant deficiencies in internal controls that we identified in during our audit.

## Deficiencies in internal control

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- a control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Fund's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported.

If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported.

Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

## Significant deficiencies in internal control

A significant deficiency in internal control is one which, in our professional judgement, has the potential for financial loss, damage to reputation, or a loss of information which may have implications on the achievement of business strategic objectives. Our view is that observations categorised as a significant deficiency is of sufficient importance to merit the attention of Audit Committee.

We did not identify any significant deficiencies in the Fund's internal controls during the current year of audit. Significant deficiencies raised in prior years are in set out on the following pages, with comments provided on progress made to address these.

## Other observations

We also record our observations on the Fund's internal controls where, in our professional judgement, there is a need to strengthen internal control or enhance business efficiency that do not constitute significant deficiencies in internal control but which we view as being important for consideration by management.

We did not identify any "other" deficiencies. However, there were deficiencies raised in previous years of audit and these are set out in '*Appendix A: Internal control conclusions*'.

# Significant control deficiencies

## Follow up on significant deficiencies in internal controls identified on prior year audits

Set out below is an update on the action taken by the Fund to address significant deficiencies in internal control identified on prior audits, that were not resolved on commencement of our audit.

We note that these matters were originally reported by the predecessor auditor in the 2022/23 audit completion report that was presented to the December 2024 Audit Committee. We reported in our 2023/24 Audit Completion Report that management did not have sufficient time to respond to these deficiencies. We have therefore considered these in our work on the 2024/25 audit.

### Recording of Asset Valuations

#### Description of deficiency

Our testing of investment valuations identified significant levels of error in the recorded value of individual investments, including investments recorded in the wrong currency and transactions close to year-end being omitted from the financial statement valuations. Gross misstatements identified totalled £107m, which is more than 2% of the Fund's net assets, although we note the net impact of misstatements was smaller but not insignificant. This level of misstatement leads us to conclude that s over the recording of investment valuations are not operating effectively.

#### Recommendation

We recommend management should review the controls in place to ensure accurate recording of investment valuations, including ensuring there is a robust review process, to ensure that investments are not recorded at the incorrect value.

#### Management response

The Head of Pensions and Governance will implement a process to undertake a quarterly review of the basis of recording investment valuations by a supervising officer. This will be implemented in producing the 2024/25 accounts and will also review the draft 2023/24 accounts that remain subject to audit.

#### Update in Current Year

As noted in **Section 2** of this report, our work on the valuation of Level 3 investments is currently ongoing. We will provide an update to Audit Committee on progress with this once our procedures are complete.

# Significant control deficiencies

## Follow up on significant deficiencies in internal controls identified on prior year audits

Set out below is an update on the action taken by the Fund to address significant deficiencies in internal control identified on prior audits, that were not resolved on commencement of our audit.

We note that these matters were originally reported by the predecessor auditor in the 2022/23 audit completion report that was presented to the December 2024 Audit Committee. We reported in our 2023/24 Audit Completion Report that management did not have sufficient time to respond to these deficiencies. We have therefore considered these in our work on the 2024/25 audit.

### Production of the Financial Statements

#### Description of deficiency

Our audit identified a number of material disclosure errors including disclosures being prepared on the incorrect basis and not in accordance with the requirements of the Pension Fund's reporting framework. We also note that knowledge supporting the production of the financial statements is concentrated with a small number of people (2 officers), which significantly increases the risk of loss of corporate knowledge should there be a turnover in staff.

#### Recommendation

We recommend management should review the controls in place to ensure the financial statements are prepared in accordance with the requirements of the reporting framework, including ensuring there is a robust review process. We also recommend that knowledge of how to prepare material disclosures is formally documented to reduce the risk of loss of corporate knowledge.

#### Management response

The Director of Finance is due to implement a revised operating model within the accountancy disciplines within the Finance Directorate in the 2025/26 financial year subject to approval of the associated investment in the budget by Council in February 2025. There will be a new role of Chief Accountant who will be required to oversee the production of both the Council and Pension Fund Accounts to ensure compliance with relevant legislation, reporting standards and the code of practice and to build resilience within the Pensions and Accountancy Teams.

#### Update in Current Year

We note that the new role of Chief Accountant has yet to be filled, and management will look to address this in 2025-26.

We note that the financial statements could have been improved to ensure compliance with the CIPFA Code of Practice. Our technical review of the accounts identified several disclosures, particularly in relation to investment assets and financial instruments that required amendment to disclose the required level of detail. We note that management have been receptive to making amendments to the accounts to ensure better compliance with the CIPFA Code when these have been raised.

# 06

Summary of misstatements

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# Summary of misstatements

## Unadjusted misstatements

Our overall materiality, performance materiality, and clearly trivial (reporting) threshold were reported in our Audit Strategy Memorandum, issued in July 2025. Any subsequent changes to those figures are set out in the 'Audit approach and risk summary' section of this report.

Management has assessed the misstatements in the table below as not being material, individually or in aggregate, to the financial statements and does not plan to adjust. We only report to Audit Committee unadjusted misstatements that are either material by nature or which exceed our reporting threshold.

We identified no misstatements above our reporting threshold, or that we deem to be material by nature, as at the date of this report which were not adjusted.

Description	Fund Account		Net Asset Statement	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Transfers In from other Pension Funds	1,729			
Cr: Current Assets (cash)				(1,729)
Being a discrepancy between figures per Altair and Business World for Transfers In.				
<b>Aggregate effect of adjusted misstatements</b>	<b>1,729</b>	<b>0</b>	<b>0</b>	<b>(1,729)</b>

We will obtain written representations confirming that, after considering the unadjusted misstatements, both individually and in aggregate, in the context of the financial statements taken as a whole, no adjustments are required.

*We have noted in Section 2 of this report that we have not fully completed procedures for the valuation of cash deposits, Level 3 investments assets and directly held properties. Given the values involved, there is a risk that any misstatements may be above our trivial threshold and would therefore need to be reported as either adjusted or unadjusted, depending on the values involved and management's preference regarding how to treat the issues. If any instances of this arise, we will ensure this is communicated to Audit Committee via a follow-up letter.*

# Summary of misstatements

## Adjusted misstatements

The misstatements in the table below have been adjusted by management. We report all individual misstatements above our reporting threshold that we identify during our audit and which management had adjusted and any other misstatements we believe Audit Committee should be made aware of.

*We issued a disclaimer of opinion on the accounts in 2023/24 as we had not been able to complete all procedures on Level 3 investment assets by the statutory deadline date of 28 February 2025. We have now completed our procedures to assess the differences in market value of investments held at fair value level 3. The misstatement below shows the amendment made by management to address this issue.*

Description	Fund Account		Net Asset Statement	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Change in Market Value of Investments	14,717			
Cr: Pooled Investment Vehicles				(11,281)
Cr: Directly Held Private Equity				(3,436)
Being a material amendment				
<b>Aggregate effect of adjusted misstatements</b>	<b>14,717</b>	<b>0</b>	<b>0</b>	<b>(14,717)</b>

There were no adjusted misstatements relating to 2024/25 to report.

*We have noted in Section 2 of this report that we have not fully completed procedures for the valuation of cash deposits, Level 3 investments assets and directly held properties. Given the values involved, there is a risk that any misstatements may be above our trivial threshold and would therefore need to be reported as either adjusted or unadjusted, depending on the values involved and management's preference regarding how to treat the issues. If any instances of this arise, we will ensure this is communicated to Audit Committee via a follow-up letter.*

# Summary of misstatements

## Disclosure misstatements

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Introduction (Operations) - Amended to remove investment assets balance and improve understandability of disclosure
- Introduction (Financial Statements) – Net withdrawal of funds disclosure updated to ensure internal consistency of balances disclosed and agreement to prior year audited figures.
- Introduction (Membership) – Update made to the accounts to clarify the process for being included as an LGPS member (to match LGPS Regulations)
- Fund Account - amended to add 'Restated' and clarify that balances for the year ended 31 March 2024 have been restated.
- Fund Account - Sub-total narratives including "from/to" members removed from Total Income and Total Expenditure lines within the Fund Account.
- Fund Account - note references for current assets and current liabilities updated.
- Fund Account - separation of the Net Assets Statement and the Fund Account into two separate statements (compliance with CIPFA Code of Practice)
- Net Assets Statement - year end balance narrative updated to state 'Net assets of the scheme available to fund benefits at the reporting period end'
- Net Assets Statement - date headers have been amended to 31 March 2024 and 31 March 2025.
- Note 2 Accounting Standards issued but not yet adopted - reference removed to IAS16 Property, Plant and Equipment and IAS38 Intangible Assets. Clarification made re remaining accounting standards to clarify these do not have a material effect.
- Note 3 Accounting Policies - amendment made to investment management expenses disclosure to ensure completeness and provide sufficient detail re accounting treatment of such expenses.
- Note 3 Accounting Policies - foreign currency transactions accounting policy updated to include how the difference between the rate at the date of transactions and settlement is accounted for
- Note 3 Accounting Policies - disclosure amended to clarify how financial assets at amortised cost are disclosed in the Net Assets Statement.
- Note 3 Accounting Policies - amendment made to include a paragraph relating to the prior period adjustment to make clear why changes were made following completion of the work of outstanding procedures to supporting Level 3 investment assets testing.
- Note 5 Assumptions made about the future and other major sources of estimation uncertainty - updated figures to match the valuation of financial instruments disclosure in note 14 (and value of the effect of estimation uncertainty).
- Note 6 Contributions receivable - reference to "additional contributions" has been removed; included as 'normal contributions'.
- Note 6 Contributions receivable - minor amendment made to deficit contribution figure to ensure agreement to underlying working papers (£3k only).
- Note 12 Investment income - narrative removed for "Investment income has been recognised as due on the ex-dividend date and is credited to the fund on the date of dividend"
- Note 13 Investment Assets - disclosure added to the bottom of the main table within this note to clarify the prior period restatement made
- Note 13 Investment Assets - change in market value of investments disclosure - updated to reflect the restated figures for balances at 31 March 2024 and the follow-through to 31 March 2025.
- Note 13 Investment Assets - 'Investments analysed by fund manager - disclosure has been amended to disclose the assets managed by each fund manager and the proportion of the overall value of the fund that those investments consist.

# Summary of misstatements

## Disclosure misstatements (continued)

We identified the following disclosure misstatements during our audit that have been corrected by management:

- Note 13 Investment Assets - removal of the Outstanding Commitments disclosure from Note 13
- Note 13 Investment Assets - pooled investment vehicles and properties disclosure amended to figures following the prior period adjustment for investment assets at 31 March 2024.
- Note 14 Financial Instruments - various disclosures within Note 14 Financial Instruments amended to ensure consistency with Note 13 following the prior period adjustment for investment assets at 31 March 2024.
- Note 14 Financial Instruments - various disclosures within Note 14 Financial Instruments amended to include the value of directly held properties (per Note 13).
- Note 14 Financial Instruments - amendment to figures for the sundry debtors and prepayments figures to exclude balances that are included in the current assets/liabilities note but are not financial assets/liabilities (as defined by IFRS 9).
- Note 14 Financial Instruments (Valuation of financial instruments) - amendment to disclosure to remove reference to "loans and receivables" (replaced with "assets at amortised cost")
- Note 14 Financial Instruments (Valuation of financial instruments) - pooled investments: other alternatives figure amended to match prior year financial statements.
- Note 14 Financial Instruments (Valuation of financial instruments) - amendment made to remove the financial assets/liabilities at amortised cost from the disclosure for Level 1 investments (as not held at fair value).
- Note 14 Financial Instruments (Reconciliation of Financial Instruments at fair Value) - disclosure updated to include descriptions of the types of investment held, the Valuation basis/technique, observable and unobservable inputs and key sensitivities affecting the valuation of the investments.
- Note 14 Financial Instruments (Market risk) - amended to remove reference to actuarial valuation as a means of managing market risk.
- Note 14 Financial Instruments (Other Price Risk) - Directly Held Property and Pooled Properties have been omitted from disclosure - to be added in for both years.
- Note 14 Financial Instruments (Credit Risk) - disclosure amended to include a breakdown of the investments in money market funds and banks, with credit ratings associated with the investments.
- Note 14 Financial Instruments (Liquidity Risk) – disclosure amended to include a split of the investment assets by the time period until they become realisable.
- Note 14 Financial Instruments (Currency risk) - amended to present the investments by assets class rather than currency type.
- Note 14 Financial Instruments (Collateral and Other enhancements) – removed as not material to the accounts.
- Note 15 Actuarial Present Value of Promised Retirement Benefits - disclosure amended by factor of 1,000 to match figures per Hymans Robertson
- Note 15 Actuarial Present Value of Promised Retirement Benefits - amended to reflect the current position of the Virgin Media case
- Note 19 Additional Voluntary Contributions - amended to include the value of contributions paid by members during the year (alongside prior year comparator).
- Note 20 Related Party Transactions - reference in note to be amended to "Note 22" to refer to Senior Employees' Remuneration
- Note 23 Events after the Balance Sheet Date - amendment to date to reflect 31 March 2025 rather than 30 June 2025 as the balance sheet date

There have also been various other amendment for spelling, punctuation and grammar which have not been reported separately.

# 07

## Fraud considerations

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# Fraud considerations

We have a responsibility to plan and perform our audit to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error.

## Your responsibilities

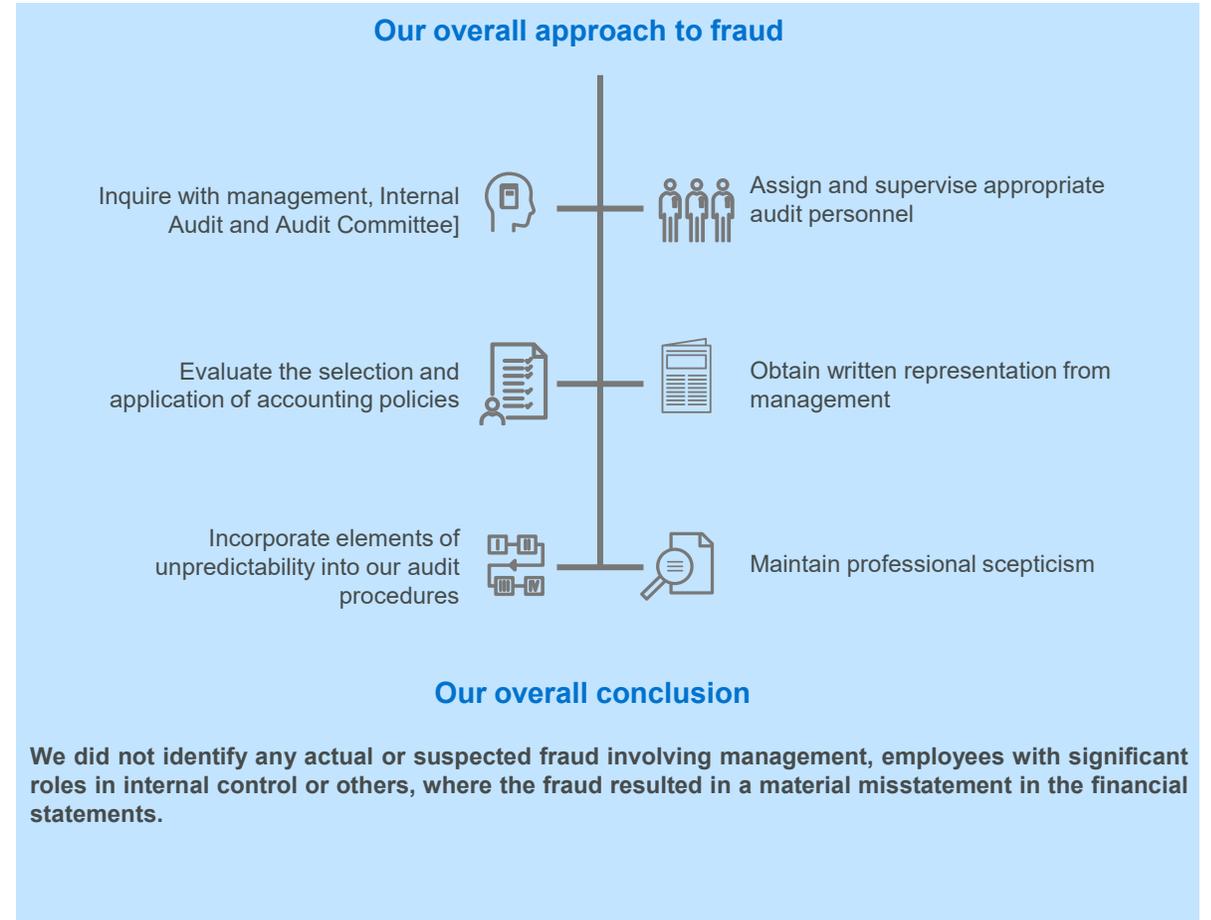
Management has primary responsibility for the prevention and detection of fraud. It is important that management, with Audit Committee oversight, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. This involves a commitment to creating a culture of honesty and ethical behaviour which is reinforced by Audit Committee's active oversight.

## Our responsibilities

We have a responsibility for obtaining reasonable assurance that the financial statements taken as a whole are free from material misstatement, whether due to fraud or error. The distinguishing factor between fraud and error is whether the underlying action that results in a misstatement is intentional or unintentional. Two types of intentional misstatements are relevant to us – misstatements resulting from fraudulent financial reporting, and misstatements resulting from the misappropriation of assets.

## ISA presumed fraud risks

As set out in the 'Audit approach and risk summary' section, the risks of management override of controls were identified as a significant risk, with the risk of fraud in revenue recognition rebutted in accordance with Practice Note 15.



# Appendices

- A: Internal Control conclusions
- B: Draft management representation letter
- C: Draft audit report
- D: Draft consistency report
- E: Confirmation of our independence
- F: Other communications

# Appendix A: Internal Control conclusions

## Other deficiencies in internal controls

A deficiency in internal control exists if:

- a control is designed, implemented, or operated in such a way that it is unable to prevent, detect, and/ or correct potential misstatements in the financial statements; or
- a control that is necessary to prevent, detect, and/ or correct misstatements in the financial statements on a timely basis is missing.

The purpose of our audit was to express an opinion on the financial statements. As part of our audit, we have considered the Fund's internal controls relevant to the preparation of the financial statements to design audit procedures to allow us to express an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal controls or to identify any significant deficiencies in their design or operation.

The matters reported in Appendix A are limited to those deficiencies and other control recommendations that we have identified during our normal audit procedures and which we consider to be of sufficient importance to merit being reported. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in Appendix A should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

This Appendix sets out the internal control observations that have been identified in previous years. These control observations are not, in our view, significant control deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal control set out in this section to strengthen internal control or enhance business efficiency. Our recommendations should be actioned by management in the near future.

# Appendix A: Internal Control conclusions

## Follow Up on Previous Internal Control Points

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal controls set out in this section to strengthen internal controls or enhance business efficiency. Our recommendations should be actioned by management in the near future.

We note that these matters were originally reported by the predecessor auditor in the 2022/23 audit completion report that was presented to the December 2024 Audit Committee. We reported in our 2023/24 Audit Completion Report that management did not have sufficient time to respond to these deficiencies. We have therefore considered these in our work on the 2024/25 audit.

## Reconciliation to Custodian Reports

### Description of deficiency

Our testing of the Pension Fund's reconciliation of its accounting records against the investment valuations provided by the custodian identified that the reconciliation is performed shortly after each month-end, when final valuations are often still to be reported to the custodian by investment managers. There is no subsequent revisiting of this reconciliation to identify where valuations have changed, which we consider was a factor in why the Pension Fund did not identify the misstatements of investment valuations.

### Recommendation

We recommend management should review the timing of the reconciliation to custodian reporting to ensure the reconciliation takes place at a time when the custodian records are up-to-date. If this is not possible due to delays in custodian reporting, an additional check back against the accounting records should be introduced to support year-end reporting.

### Management response

The Head of Pensions and Investments will introduce a year end closure task to reconcile custodian reports to investment manager valuations. This will be adopted in closing the 2024/25 accounts and a check of the draft 2023/24 accounts will be undertaken prior to the audit.

### Update in Current Year

As noted in **Section 2** of this report, our work on the valuation of Level 3 investments is currently ongoing. We will provide an update to Audit Committee on progress with this once our procedures are complete.

# Appendix A: Internal Control conclusions

## Follow Up on Previous Internal Control Points

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal controls set out in this section to strengthen internal controls or enhance business efficiency. Our recommendations should be actioned by management in the near future.

We note that these matters were originally reported by the predecessor auditor in the 2022/23 audit completion report that was presented to the December 2024 Audit Committee. We reported in our 2023/24 Audit Completion Report that management did not have sufficient time to respond to these deficiencies. We have therefore considered these in our work on the 2024/25 audit.

## Support for Sensitivity Disclosures

### Description of deficiency

Note 13 to the financial statements includes various disclosures of the sensitivity of the Pension Fund's balances to movements in external factors, such as exchange rates or market movements. Our testing of these disclosures found that management were unable to support the sensitivities disclosed in the financial statements, partly because the reporting to the Pension Fund by the external party which provided them is limited and the external party is no longer trading.

### Recommendation

We recommend management should review the s in place to obtain, and retain support for, the sensitivities disclosed within the financial statements to ensure that disclosures made in the financial statements can be supported.

### Management response

The Head of Pensions and Investments will ensure that all documentation relevant to the preparation of the financial statements is retained for management and audit purposes.

### Update in Current Year

We note that this related to the use of information provided by Portfolio Evaluation Limited. This has since changed to Hymans Robertson. We did not have any difficulties obtaining the required information from Hymans Robertson for the purposes of assessing financial instruments disclosures in the 2024-25 accounts.

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# Appendix A: Internal Control conclusions

## Follow Up on Previous Internal Control Points

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal controls set out in this section to strengthen internal controls or enhance business efficiency. Our recommendations should be actioned by management in the near future.

We note that these matters were originally reported by the predecessor auditor in the 2022/23 audit completion report that was presented to the December 2024 Audit Committee. We reported in our 2023/24 Audit Completion Report that management did not have sufficient time to respond to these deficiencies. We have therefore considered these in our work on the 2024/25 audit.

## Review of Submission to the Fund Actuary

### Description of deficiency

Where the Pension Fund’s actuary provides IAS 19 valuations to individual participating employers for inclusion in the employer’s financial statements, they rely on employer-specific information submitted by the Pension Fund. Our testing of this process identified that information submitted to the actuary is prepared and submitted by one individual, with no review performed by someone other than the preparer.

A lack of review process increases the risk of error in the information provided to the actuary, though we note we did not identify any such errors.

### Recommendation

We recommend management should review the process supporting submission of IAS 19 information to the actuary to ensure there is an adequate review to provide assurance that the submission is accurate.

### Management response

The Head of Finance and Investment and the Head of Pensions and Investments will liaise to establish an appropriate review process to support the IAS19 position which will improve the assurance and resilience arrangements in relation to this return.

### Update in Current Year

As noted in **Section 2** of this report, our work on IAS19 assurance procedures is currently ongoing. We will provide an update to Audit Committee on progress with this once our procedures are complete.

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# Appendix A: Internal Control conclusions

## Follow Up on Previous Internal Control Points

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal controls set out in this section to strengthen internal controls or enhance business efficiency. Our recommendations should be actioned by management in the near future.

We note that these matters were originally reported by the predecessor auditor in the 2022/23 audit completion report that was presented to the December 2024 Audit Committee. We reported in our 2023/24 Audit Completion Report that management did not have sufficient time to respond to these deficiencies. We have therefore considered these in our work on the 2024/25 audit.

### Retention of Fund Membership Information

#### Description of deficiency

The IT system used to administer the Pension Fund is not able to report the membership of the Fund at a past date. Whilst live membership reports are run at key dates, such as the date of triennial valuations, these are not retained and management are therefore unable to subsequently evidence the membership numbers reported at a point in time. The inability to subsequently evidence the membership of the Fund at key dates increases the risk that errors in membership numbers may go undetected, and we consider this a factor in the Pension Fund having to include what is effectively a balance line in their reconciliation of changes in membership between the start and end of the financial year.

#### Recommendation

We recommend management should put in place a process to retain supporting evidence for membership data obtained at key dates, such as the date of triennial valuations of the Pension Fund.

#### Management response

The Head of Pensions and Investments will put in place a process to ensure that all key data required to evidence key membership at key dates is retained for financial reporting and audit purposes for the 2024/25 accounts.

#### Update in Current Year

We were able to view a copy of the membership report being run by XPS Administration at 31 March 2025, which included figures for the total membership (split into active members, deferred members and pensioners) at that date. The figures per the data extract were broadly consistent with the figures per the draft accounts, with only very trivial differences noted. We would however recommend, as a point of best practice, that management retain copies of such membership data extracts for future reference, particularly to support the testing of any information in a triennial valuation year.

# Appendix A: Internal Control conclusions

## Follow Up on Previous Internal Control Points

This Appendix sets out the internal control observations that we have identified as at the date of this report. These control observations are not, in our view, significant deficiencies but have been reported to management directly and are included in this report for your information. In our view, there is a need to address the deficiencies in internal controls set out in this section to strengthen internal controls or enhance business efficiency. Our recommendations should be actioned by management in the near future.

We note that these matters were originally reported by the predecessor auditor in the 2022/23 audit completion report that was presented to the December 2024 Audit Committee. We reported in our 2023/24 Audit Completion Report that management did not have sufficient time to respond to these deficiencies. We have therefore considered these in our work on the 2024/25 audit.

## Declarations of Interests from Pension Fund Members

### Description of deficiency

For the financial year 2023/24, we reviewed the meeting minutes and attendance records of committee members as listed on the Middlesbrough Council website. We identified three instances where the client could not provide declarations of interest for individuals who attended the meetings as 'committee members.' According to the Middlesbrough Council constitution, "voting rights are held by all members, including scheme member representatives, as long as they are not employees of Middlesbrough Council." This means a member could potentially vote on a motion without declaring their interest.

### Recommendation

The Monitoring Officer should ensure that the register of interests is regularly checked throughout the year.

### Management response

The Monitoring Officer will conduct a regular review of members of the Pension Fund Committee and ensure that all members attending meetings have provided an up-to-date declaration of interest form.

### Update in Current Year

We note that non-councillor members are not required to complete declaration of interests in advance of attending meetings but, at the start of each committee meeting, all members are given the opportunity to declare any interests. Our review of meeting minutes found that this is a standing agenda item in each Committee, and no non-councillor members individuals had declared any interests at any committee meeting during the year.

# Appendix B: **Draft** management representation letter

3<sup>rd</sup> Floor  
5 Wellington Street  
Leeds  
LS1 4AP

[Date]

Dear Mark,

## **Teesside Pension Fund – Audit for Year Ended 31 March 2025**

This representation letter is provided in connection with your audit of the financial statements of Teesside Pension Fund (the Pension Fund) for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), and applicable law.

I confirm that the following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience (and, where appropriate, inspection of supporting documentation) sufficient to satisfy myself that I can properly make each of the following representations to you.

### **My responsibility for the financial statements and accounting information**

I believe that I have fulfilled my responsibilities for the true and fair presentation and preparation of the financial statements in accordance with the Code, as amended by applicable law.

### **My responsibility to provide and disclose relevant information**

I have provided you with:

- access to all information of which I am aware that is relevant to the preparation of the financial statements such as records, documentation and other material
- additional information that you have requested from us for the purpose of the audit; and
- unrestricted access to individuals within the Pension Fund, you determined it was necessary to contact in order to obtain audit evidence

I confirm as Director of Finance that I have taken all the necessary steps to make me aware of any relevant audit information and to establish that you, as auditors, are aware of this information.

As far as I am aware there is no relevant audit information of which you, as auditors, are unaware.

I confirm that there is no information provided to you as part of the audit that I consider legally privileged.

## Appendix B: **Draft** management representation letter

### **Accounting records**

I confirm that all transactions that have a material effect on the financial statements have been recorded in the accounting records and are reflected in the financial statements. All other records and related information, including minutes of all Audit Committee and Pension Fund Committee meetings, have been made available to you.

### **Accounting policies**

I confirm that I have reviewed the accounting policies applied during the year in accordance with International Accounting Standard 8 and consider these policies to faithfully represent the effects of transactions, other events or conditions on the Pension Fund's financial position, financial performance and cash flows.

### **Accounting estimates**

I confirm that the methods, significant assumptions and the data used by the Pension Fund in making the accounting estimates, including those measured at current and/or fair value, are appropriate to achieve recognition, measurement or disclosure that is in accordance with the applicable financial reporting framework.

### **Contingencies**

There are no material contingent losses including pending or potential litigation that should be accrued where:

- information presently available indicates that it is probable that an asset has been impaired or a liability had been incurred at the balance sheet date; and
- the amount of the loss can be reasonably estimated.

There are no material contingent losses that should be disclosed where, although either or both the conditions specified above are not met, there is a reasonable possibility that a loss, or a loss greater than that accrued, may have been incurred at the balance sheet date.

There are no contingent gains which should be disclosed.

All material matters, including unasserted claims, that may result in litigation against the Pension Fund have been brought to your attention. All known actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in accordance with the Code, as amended by applicable law.

### **Laws and regulations**

I confirm that I have disclosed to you all those events of which I am aware which involve known or suspected non-compliance with laws and regulations, together with the actual or contingent consequences which may arise therefrom.

The Pension Fund has complied with all aspects of contractual agreements that would have a material effect on the accounts in the event of non-compliance.

### **Fraud and error**

I acknowledge my responsibility as Director of Finance for the design, implementation and maintenance of internal control to prevent and detect fraud and error and I believe I have appropriately fulfilled those responsibilities.

## Appendix B: **Draft** management representation letter

I have disclosed to you:

- all the results of my assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all knowledge of fraud or suspected fraud affecting the Pension Fund involving:
  - management and those charged with governance;
  - employees who have significant roles in internal control; and
  - others where fraud could have a material effect on the financial statements.

I have disclosed to you all information in relation to any allegations of fraud, or suspected fraud, affecting the Pension Fund's financial statements communicated by employees, former employees, analysts, regulators or others.

### **Related party transactions**

I confirm that all related party relationships, transactions and balances, have been appropriately accounted for and disclosed in accordance with the requirements of the Code, as amended applicable law.

I have disclosed to you the identity of the Pension Fund's related parties and all related party relationships and transactions of which I am aware.

### **Charges on assets**

All the Pension Fund's assets are free from any charges exercisable by third parties except as disclosed within the financial statements.

### **Future commitments**

The Pension Fund has no plans, intentions or commitments that may materially affect the carrying value or classification of assets and liabilities or give rise to additional liabilities.

### **Subsequent events**

I confirm all events subsequent to the date of the financial statements and for which the Code, as amended by applicable law, require adjustment or disclosure have been adjusted or disclosed.

Should further material events occur after the date of this letter which may necessitate revision of the figures included in the financial statements or inclusion of a note thereto, I will advise you accordingly.

### **Going concern**

To the best of my knowledge there is nothing to indicate that the Pension Fund will not continue as a going concern in the foreseeable future. The period to which I have paid particular attention in assessing the appropriateness of the going concern basis is not less than twelve months from the date of approval of the accounts.

### **Annual Report**

The disclosures within the Pension Fund Annual Report fairly reflect my understanding of the Pension Fund's financial and operating performance over the period covered by the financial statements.

# Appendix B: **Draft** management representation letter

## **Specific Representation of Level 3 Investments**

The market value of Level 3 investments are included in the Net Assets Statement provided by our fund managers which have been estimated in accordance with the guidelines used by the industry and based on the latest information to hand at the time of the valuation. I am satisfied, based on the knowledge I have, that the market values are materially correct, and am not aware of any subsequent events that would have a material impact on the estimated market value of the Level 3 investments.

### Unadjusted misstatements

I confirm that the effects of the uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this letter as an Appendix.

Yours faithfully,

[Signature]

Andrew Humble, Director of Finance

[Date]

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# Appendix C: **Draft** audit report

## **Independent auditor’s report to the Members of Middlesbrough Council**

### **Report on the audit of the financial statements**

#### **Opinion on the financial statements of Teesside Pension Fund**

We have audited the financial statements of Teesside Pension Fund (‘the Pension Fund’) for the year ended 31 March 2025, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion the financial statements:

give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2025, and the amount and disposition of the Pension Fund’s assets and liabilities as at 31 March 2025; and

have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Director of Finance’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Director of Finance with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the Annual Governance Statement and other information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. The Director of Finance is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## Appendix C: Draft audit report

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of the Director of Finance for the financial statements**

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Pension Fund, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: non-compliance with General Data Protection Regulations (GDPR) 2018.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- gaining an understanding of the legal and regulatory framework applicable to the Pension Fund, the environment in which it operates, and the structure of the Pension Fund, and considering the risk of acts by the Pension Fund which were contrary to the applicable laws and regulations, including fraud;

## Appendix C: Draft audit report

- inquiring with management and the Audit Committee, as to whether the Pension Fund is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- reviewing relevant meeting minutes in the year;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Pension Fund which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 (as amended) and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

In addition, we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud, rests with both management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

We are also required to conclude whether the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2024) and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# Appendix C: Draft audit report

## Use of the audit report

This report is made solely to the Members of Middlesbrough Council, as a body and as administering authority for the Teesside Pension Fund, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Mark Kirkham, Partner  
For and on behalf of Forvis Mazars LLP (Local Auditor)

5th Floor  
3 Wellington Place  
Leeds  
LS1 4AP

[Date]

# Appendix D: **Draft** consistency report

## **Independent auditor’s statement to the members of Middlesbrough Council on the Pension Fund financial statements included within the Teesside Pension Fund annual report**

### **Report on the financial statements**

We have examined the Pension Fund financial statements for the year ended 31 March 2025 included within the Teesside Pension Fund annual report, which comprise the Fund Account, the Net Assets Statement and the notes to the financial statements, including material accounting policy information.

### **Opinion**

In our opinion, the Pension Fund financial statements are consistent with the audited financial statements of Middlesbrough Council for the year ended 31 March 2025 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

### **Respective responsibilities of the Director of Finance and the auditor**

As explained more fully in the Statement of the Director of Finance’s Responsibilities, the Director of Finance is responsible for the preparation of the Pension Fund’s financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to the Members of Middlesbrough Council as a body, whether the Pension Fund financial statements within the Pension Fund annual report are consistent with the financial statements of Middlesbrough Council.

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the Pension Fund financial statements contained within the audited financial statements of Middlesbrough Council describes the basis of our opinions on the financial statements.

### **Use of this auditor’s statement**

This report is made solely to the members of Middlesbrough Council, as a body and as administering authority for the Teesside Pension Fund, in accordance with Part 5 paragraph 20(5) of the Local Audit and Accountability Act 2014. Our work has been undertaken so that we might state to the members of Middlesbrough Council those matters we are required to state to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Middlesbrough Council and Middlesbrough Council’s members as a body, for our audit work, for this statement, or for the opinions we have formed.

[Signature]

Mark Kirkham, Key Audit Partner  
For and on behalf of Forvis Mazars LLP (Local Auditor)

5<sup>th</sup> Floor  
3 Wellington Place  
Leeds  
LS1 4AP

## Appendix E: Confirmation of our independence

We communicate any matters which we believe may have a bearing on the independence or the objectivity of Forvis Mazars LLP and the audit team. As part of our ongoing risk assessment, we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

We confirm that no new threats to independence have been identified since issuing our Audit Strategy Memorandum and therefore we remain independent.

## Appendix F: Other communications

	Other communication	Response
	<b>Compliance with Laws and Regulations</b>	<p>We have not identified any significant matters involving actual or suspected non-compliance with laws and regulations.</p> <p>We will obtain written representations from management that all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements have been disclosed.</p>
	<b>External confirmations</b>	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
	<b>Related parties</b>	<p>We did not identify any significant matters relating to the audit of related parties.</p> <p>We will obtain written representations from management confirming that:</p> <ol style="list-style-type: none"> <li>a. they have disclosed to us the identity of related parties and all the related party relationships and transactions of which they are aware; and</li> <li>b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.</li> </ol>
	<b>Going Concern</b>	<p>We have not identified any evidence to cause us to disagree with the Director of Finance that the Fund will be a going concern, and therefore we have not identified any evidence to cause us to consider that the use of the going concern assumption in preparation of the financial statements is not appropriate.</p> <p>We will obtain written representations from management, confirming that all relevant information covering a period of at least 12 months from the date of approval of the financial statements has been taken into account in assessing the appropriateness of the going concern basis of preparation of the financial statements.</p>

## Appendix F: Other communications

Other communication		Response
	<b>Subsequent events</b>	<p>We are required to obtain evidence about whether events occurring between the date of the financial statements and the date of the auditor’s report that require adjustment of, or disclosure in, the financial statements are appropriately reflected in those financial statements in accordance with the applicable financial reporting framework.</p> <p>We will obtain written representations from management that all events occurring subsequent to the date of the financial statements and for which the applicable financial reporting framework requires adjustment or disclosure have been adjusted or disclosed.</p>
Page 190 	<b>Matters related to fraud</b>	<p>Our audit was designed to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement due to fraud. Please refer to the section titled ‘Fraud considerations’ for our fraud considerations and conclusion.</p> <p>We will obtain written representations from management and, where appropriate, Audit Committee, confirming that</p> <ol style="list-style-type: none"> <li>a. they acknowledge their responsibility for the design, implementation and maintenance of internal to prevent and detect fraud;</li> <li>b. they have disclosed to the auditor the results of management’s assessment of the risk that the financial statements may be materially misstated as a result of fraud;</li> <li>c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving:               <ol style="list-style-type: none"> <li>i. management;</li> <li>ii. employees who have significant roles in internal ; or</li> <li>iii. others where the fraud could have a material effect on the financial statements; and</li> </ol> </li> <li>d. they have disclosed to the auditor their knowledge of any allegations of fraud, or suspected fraud, affecting the entity’s financial statements communicated by employees, former employees, analysts, regulators or others.</li> </ol>

# Appendix F: Other communications

Other communication	Response
 <p><b>System of Quality Management</b></p>	<p>To address the requirements of ISQM (UK) 1, our firm’s System of Quality Management team completes, as part of an ongoing and iterative process, a number of key steps to assess and conclude on our firm’s System of Quality Management, including:</p> <ul style="list-style-type: none"> <li>• Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership</li> <li>• Establishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and priorities</li> <li>• Identifying, reviewing, and updating quality risks each quarter, taking into consideration a number of input sources (such as FRC / ICAEW review findings, internal monitoring findings, findings from our firm’s root cause analysis and remediation functions, etc.)</li> <li>• Identifying, designing, and implementing responses as part of the process to strengthen our firm's internal environment and overall quality</li> <li>• Evaluating responses and remediating gaps or deficiencies</li> </ul> <p>We perform an evaluation of our system of quality management on an annual basis. Our latest evaluation was performed as of 31 August 2024. Details of that assessment and our conclusion are set out in our 2023/2024 Transparency Report, which is available on our website <a href="#">here</a>.</p>

# Contact

## Forvis Mazars

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Partner

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