

TEESSIDE PENSION BOARD

A meeting of the Teesside Pension Board was held on Monday 7 July 2025.

PRESENT: P Thompson (Chair), J Bell, C Massey (Deputy Chair) and N Walker

ALSO IN ATTENDANCE: H Chambers (South Tyneside)

OFFICERS: W Brown, C Jones and Ju Weston

APOLOGIES FOR ABSENCE: J Stubbs

25/30 WELCOME AND FIRE EVACUATION PROCEDURE

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

25/31 DECLARATIONS OF INTEREST

Name of Member	Type of Interest	Item/Nature of Interest
J Bell	Non pecuniary	Member of Teesside Pension Fund
Councillor C Massey	Non pecuniary	Deferred Member of Teesside Pension Fund

25/32 MINUTES - TEESSIDE PENSION BOARD - 26 FEBRUARY 2025

The minutes of the meeting of the Teesside Pension Board held on 26 February 2025 were taken as read and approved as a correct record.

25/33 MINUTES - TEESSIDE PENSION FUND COMMITTEE - 12 MARCH 2025 AND 11 DECEMBER 2024

A copy of the minutes of the meetings of the Teesside Pension Fund Committee held on 12 March 2025 and 11 December 2024 was submitted for information.

A Member raised concerns around the inquorate meeting scheduled on 12 March 2025. The Democratic Services Officer explained that this was due to a combination of last-minute apologies and a vacancy on the Committee at that time. The Board was assured that expected attendance is always taken into account, ahead of each meeting and appropriate actions taken to assist with quoracy.

25/34 TEESSIDE PENSION FUND COMMITTEE - 18 JUNE 2025 - DISCUSSION

The Deputy Head Pensions of provided a verbal update on agenda items considered at a meeting of the Teesside Pension Fund Committee held on 18 June 2025.

The standard investment activity report had been presented and it was noted that as at 31 March 2025, the Fund had £455.9m invested with approved counterparties.

The Government's Fit for Future Consultation report had been presented. It was explained that this had generated discussion at the Committee in respect of pooling and of additional funds joining Border to Coast.

It was acknowledged that the meeting on 18 June 2025 was the final meeting for CBRE. The Committee had expressed thanks to CBRE representatives for their work and updates at meetings, during their time of working with the Fund

AGREED that the information provided was received and noted.

25/35

PENSION FUND BUSINESS PLAN 2025/28

A report of the Director of Finance and Transformation was presented to Members which outlined the Business Plan including the 2025/26 Pension Fund budget.

The 2025/26 forecast income and expenditure were set out in the Business Plan, which was appended to the report.

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

The Teesside Pension Fund Business Plan had been designed to set out how the Pension Fund Committee operated, what powers were delegated and provided information on key issues. The Business Plan was delivered in conjunction with the Fund's other governance documents, which set out the delegated powers and responsibilities of officers charged with the investment management function.

The Business Plan for 2025/28 was appended to the report and included:

- The purpose of the Fund, including the Teesside Pension Fund Service Promise.
- The current governance arrangements for the Fund.
- The performance targets for the Fund for 2025/26, and a summary of the performance for 2024/25.
- 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 2024/25 and an estimate for income and expenditure for 2025/26.
- An annual plan for key decisions and a forward work programme for 2025/26 and an outline work plan for 2027 – 2028.

A Member highlighted the £2m increase in management expenses for external management, rising to £13m in 2025/26. The Board was informed that the Teesside Pension Fund Committee had also expressed concern regarding this increase. It was agreed that this would be explored further, and an update would be provided in due course.

A Member drew attention to the decrease in scores within Appendix C of the report; the risk register. The Board was informed that, regrettably, outdated data had been used. Audit had since reviewed the risk register, and the matter would be revisited.

AGREED: that the information presented be noted.

25/36

GOVERNMENT FIT FOR THE FUTURE - UPDATE

A report was provided to advise Members of the response to the Government's Fit for the Future consultation.

The government confirmed on 4 September 2024 that it would carry out a pensions review. A call for evidence relating to defined contribution schemes and the LGPS was issued that covered:

- Scale and consolidation
- Costs vs Value
- Investing in the UK

Within the document reference was made to Asset Pooling and following this, the Government issued the "Fit for the Future" consultation in November 2024. The Head of Pensions Governance and Investments had submitted a response on behalf of the Fund and had worked with Border to Coast and partner funds to agree a collective response.

The Government published its response to the consultation at the end of May 2025. Border to Coast, as part of their 2030 strategy, had been working on developing new capabilities to

deliver the requirements of the consultation relating to:

- Advisory Services
- Management of legacy assets
- Local Investment

As well as responding to the consultation, all pools were required to submit their proposals indicating how they would develop their current arrangements to meet Government requirements of a pool as set out in the “Fit for the Future” consultation.

In April 2025 the Government announced that the responses from two pools, ACCESS and Brunel, did not meet the requirements of their proposed pooling model, the 21 Funds within these pools now need to find a new pool.

Within the Border to Coast 2030 Strategy there were three strands: 1) delivering its current remit as efficiently and effectively as possible, 2) developing additional capabilities to further support Partner Funds, and 3) enabling Partner Funds to take advantage of, and manage potential risks of, additional scale opportunities. Strand 3 – “enabling Partner Funds to take advantage of, and manage potential risks of, additional scale opportunities” covered the possibility of additional funds joining the partnership. Border to Coast and Partner Fund officers are engaging with several potential additional partners. The 21 funds from ACCESS and Brunel had until September 2025 to have an “in principle” agreement with which Pool they would join.

Members were advised that Officers would continue to work with Border to Coast on the development of new capabilities to meet the requirements of the Government’s consultation response. Officers would also be involved in ongoing discussions with regards to additional funds joining Border to Coast.

A Member queried whether the additional responsibilities associated with Border to Coast would impact the Local Authority’s Pension and Investments staffing structure. It was noted that this would potentially have an impact, due to the removal of investment responsibility.

AGREED that the information provided be noted.

25/37

TEESSIDE PENSION BOARD ANNUAL REPORT 2024-25

A Teesside Pension Board Annual Report 2024-2025 was presented. The report was the ninth Annual Report of the Board, for the period 1 April 2024 to 31 March 2025.

Over the 11 months to the end of February 2025, global equity market performance had been volatile but positive overall. The US in particular had performed well, although as in the previous year US stock market growth was significantly dependant on a small range of technology stocks which had benefited from investor interest in artificial intelligence and its potential current and future applications. Market concentration in the US had continued to be a factor during the period, with the largest five stocks in the S&P 500 (Apple, Nvidia, Microsoft, Amazon and Alphabet) making up nearly a quarter of its total market capitalisation. Returns in Japan were negative over the period but were positive in the UK and Europe. The overall value of the Fund’s assets had improved and had been on course to remain over £5 billion. Interest rates were reduced three times by the Bank of England over the year from 1 April 2024 but remained at 4.5%, similar to rates seen before the 2007/2008 global financial crisis. This had influenced market views on long-term return rates which in turn reduced the value the actuary places on the Fund’s liabilities

Although the Board had no role in deciding how the Fund was invested, it did have a role in overseeing the Committee’s actions in this respect. As the global economy continued its progress to a more challenging, volatile and less benign period, the Fund’s investment approach was likely to face challenges and the Board’s oversight role would remain important during the coming months and years. Over the course of 2024/25 planned meetings were held although one was inquorate. The Board had been able to continue in its role and carry out its responsibilities to ensure effective governance. As well as continuing to receive minutes and verbal updates from the Pension Fund Committee, over the course of the year the Board had considered papers or had oral reports covering the following areas:

- The Fund’s annual Business Plan
- The Board’s own Annual Report

- The Draft Annual Report for the Fund (containing the Fund's accounts).
- Board membership and training
- Administration reports from XPS – these included performance against service level agreement targets, information on general administration activity, statistics on appeals cases and details of current and future issues impacting, or potentially impacting, on the administration of the Fund.
- Pensions Regulator General Code of Practice Compliance Assessment and Review
- Updates on work programme items which included; Internal controls and managing risks, Pension Dashboards, Pension Board conflicts of interest and Pension Board Statutory Responsibilities.

The Teesside Pension Board Annual Report also included details on the Board Membership and Meeting Attendance.

A Member praised the excellent performance of the fund but raised concerns about communication with Fund members, highlighting some recent issues experienced by his constituents. Members were informed that the Fund's administrator had an Engagement Strategy in place and that communication was delivered through various channels including annual benefits statements, surveys, FAQs and more.

A Member raised a query regarding the assumptions used by the Fund Actuary during the triennial valuation, as well as discussions held with S151 Officers. It was explained that while S151 Officers were focused on achieving stability for local authority budgets, the actuary was taking a more prudent approach concerning contribution levels. Although there was a delicate balance between these positions, the matter would be revisited during the next revaluation. Further information was expected from both Hymans Robertson and the S151 Officers.

AGREED that the information provided be noted.

25/38 UPDATE ON WORK PLAN ITEMS

A report of the Director of Finance was presented to provide Members with information on items scheduled in the work plan for consideration at the current meeting and to present the Board with an updated work plan covering the next two calendar years.

The items scheduled for consideration in the work plan for this meeting were managing risk and internal controls, a review of the risk register and a review of internal and external audit reports. The work plan at Appendix A of the report, set out the planned activity for the Board. This was brought to each Board meeting and would be updated in line with suggestions from the Board and to take account of any changes to best practice or the regulations and guidance for the Scheme.

AGREED that the information provided be noted.

25/39 ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED

None.

25/40 EXCLUSION OF PRESS AND PUBLIC

A Member suggested that further detail be added to agendas when excluding press and public. The Democratic Services Officer explained that she would bring this to the attention of the Monitoring Officer for further consideration.

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 Paragraphs 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.

25/41 EXEMPT - PENSION ADMINISTRATION REPORT

Monday 7th July, 2025

A report was presented to update Members on issues relating to the production of Annual Benefit Statements.

AGREED that the information provided be noted.

25/42

EXEMPT - REAL ESTATE TRANSFER

A report was presented to update Members on the progress of the transfer of the Fund's direct property portfolio to the Border to Coast (Real Estate) UK Main Fund.

AGREED that the information provided be noted.