



Legal and Governance

TEESSIDE PENSION BOARD

Date: Tuesday 31st March, 2026
Time: 2.00 pm
Venue: Spencer Room, Town Hall

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.

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| 4. Minutes - Teesside Pension Board - 9 February 2026 | 3 - 8 |
| 5. Minutes - Teesside Pension Fund Committee - 3 February 2026 | 9 - 18 |
| 6. Teesside Pension Fund Committee - 4 March 2026
Discussion - Verbal Report | |
| 7. Pension Fund Business Plan 2025/26 | 19 - 52 |
| 8. Teesside Pension Fund Board Annual Report 2025/26 | 53 - 60 |
| 9. Audit Results | 61 - 108 |

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| 10. | Update on Work Plan Items | 109 - 122 |
| 11. | Pension Administration Report | 123 - 132 |
| 12. | Any other urgent items which in the opinion of the Chair, may be considered | |

Charlotte Benjamin
Director of Legal and Governance Services

Town Hall
Middlesbrough
Monday 23 March 2026

MEMBERSHIP

Councillor N Walker (Chair), J Bell (Vice Chair), Councillor C Massey, P Thompson

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/claire_jones@middlesbrough.gov.uk

TEESSIDE PENSION BOARD

A meeting of the Teesside Pension Board was held on Monday 9 February 2026.

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

ALSO IN ATTENDANCE: H Chambers, P McCann (Tyne and Wear Pension Fund)

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

25/56 **WELCOME AND FIRE EVACUATION PROCEDURE**

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

25/57 **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

25/58 **MINUTES - TEESSIDE PENSION BOARD - 17 NOVEMBER 2025**

The minutes of the meeting of the Teesside Pension Board held on 17 November 2025 were taken as read and approved as a correct record

25/59 **DRAFT MINUTES - TEESSIDE PENSION FUND COMMITTEE - 24 SEPTEMBER 2025**

A copy of the draft minutes of the meetings of the Teesside Pension Fund Committee held on 24 September 2025 were submitted for information.

25/60 **TEESSIDE PENSION FUND COMMITTEE - 10 DECEMBER 2025 (INQUORATE) & 3 FEBRUARY 2026**

The Head of Pensions, Governance and Investments advised that the meeting of the Teesside Pension Fund Committee held on 10 December 2025 was inquorate and agenda items deferred to the rescheduled meeting held on 3 February 2026.

Members heard that this was due to several last-minute apologies and some Members had arrived late which meant that they could not be counted towards the quorum. The Board was assured that expected attendance was always taken into account, ahead of each meeting and appropriate actions taken to assist with quoracy

A verbal update was provided on agenda items considered at the meeting of the Teesside Pension Fund Committee held on 3 February 2026.

Items included:

- Investment Advisors' Reports
- Border to Coast Presentation (Responsible Investment)
- Border to Coast Responsible Investment Policy, Corporate Governance & Voting Guidelines and Climate Change Policy
- Actuarial Valuation Update and Draft Funding Strategy Statement
- Investment Activity Report (incl. TM Report, Valuation & Forward Investment Programme)
- Border to Coast Presentation - Investment Performance
- Governance Policies Review
- Pooling Update
- Government Consultation - LGPS: Scheme Improvements (access and protections)
- Government Consultation - LGPS: Fit for the Future - technical consultation
- Risk Register

- Exempt Item - Fund Actuary - 31 March 2025 Valuation - Initial Whole of Fund Results Presentation

A Member raised concern that in regard to the Risk Register agenda item, there was insufficient recognition of political change in the country.

The Head of Pensions Governance and Investments advised that Committee Members had also requested some changes to the way the Risk Register was presented so those comments and those raised today would be taken on board when the Risk Register was brought back to the Committee next quarter.

AGREED that the information provided was received and noted

25/61

BOARD MEMBERSHIP

The Head of Pensions Governance and Investments presented a report of the Corporate Director of Finance, the purpose of which was: to ask the Chair to appoint a new Chair from the employer representatives, update the Members of the Teesside Pension Board (the Board) on progress and proposals to fill vacancies on the Board, remind the Board Members of their terms of office and that that the Deputy Chair will become the Chair (by rotation).

The new Chair had indicated that he had taken on the role of Deputy Chair by default because he was the only Employer Representative present at the meeting in which the appointment was made two years ago. Due to work commitments he would struggle to fulfil the role of Chair on a consistent basis and had asked for the Board to consider finding an alternative Chair.

There were two vacancies on the Local Pension Board following the last meeting. A vacancy for a scheme member Board representative drawn from the recognised trade unions representing employees who were scheme members of the Fund following the retirement of June Stubbs and a vacancy for an employer member Board representative drawn from an employer other than the four main Councils (Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton Councils). The Board expressed its appreciation for all of the input into the work of the Board made by June Stubbs since her appointment in November 2022.

A request was made to the trade unions to nominate a scheme member representative to the Board with a closing date for nominations of 19th January 2026. No nominations were received and so a further request for nominations had been made. The trade unions that could nominate employer representatives were GMB, UNISON and UNITE. Previous scheme member representatives were able to apply.

A scheme member representative updated the Board that after internal discussion, a potential candidate for the vacancy had been identified. They were likely to proceed with the application shortly.

To fill the vacancy of employer representative from employers, a request had been made to the employers of the Fund to nominate a scheme employer representative with a closing date of 27th February 2026. This request had already generated some interest.

AGREED as follows that:

1. The information provided was received and noted.
2. Councillor N Walker appointed Chair of the Teesside Pension Board for a two-year term of office from the date of this meeting.

25/62

GOVERNMENT PENSION CONSULTATION RESPONSES

The Head of Pensions Governance and Investment presented a report of the Corporate Director of Finance, the purpose of which was to inform Members of the of the Teesside Pension Board (the Board) of recent Ministry of Housing Communities and Local Government (MHCLG) consultation responses.

The Fit for the Future consultation launched on 14 November 2024 and brought about sweeping reforms to how the LGPS in England and Wales invested assets and were 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 which covered 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).

On 13 October 2025, MHCLG launched a consultation on changes to the LGPS in England and Wales. The proposals related to access to the Scheme and its benefits and covered four main areas:

- normal minimum pension age (NMPA)
- pension access for mayors and councillors
- academies in the LGPS
- new Fair Deal.

The Government published draft regulations for comment covering new Fair Deal and pension access for mayors and councillors alongside the consultation. Links to the separate documents were contained within the reports pack.

The consultation ran until 22 December 2025. Officers consulted with pooling partners and considered responses from LGA, advisory firms and Trade Unions before agreeing the response with the Chairs and Vice Chair of Pensions Committee.

On 20 November, the Ministry of Housing, Communities and Local Government (MHCLG) opened a technical consultation that related 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.

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’re 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 tackled the governance section of Fit for the Future. On 20 November 2025, MHCLG launched a consultation on changes to the LGPS in England and Wales. The proposals related to two draft statutory instruments relating to Fit for the Future reforms for the LGPS England and Wales.

The Government published draft regulations for comment covering Pooling, Management and Investment of Funds and governance arrangements for administering the LGPS.

The consultation ran until 2 January 2026. Officers consulted with pooling partners and considered responses from LGA, advisory firms and Trade Unions before agreeing the response with the Chairs and Vice Chair of Pensions Committee.

A Member sought clarification on whether the regulations meant that Committees would have fewer decision-making rights than they currently did.

The Head of Pensions Governance and Investments confirmed that the Committee would maintain strategic oversight but not be involved in the performance and asset management. This responsibility would lie with Border to Coast.

The Member responded that a contributing factor as to why the Committee had been inoperative on occasion could be that the agenda was large and most items were for noting rather than

decision therefore this provided less incentive for Members to attend. It was queried whether the agenda could be modified, for example shorter reports.

Another Member advised that large agendas were not uncommon and background information was always included in reports.

The Head of Pensions Governance and Investments concluded by advising that he had been considering ways in which to modify the Committee agendas and would update the Board on any developments.

AGREED that the information provided was received and noted.

25/63

THE PENSIONS REGULATOR GOVERNANCE AND ADMINISTRATION SURVEY

The Head of Pensions Governance and Investments presented a report of the Corporate Director of Finance, the purpose of which was to inform Members of the Teesside Pension Board (the Board) of the Pensions Regulator - PSPS Governance and Administration Survey 2025-26. The report would outline some key points from the survey to generate feedback for incorporation into the response.

The Pensions Regulator (tPR) issued a survey to the scheme through an email on 19th January 2026. The survey was to be completed by the scheme manager working with the Pension Board Chair and completed online by Friday 13th February 2026. The tPR email stated “the survey will help TPR determine how schemes are progressing on meeting the expected standards so it can focus on areas where they may need more support. When the survey was last conducted in 2023, 94% of all public service pension schemes completed it and this helped TPR build a comprehensive picture of governance and administration standards. TPR is hoping that all public service pension schemes participate in this year’s research.”

A meeting had been arranged with the Funds pensions administrator, Tyne and Wear Pension Fund to assist in the completion of the survey. Tyne and Wear Pension Fund would also be completing a survey in relation to their own Fund.

AGREED that the information provided was received and noted.

25/64

UPDATE ON WORK PLAN ITEMS

A report of the Corporate Director of Finance was presented by the Head of Pensions Governance and Investments, the purpose of which was to present Members of the Teesside Pension Board (the Board) with information on items scheduled in the work plan for consideration at the current meeting.

At its meeting on 19 July 2021 the Board agreed an updated work plan for the coming months and years which set out areas for the Board to discuss or consider at subsequent meetings. These were typically areas that the Pensions Regulator and/or the Scheme Advisory Board (SAB) had identified as important for Local Pension Boards to consider. This work plan had been reviewed and updated periodically by the Board, with the last updated version approved at its 25 November 2024 meeting.

The items scheduled for consideration in the work plan for this meeting were review standard employer and scheme member communications and review procurements carried out by Fund. The current work plan was contained as an appendix within the reports pack.

To encourage efficiency, most communications between TWPF and employers and members were made through secure portals. This allowed the use of workflows to ensure processes were monitored. There were some regular email communications made with employers to the registered contacts identified by the employers through the admission process and regularly updated. TWPF had supplied email examples which were included as appendices in the reports pack and further examples of communications such as a welcome letter for new members and a newsletter were also included.

A Member queried whether communications would be purely digital and it was confirmed by representatives from Tyne & Wear Pension Fund that this was the case unless paper copies had been requested.

Concerns around older generations being digitally excluded were raised and the Board heard that Members of the Pension Fund had been contacted on several occasions by post with the opportunity to opt-in to paper communications. This could be done via various avenues such as calling the helpline.

The Head of Pensions Governance and Investments continued the update by highlighting the table at 6.1 of the report that set out the procurements carried out by the Fund and the timeframes.

The investment advice contract was due for procurement and procurement for this service had been delayed whilst awaiting clarity as to the requirements for this role which was the subject of legislation through the Pensions Bill and the regulations and guidance which would follow. It was anticipated that the coverage of advice provided by this role would encompass administration as well as investment advice. There would be a limited number of people with the knowledge, skills and qualifications to fit this new role.

Members sought some clarification around the requirements for the investment advisor role going forward and it was confirmed that there would still be a requirement for Funds to have an independent person on the committee but one person would cover the full spectrum and provide support on investment, governance and administration. Full guidelines would be available soon and the Board would be kept updated.

AGREED that the information provided was received and noted.

25/65

PENSION ADMINISTRATION REPORT

Representatives from the Tyne & Wear Pension Fund presented the Pensions Administration Report to Board Members. Responsibility for the administration of the Teesside Pension Fund had been 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 was actively working to resolve. It was acknowledged and accepted that some errors could take several months to resolve. Despite these initial hurdles, the transition had reached a stable phase. All new cases were currently being processed under standard business procedures, indicating a return to normal operations.

TWPF measured 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 were measured against 100%. Compliance with this was not always achievable, as there was reliance on employers to provide information and cases could be complex.

It was 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 expected that performance would improve as issues that arose during the transition were resolved.

As mentioned at an earlier point in the meeting, TWPF’s default method of communication was digital, meaning that members would receive documents and updates electronically unless they specifically requested to continue receiving paper correspondence. This brought significant efficiencies and cost savings.

Teesside Pension Fund members had been notified of this transition through various communications over the past year, ensuring that everyone was aware of the new approach. Pensioner engagement was actually on par with current members in terms of digital engagement.

In terms of service delivery, the situation had improved considerably, with 79% of calls being answered as of December 2025 and the current average wait time sitting at under two minutes. This improvement demonstrated TWPF's ongoing efforts to respond effectively to member needs. Nevertheless, TWPF recognised the importance of providing a consistently high standard of service and remained committed to increasing this figure further. The goal was to

ensure that all members received excellent support and assistance whenever they contacted the Pensions Helpline.

A Member queried whether an automated message advising callers of estimated wait times and position in the queue could be added to the phone system.

The Board heard that TWPF currently used South Tyneside Council's telephony service and did not currently have a sophisticated functionality that could automate waiting timescales etc. TWPF were working with South Tyneside Council to improve their telephony service and expected to have more advanced options soon.

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

The Employer Services Team continued to review employers who reached trigger levels. It was acknowledged that there was a period of adjustment whilst employers familiarised themselves with new working practices but it was noted that in future any employers that reached trigger levels could be highlighted to the Board if necessary. TWPF were monitoring the situation whilst supporting employers. This support included a dedicated employer helpline, training webinars and meetings where necessary.

A Board Member raised that there had been issues with terminally ill Members having timely access to their pensions and it was confirmed that TWPF prioritised Members with terminal illness and were able to fast track their payout. The importance of educating employers around this issue was highlighted as TWPF required certain information from employers to establish a robust process for this scenario and enable fast tracking. TWPF were aware there had been some issues and had been working with the relevant employers to resolve these issues as soon as possible.

A Member queried how the Teesside Pension Fund performed against the statutory KPIs in comparison with TWPF. It was confirmed that each KPI was RAG rated and Teesside Pension Fund currently had more red ratings but the Fund had been prioritised since the transfer last year to ensure a smooth transition and significant improvements were expected in 2026/2027.

AGREED that the information provided was received and noted.

25/66

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

None.

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
William Bourne	Non-Pecuniary	Items 5 & 8, Independent Advisor to East Sussex Council, a fund that was also due to join Border to Coast.
Councillor Branson	Non-Pecuniary	Spouse – Member of Teesside Pension Fund
Councillor Coupe	Pecuniary	Non-Executive Director of Border to Coast Pensions Partnership LTD.
Councillor Ewan	Non-Pecuniary	Member of Teesside Pension Fund and Member of Tyne and Wear Pension Fund.
Councillor Jackson	Non-Pecuniary	Member of Teesside Pension Fund
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 and less time to allow assets to do the work.

An Independent Advisor concluded the update by noting that the Fund was positioned well 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 Donald Trump's policies and suggested that this may cause the US to penalise these companies.

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 and there had been no feedback or change implemented. It was requested that Border to Coast engage with other Pension Fund Committees to gather investment in tobacco products 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 the Non-Executive Board Member.

ORDERED that:

1. The information provided was received and noted.
2. Border to Coast to look into engaging with other 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, 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 Fund's for approval.

ORDERED that the information provided was received and noted.

25/65

ACTUARIAL VALUATION UPDATE AND DRAFT FUNDING STRATEGY STATEMENT

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 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 published guidance on gender gap reporting in the LGPS today, 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 Draft Funding Strategy now that guidance had been made available.

ORDERED that the information was received and noted.

25/66

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

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 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, and 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 he would discuss this internally with Portfolio Managers who were monitoring trends and feedback 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 are 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 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. 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 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 was received and note

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7**PENSION FUND BOARD REPORT****31 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 Board ('the Board') the annual Business Plan for the Fund, which was approved by the 4 March 2026 Pension Fund Committee.

2. RECOMMENDATION

- 2.1 That Members note the Business Plan including the 2026/29 Pension Fund budget.

3. FINANCIAL IMPLICATIONS

- 3.1 The 2026/29 forecast income and expenditure is set out in the Business Plan, and is summarised below (income in brackets):

	£ millions
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)
Net increase (decrease) in net assets available for benefits	(403.0)

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 2026/27, and a summary of the performance for 2025/26 (latest available) (see Appendix B);
- The arrangements in place for managing risk;
- 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.

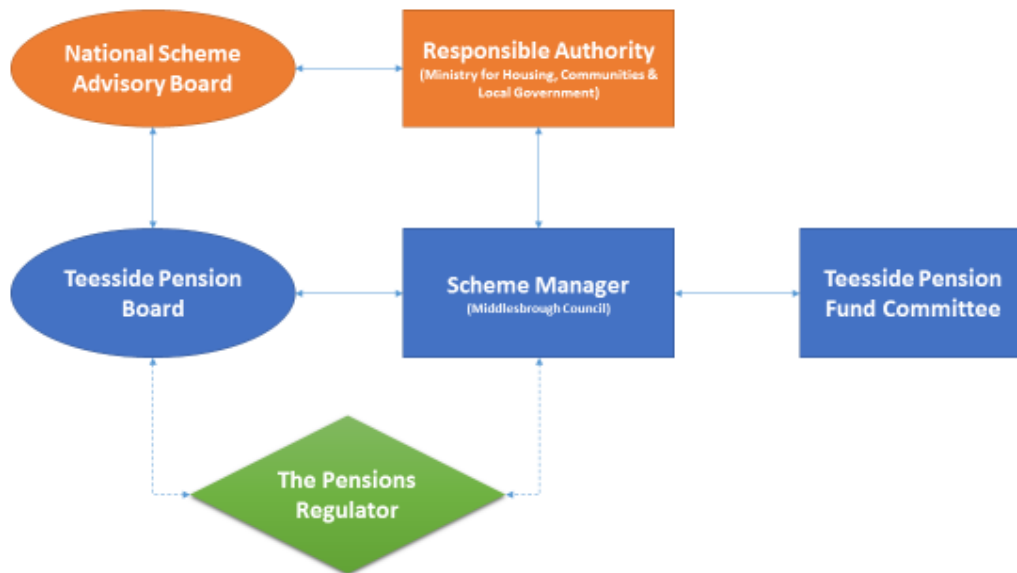
Service Promise

“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.

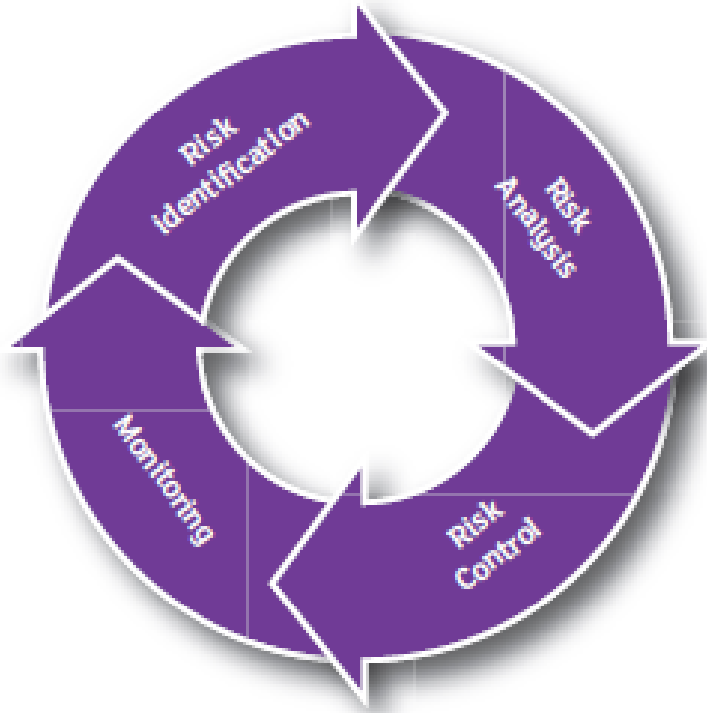
In relation to understanding and monitoring risk, the Administering Authority aims to:

- 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**

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

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.

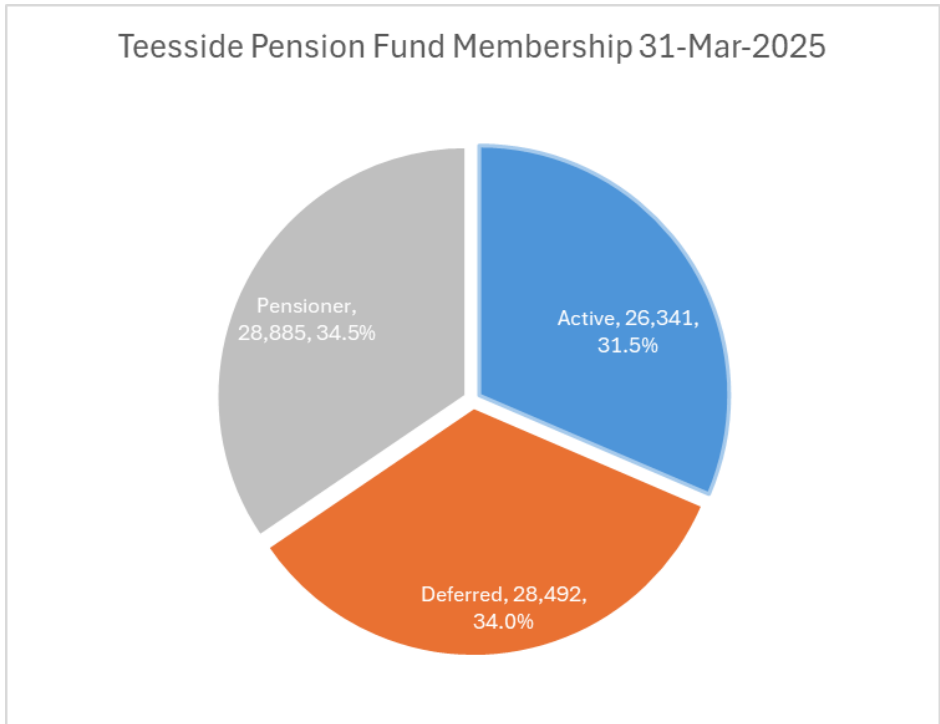
The Principles included in the Myners Review of Institutional Investment included a requirement under "Effective Decision Making" that Trustees should have sufficient expertise and be offered appropriate training.

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.

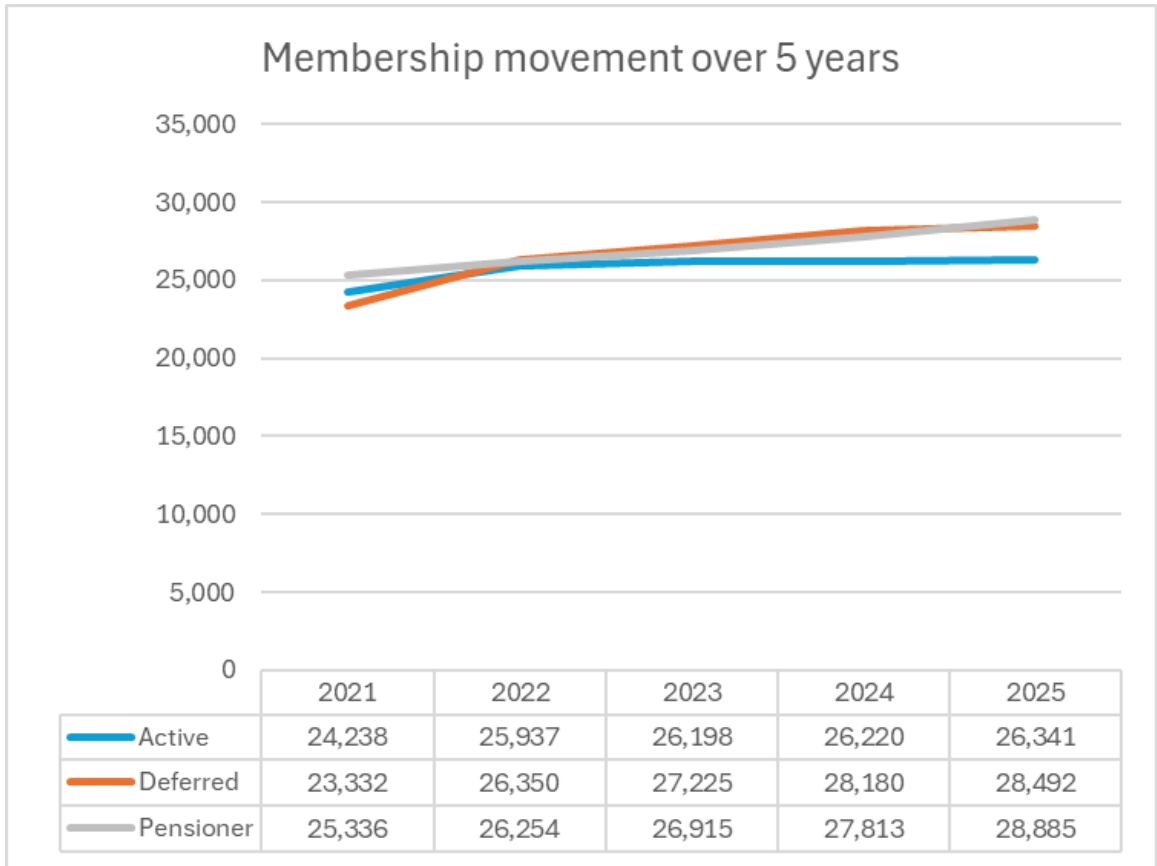
Training for Members and the staff employed by the Fund is essential as the Fund is moving to a position where its primary role will be managing two critically important outsourcing contracts / partnership arrangements with Border to Coast managing the majority of the Fund's investment assets, and XPS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

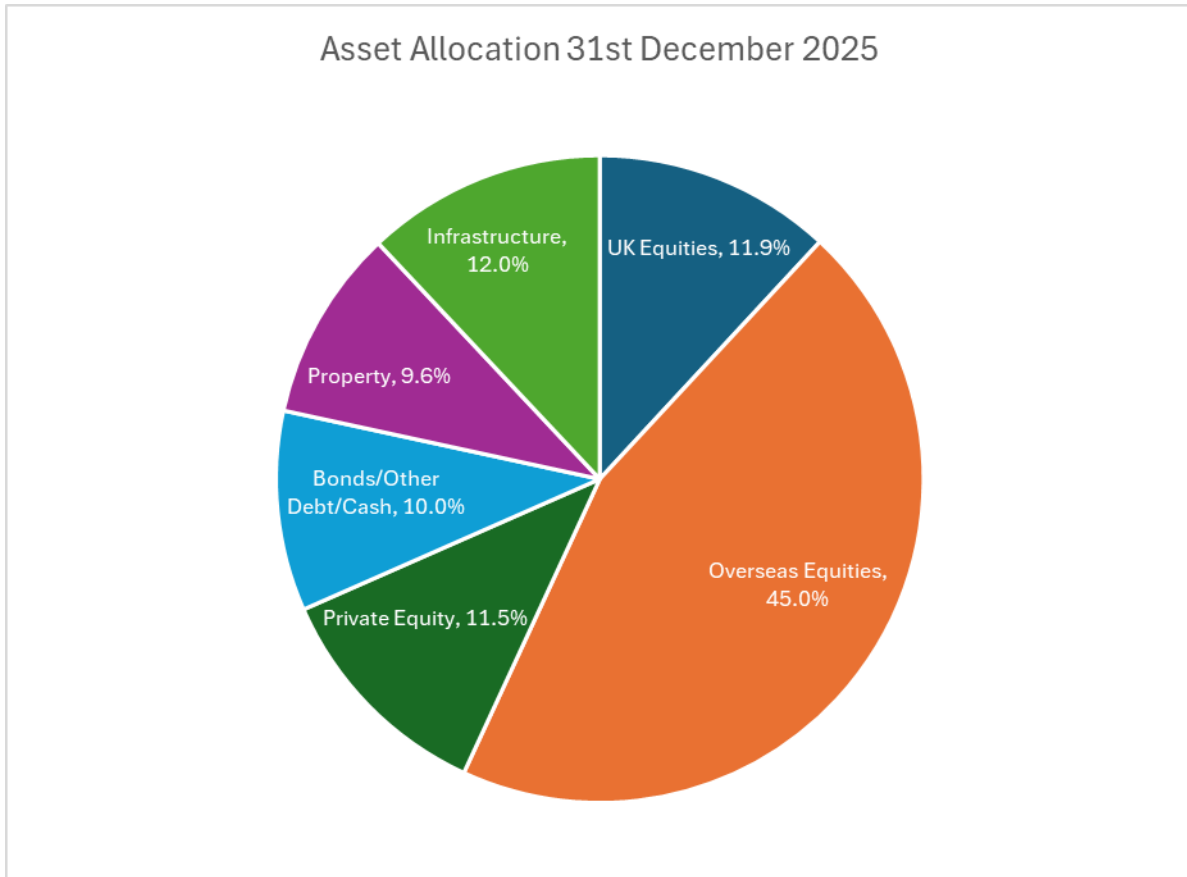


The changes to the scheme membership types over the last five years are shown below. While the total membership has increased by approx. 10,800 members over the period, the numbers of actives, deferred and pensioner members have increased steadily over the period.

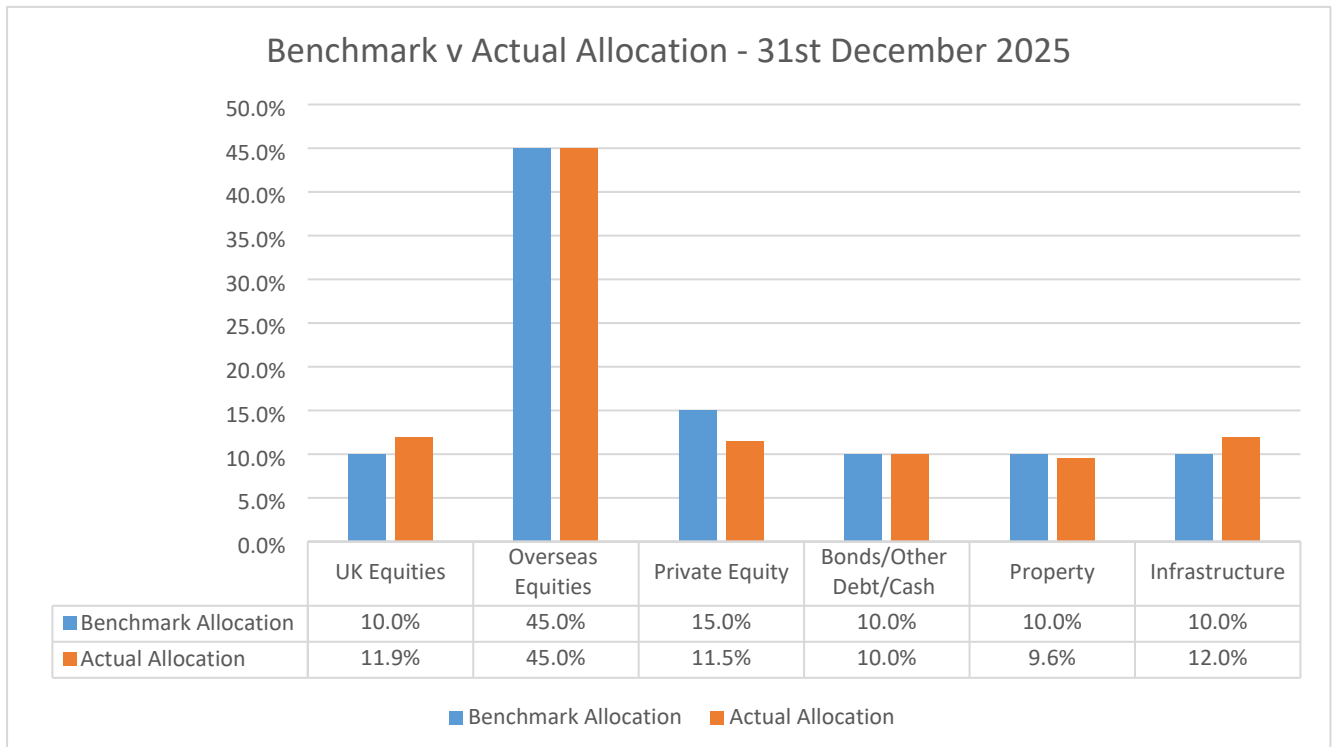


INVESTMENTS AND FUNDING

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

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:

Andrew Lister, Head of Pensions Governance and Investments
 andrew_lister@middlesbrough.gov.uk /
 01642 726328.

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%	-1.3%
Performance Return – 3 Year (per annum)	9.0%	9.4%	-0.3%
Performance Return – 5 Year (per annum)	8.6%	6.8%	1.8%
Performance Return – 10 Year (per annum)	8.9%	7.7%	1.2%

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

	2024-25 Actual £'000s	2025-26 Forecast £'000s	2026-27 Estimate £'000s
<i>Income from members</i>			
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
	-138,833	-143,899	-136,022

	2024-25 Actual £'000s	2025-26 Forecast £'000s	2026-27 Estimate £'000s
<i>Expenditure to members</i>			
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
	217,369	218,432	226,194

Appendix C

	2024-25 Actual £'000s	2025-26 Forecast £'000s	2026-27 Estimate £'000s
Management expenses:			
Administration costs	1,953	2,015	2,082
Investment management expenses			
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
Total Investment management expenses	6,062	2,819	2,843
External audit cost	118	122	125
Oversight & governance costs	323	339	356
Total Management Expenses cost	8,456	5,295	5,407

	2024-25 Actual £'000s	2025-26 Forecast £'000s	2026-27 Estimate £'000s
Investment Income			
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
	-98,377	-159,449	-156,982
Change in Asset Market Value	-90,461	-523,004	-341,600

Teesside Pension Board

Annual Report 2025 – 2026



1. Background

The **Teesside Pension Fund** is the Local Government Pension Scheme (LGPS) for local authority employees in the Teesside region (and employees working for other bodies that are eligible to participate). The Fund has over 80,000 members, and assets of approximately £6.12 billion (as at 31 December 2025).

The administering authority for the Teesside Pension Fund is Middlesbrough Council on behalf of all participating employers. The Council has granted authority to manage the investments of the Fund (within the requirements of the Local Government Pension Scheme Regulations) to the **Teesside Pension Fund Committee** which has the power to make decisions without reference to Full Council. The Committee consists of elected members of Middlesbrough Council, representatives from the other unitary authorities and other employers and the trade unions (all of whom have voting rights). The Committee receives support and advice from a number of sources including Council officers and the Fund's Investment Advisers.

Section 5 of the *Public Service Pensions Act 2013* required every LGPS to establish a Board to assist in assuring that the administration of its Pension Scheme complies with all relevant legislation. Pensions Boards are specifically required to assist in:

- (a) securing compliance with:
 - (i) scheme regulations and other legislation relating to the governance and administration of the scheme;
 - (ii) any requirements imposed in relation to the scheme by the Pensions Regulator;
 - (iii) such other matters as the scheme regulations may specify
- (b) ensuring the effective and efficient governance and administration of the Scheme.

In accordance with the *Public Service Pensions Act 2013* and the Local Government Pension Scheme regulations, the **Teesside Pension Board** ('the Board') was created on 1 April 2015 to assist in the administration of the Teesside Pension Fund. The Board's formal statement of purpose is:

To assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:

- (a) 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.

This means that the Board is providing oversight of these matters and, accordingly, the 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.

The Board consists of six voting members – three employer representatives and three member representatives. Two employer representatives are appointed from the Councils of Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton-on-Tees, and one employer representative is chosen from all other Scheme employers. Two member representatives are appointed from the recognised trades unions representing employees who are Scheme

members, and one member representative is appointed from the pensioner Scheme members.

Scheme member representative Paul Thompson of UNISON was Chair of the Board until after the July meeting when employer representative Cllr Christopher Massey (from Redcar-Cleveland) who was Deputy Chair of the Board took the Chair of the Board Role. Employer representative Cllr Nicky Walker (from Middlesbrough) was Chair from after the February meeting. Scheme member representative on the Board, Jeff Bell (pensioner representative) became Deputy Chair at the November meeting. June Stubbs (UNISON) was the other scheme member representative. The scheme employer representative not from the Council employers was vacant throughout the year.

This is the tenth Annual Report of the Board, for the period 1 April 2025 to 31 March 2026.

2. Introduction

Welcome to the tenth Annual Report of the Teesside Pension Board.

The Board seeks to assist the administering authority of the Teesside Pension Fund to maintain effective and efficient governance. We continue to be supported in this role by officers of Middlesbrough Council (the administering authority for Teesside Pension Fund), and we have also been assisted by specialist external advisers, and by staff from Tyne and Wear Pension Fund who deal with the day-to-day pension administration.

As highlighted in previous annual reports Teesside Pension Fund entered into an agreement to pool what now represents over half of its investments with other LGPS Funds through Border to Coast Pensions Partnership Limited ('Border to Coast'). Border to Coast was set up, and is wholly owned, by eleven LGPS administering authorities each responsible for an LGPS fund (originally twelve administering authorities were involved until the long-planned merger of two of those authorities was confirmed, backdated to 1 April 2020). Border to Coast was established to meet central government's requirement that local government pension schemes pool their investment assets with the aims of providing savings and improving governance. Middlesbrough Council (as administering authority for the Teesside Pension Fund) is one of the owners and customers of Border to Coast.

Initial investments with Border to Coast were in public equities (shares) and all the Fund's UK equities transferred during 2018/19 to be managed by Border to Coast, using the same low-cost 'internally managed' approach but delivered by a larger team of investment professionals based in Leeds. The Fund also made a relatively small initial investment in Border to Coast's internally managed overseas equity fund during 2018/19, followed by a transfer of the majority of the rest its overseas equities in 2021/22 from being managed passively (by State Street Global Advisors) to being actively managed by Border to Coast (again, using a low-cost 'internally managed' approach). The Fund has also invested in Border to Coast's Emerging Markets Fund and is making increasingly significant investments into Border to Coast's private markets funds. Initially this was private equity and infrastructure but from 2021/22 onwards investments also being made into Border to Coast's Climate Opportunities fund. This fund will invest in a suitably diversified global portfolio of climate-related opportunities such as renewable energy, green hydrogen, carbon capture and storage and energy storage. During 2024/25 the Fund sold its remaining passive equity investments held with State Street Global Advisors, with around half of the

proceeds being invested with Border to Coast's internally managed overseas equity fund and the remainder being retained in the Fund as cash in the medium term. During the year the Fund transferred 29 properties to the Border to Coast UK Real Estate Main Fund leaving 5 properties in the Fund's stay behind direct property portfolio. As at 31 December 2025, 73.7% of the Fund's assets were invested through Border to Coast, with this percentage expected to increase over the coming months and years.

Teesside Pension Board has received updates and commented on the process of establishing and developing Border to Coast. The Board is conscious that the Teesside Pension Fund is fully funded and has benefited from low running costs. The Board will therefore continue to closely monitor the progress of Border to Coast to satisfy itself that any movement of assets into Border to Coast remains in the interest of the Teesside Pension Fund and its members, and that Border to Coast is meeting the aims of providing savings and improving governance.

3. Board Activity 2025 – 2026

Over the 11 months to the end of February 2025, global equity market performance was volatile but positive overall despite higher tariffs imposed by the US and economic uncertainty. Europe and the UK performed well. In the US stock market growth was significantly dependant on a small range of technology stocks which have benefited from investor interest in artificial intelligence and its potential current and future applications. Market concentration in the US continues 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, Asia Pacific and Emerging Markets were all positive over the period.

The overall value of the Fund's assets improved and is on course to remain over £6 billion. Interest rates were reduced three times by the Bank of England over the year from 1 April 2025 but remain at 3.75%, similar to rates seen before the 2007/2008 global financial crisis. This has influenced market views on long-term return rates which in turn reduce the value the actuary places on the Fund's liabilities.

Although the Board has no role in deciding how the Fund is invested, it does have a role in overseeing the Committee's actions in this respect. As the global economy continues its progress to a more challenging, volatile and less benign period, the Fund's investment approach is likely to face challenges and the Board's oversight role will remain important during the coming months and years.

Over the course of 2025/26 four planned meetings were held.

The Board has 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 Pension Fund Committee meetings (meetings which all Board members are able to attend and all Board members receive agendas for), over the course of the year the Board has 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 and TWPF – these include 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 (see below), including:
 - Internal controls and managing risks
 - Pension Dashboards
 - Pension Board conflicts of interest
 - Pension Board Statutory Responsibilities

4. Board work programme

At its 19 July 2021 meeting the Board confirmed that the focus of its activity would be guided by the general principles set out by the Pensions Regulator. The Pensions Regulator's website lists the following areas of governance and administration that those responsible for running, overseeing or advising a public service pension scheme need to focus on:

- **“Reporting duties**
Managers of public service pension schemes must ensure that the scheme return we issue each year is completed on time. They must also tell us of any changes to their scheme's 'registrable information' as soon as possible.
- **Internal controls and managing risks**
Public service pension schemes need to have good internal controls. They are a key characteristic of a well-run scheme and will enable risks to the scheme to be managed effectively.
- **Record-keeping**
Failing to maintain complete and accurate records can affect the ability of your public service pension scheme to carry out basic functions. Accurate record-keeping is crucial in ensuring that benefits are paid correctly.
- **Communicating to members**
Members of public service pension schemes need to receive information to help them understand their pension arrangements and make informed decisions.
- **Publishing scheme information**
Certain information relating to public service pension schemes needs to be published so that scheme members and interested parties know that their scheme is being managed effectively.
- **Maintaining contributions**
Public service pension schemes need to have procedures and processes that enable you to effectively monitor pension contributions, resolve payment issues and report payment failures.
- **Pension board conflicts of interest and representation**
In public service pension schemes, potential conflicts of interest need to be identified and managed to prevent actual conflicts of interest arising.

- **Resolving internal disputes**
Internal dispute resolution (IDR) arrangements play an important part in the management of a public service pension scheme. They enable someone with an interest in the scheme to ask for a matter in dispute to be resolved.
- **Reporting breaches of the law**
Certain people involved with the governance and administration of a public service pension scheme must report certain breaches of the law to us.”¹

Taking these principles and its own Terms of Reference into account the Board set out its work plan as follows (shown here after being updated during the year):

¹ (from <https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management>)

Teesside Pension Board Work Plan		
Date of Board meeting and any standard items scheduled	Suggested areas of focus (from the Pensions Regulator's Public Service Toolkit list)	Suggested activities (including from the Scheme Advisory Board guidance)
July 2025 Draft Report and Accounts	<i>Managing risk and internal controls</i>	<i>Review of risk register Review internal and external audit reports Review of Real Estate Transfer</i>
November 2025 Draft Report and Accounts Annual Review of Board Training	<i>Maintaining member contributions</i>	<i>Review administration reports including in relation to any late payment of contributions. Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme</i>
February 2026 TPR Governance & Administration Survey	<i>Providing information to members and others</i>	<i>Review standard employer and scheme member communications. Review procurements carried out by Fund</i>
April 2026 Annual Board Report External Audit Results Report	<i>Resolving internal disputes</i>	<i>Review and internal dispute cases / Pensions Ombudsman cases since the last review. Review the outcome of actuarial reporting and valuations.</i>
July 2026	Reporting breaches of the law	Review breaches process and log. Review the complete and proper exercise of employer and administering authority discretions.
November 2026 Draft Report and Accounts Annual Review of Board Training		Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme

(2025/26 activities are shown in *italics* above)

Appendix – Board membership and meeting attendance

Membership

Paul Thompson – Chair (until 8 July 2026)	Scheme member representative (UNISON)
Jeff Bell – Deputy Chair (from 17 November 2026)	Scheme member representative (retired members)
June Stubbs (to 17 November 2026)	Scheme member representative (UNISON)
Christopher Massey – Deputy Chair (to 8 July 2026 then Chair to 9 February 2026)	Employer representative (Councillor, Redcar & Cleveland Council)
Vacant	Employer Representative
Nicky Walker – Chair (from 9 February 2026)	Employer representative (Councillor, Middlesbrough Council)

Meeting attendance:

	7 July 2025	17 November 2025	9 February 2026	31 March 2026
P Thompson	✓	x	✓	
J Bell	✓	✓	✓	
J Stubbs	x	✓	N/A	
C Massey	✓	x	✓	
N Walker	x	✓	✓	

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 9

TEESSIDE PENSION BOARD REPORT

31 MARCH 2026

CORPORATE DIRECTOR OF FINANCE – ANDREW HUMBLE

AUDIT COMPLETION REPORT 2024/25

1. PURPOSE OF THE REPORT

- 1.1 To provide Members of the Teesside Pension Board (the Board) 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 now completed their audit of the Funds financial statements for 2024/25. The attached draft results report was issued at the start of the February with some audit work to finish before completion in time to meet the statutory deadline.
- 4.2 The draft report anticipated issuing an unqualified opinion subject to satisfactorily concluding the remaining audit work. Before the final audit certification it was identified that additional information around a leasing note should have been disclosed in the financial statements and the audit opinion has been qualified on that issue.
- 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. AUDIT CERTIFICATION

- 5.1 The Auditor identified that there was an issue with a leasing note in the financial statements as they were concluding their audit.
- 5.2 With insufficient time to produce the leasing note before the backstop date for publishing, the auditors have qualified their opinion of the pension financial statements. The issue identified by the auditor is long standing and should have been picked up in previous years accounts preparation and external audits.
- 5.3 It is expected that a clean audit opinion can be achieved for 2025/26.

6. NEXT STEPS

- 6.1 The Fund Annual Report including the audit opinion will be published on the Funds website.
- 6.2 The internal control recommendations identified by external audit will be acted upon. More time has been built into the financial statements closedown timetable to undertake additional quality assurance.
- 6.3 An internal audit to review financial closedown processes has been built into the audit plan prior to the external audit taking place.

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

TEL NO.: 01642 726328



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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
5th 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

01	Executive summary
02	Status of our audit
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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

Page 69

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.

IAS 19 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 73	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"> • agree holdings from fund manager reports to the global custodian's report; • 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; • agree the investment manager valuations to audited accounts or other independent supporting documentation, where available; • where audited accounts are available, check that they are supported by an unmodified opinion; • review the valuation methodologies through review of accounting policies within audited financial statements and challenge of the fund manager, where required; and • 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. <p>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.</p> <p>We note there were internal control deficiencies reported in previous years. We have reported on progress made to address these issues within Section 5 and Appendix A of this report.</p>

04

Significant findings

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

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.				
Aggregate effect of adjusted misstatements	1,729	0	0	(1,729)

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				
Aggregate effect of adjusted misstatements	14,717	0	0	(14,717)

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

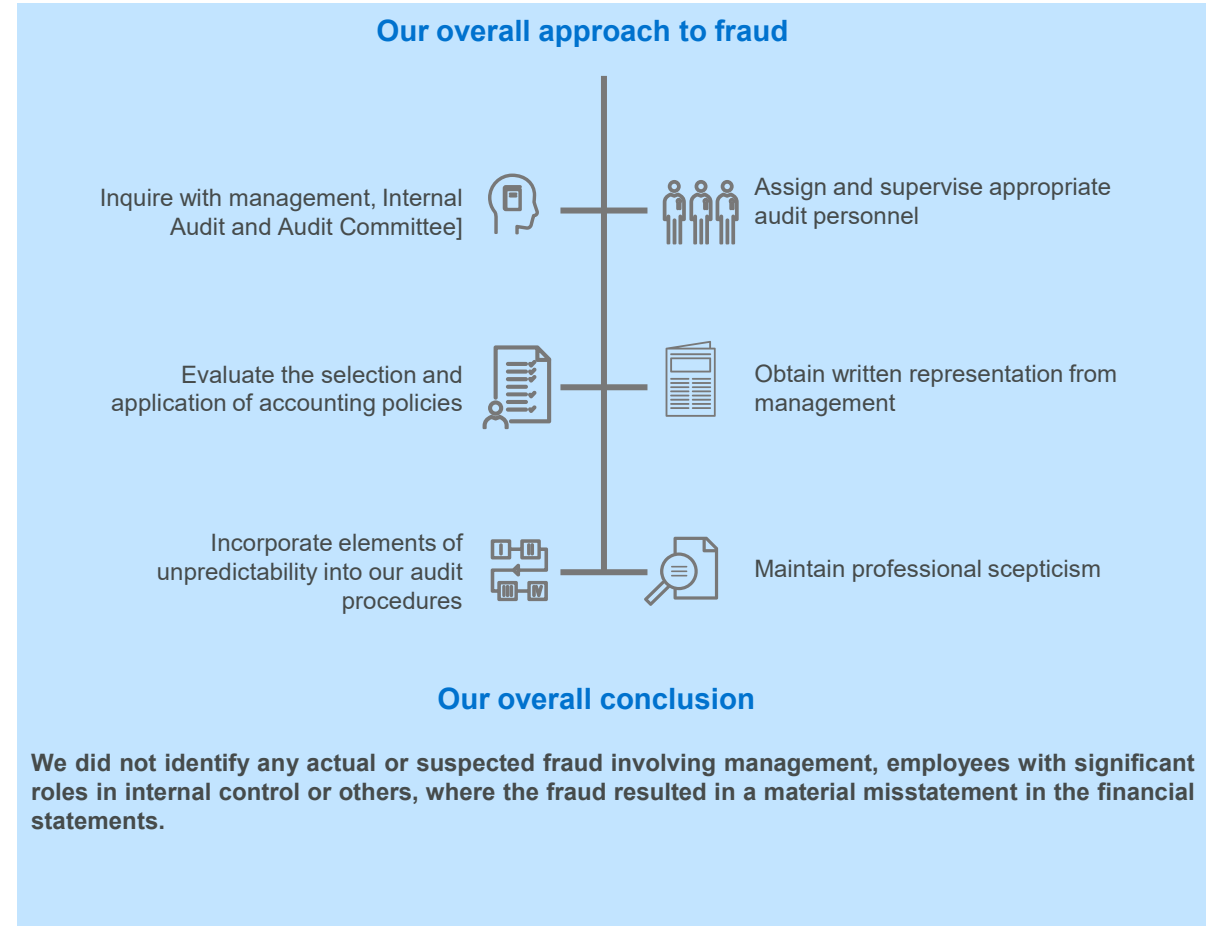
Management has primary responsibility for the prevention and detection of fraud. It is important that management, with Audit Committee oversight, place a strong emphasis on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals 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 systems 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.

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.

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

3rd 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. 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)





5th 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
	Compliance with Laws and Regulations	<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>
	External confirmations	<p>We did not experience any issues with respect to obtaining external confirmations.</p>
 Page 105	Related parties	<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"> 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 b. they have appropriately accounted for and disclosed such relationships and transactions in accordance with the requirements of the applicable financial reporting framework.
	Going Concern	<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
	Subsequent events	<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 106	Matters related to fraud	<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"> a. they acknowledge their responsibility for the design, implementation and maintenance of internal to prevent and detect fraud; 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; c. they have disclosed to the auditor their knowledge of fraud or suspected fraud affecting the entity involving: <ol style="list-style-type: none"> i. management; ii. employees who have significant roles in internal ; or iii. others where the fraud could have a material effect on the financial statements; and 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.

Appendix F: Other communications

Other communication	Response
 <p>System of Quality Management</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"> • Ensuring there is an appropriate assignment of responsibilities under ISQM (UK) 1 and across Leadership • Establishing and reviewing quality objectives each year, ensuring ISQM (UK) 1 objectives align with our firm's strategies and priorities • 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.) • Identifying, designing, and implementing responses as part of the process to strengthen our firm's internal environment and overall quality • Evaluating responses and remediating gaps or deficiencies <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 here.</p>

Contact

Forvis Mazars

Mark Kirkham

Partner

Tel: +44(0)113 394 5315

Mark.kirkham@mazars.co.uk

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 10

TEESSIDE PENSION BOARD REPORT

31 MARCH 2026

CORPORATE DIRECTOR OF FINANCE – ANDREW HUMBLE

Update on Work Plan Items

1. PURPOSE OF THE REPORT

- 1.1 To present Members of the Teesside Pension Board (the Board) with information on items scheduled in the work plan for consideration at the current meeting.

2. RECOMMENDATION

- 2.1 That Board Members note this report and discuss any issues arising from it.

3. FINANCIAL IMPLICATIONS

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

4. BACKGROUND

- 4.1 At its meeting on 19 July 2021 the Board agreed an updated work plan for the coming months and years which set out areas for the Board to discuss or consider at subsequent meetings. These were typically areas that the Pensions Regulator and/or the Scheme Advisory Board (SAB) had identified as important for Local Pension Boards to consider. This work plan has been reviewed and updated periodically by the Board, with the last updated approved at its 25 November 2024 meeting.
- 4.2 The items scheduled for consideration in the work plan for this meeting are review standard employer and scheme member communications and review procurements carried out by Fund – detail on these is set out below. The current work plan is contained at Appendix A.

5 REVIEW ANY INTERNAL DISPUTE CASES / PENSIONS OMBUDSMAN CASES

- 5.1 Tyne and Wear Pension Fund have included information in relation to Internal Dispute Resolution Procedure (IDRP) cases in their pensions administration report at section 9.
- 5.2 There are four cases against employers concerning ill-health retirement decisions. Ill-health decisions are usually the largest category of IDRP cases in the LGPS.
- 5.3 There are three cases against the Fund. Two are disputes over the level of benefits awarded with the other case arising from a situation where the member was not permitted to transfer out of the scheme.
- 5.4 In all seven cases the original decision was upheld. Two of the cases have been escalated to the Pensions Ombudsman for independent review, one of the ill health decisions and the transfer out case.
- 5.5 In conclusion the level of IDRP cases and Ombudsman referrals is not unusual for an LGPS Fund with no unexpected patterns or issues raised. For this review no changes in policies, processes or procedures have been identified and no changes to the risk register made.

6 REVIEW THE OUTCOME OF ACTUARIAL REPORTING AND VALUATIONS.

- 6.1 As Members will be aware, the latest triennial valuation of the Fund (as at 31 March 2025) is currently in progress. Reports have been brought to Pensions Committee and Board meetings outlining progress, with the final report due to be published by the end of March 2026.
- 5.2 All Pension Fund employers have been provided with details of their draft valuation outcome, setting out the employer contribution rates they will be required to pay over the three year period commencing 1 April 2026. Although these are presented as 'draft' results, the outcome is unlikely to change unless some material discrepancy is identified in the data used to prepare the report, or if the employer proposes a realistic alternative contribution pattern that is acceptable to the Pension Fund and will achieve the same funding objective.
- 5.3 An example draft valuation outcome report which was sent to employers is enclosed at Appendix A.
- 5.4 As part of the communication process around the valuation, the Actuary had a meeting with the Council's S151 Officers to discuss the funding position and likely outcome for contributions. This early discussion allowed councils to build the impact of the valuation into their budgets and gave them a fuller understanding of the assumptions underlying the valuation.
- 5.5 Individual discussions were available for all employers and were proactively sought with the large and more complex employers and those who had indicated a possible

exit from the Fund. Meetings were therefore arranged with Teesside University, Thirteen Group and Beamish Museum.

- 5.6 Concurrent with the valuation the Fund consulted on its Funding Strategy Statement (FSS) with employers responding to the consultation through the Actuary's portal. At the time of writing, 18% of the employers who were issued employer results (and invited to respond to the consultation) have responded via the Portal. The Fund views this as a successful response rate and is a significant increase in employer engagement from the previous valuation when only 1 employer responded.
- 5.7 Of the respondents 84% agreed or strongly agreed that the FSS was clear and concise used plain English and avoided acronyms where possible with only 5% disagreeing. In relation to the statement "I have been provided with sufficient detail about the policies adopted within or alongside the FSS, such as policies on employer exits", 94% agreed.
- 5.8 There were a small number of comments to the consultation asserting that the assumptions were too cautious and/or prudent and contribution rates were therefore too high. The Fund is comfortable with its assumptions and indications are that contribution levels are not out of step with other LGPS Funds.
- 5.9 The Department of Education comment, which is common to remarks they have made to other Pension Funds, suggested that the initial funding levels of academies upon conversion should not be capped at 100%. The Fund's response is that this view does not reflect that the risk from Academy legacy liabilities is left with local authorities.
- 5.10 The comments have led to a minor change to the Funding Strategy Statement to develop a more well defined statement around the contribution stability mechanism.

7. NEXT STEPS

- 7.1 The workplan will continue to be provided to future Board meetings.

AUTHOR: Andrew Lister (Head of Pensions Governance and Investments)

TEL NO: 01642 726328

Teesside Pension Board Work Plan		
Date of Board meeting and any standard items scheduled	Suggested areas of focus (from the Pensions Regulator's Public Service Toolkit list)	Suggested activities (including from the Scheme Advisory Board guidance)
November 2024 Annual Review of Board Training		Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme
February 2025	Conflicts of interest	Update on Code of Practice review
March 2025 Annual Board Report	Managing risk and internal controls	Review of risk register Review internal and external audit reports
July 2025 Draft Report and Accounts	Maintaining accurate member data	Review administration reports, including data quality scores and progress in relation to any data improvement plans.
November 2025 Annual Review of Board Training	Maintaining member contributions	Review administration reports including in relation to any late payment of contributions. Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
February 2026	Providing information to members and others	Review standard employer and scheme member communications. Review procurements carried out by Fund.
April 2026 Annual Board Report	Resolving internal disputes	Review any internal dispute cases / Pensions Ombudsman cases since the last review. Review the outcome of actuarial reporting and valuations.
July 2026 Draft Report and Accounts	Reporting breaches of the law	Review breaches process and log. Review the complete and proper exercise of employer and administering authority discretions.
November 2026 Annual Review of Board Training		Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme
February 2027	TBC	TBC
April 2027 Annual Board Report	TBC	TBC
July 2027 Draft Report and Accounts	TBC	TBC
November 2027 Annual Review of Board Training	TBC	TBC

Teesside Pension Fund

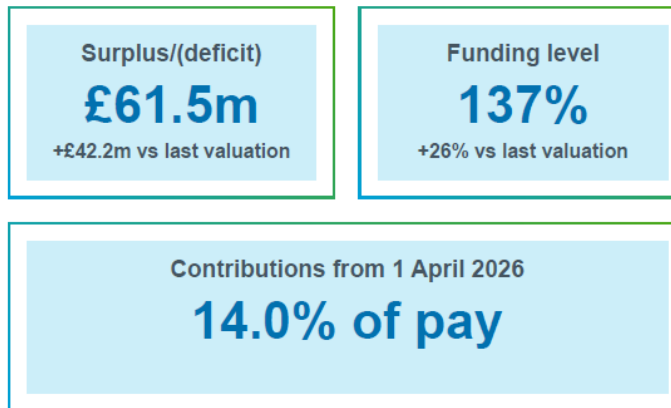
2025 Actuarial Valuation - Notification of draft employer results

This schedule is addressed to the Administering Authority of the Teesside Pension Fund (the Fund). Hymans Robertson LLP consent to it being shared with (the Employer) and, if applicable, its advisor(s) on a non-reliance, no liability basis for information purposes only, and in a manner that fully discloses how it has been produced. It should not be construed as advice to the Employer, its advisor(s) or any other third party with whom it is shared. Any reader of this schedule should carry out their own enquiries and obtain their own advice prior to making decisions.

This schedule should be read in conjunction with the Fund's draft Funding Strategy Statement (the FSS).

This schedule contains a summary of the draft results of the 2025 actuarial valuation of the Teesside Pension Fund (the Fund), specifically those relating to the Employer named above. Its main purpose is to notify the Administering Authority of the contribution rates payable by the Employer from 1 April 2026 to 31 March 2029 as well as the Employer's funding position on the valuation date (31 March 2025). This schedule has not been prepared for any other purpose.

This schedule contains detailed technical information explaining the results and how they compare to the last valuation, which may be when the Employer joined the Fund. It also contains the data and assumptions underlying the results and the reliances and limitations which apply to them. Please see the appendices for more information and read these in conjunction with the draft Funding Strategy Statement.





Contribution rates

The minimum employer contributions payable for the three-year period from 1 April 2026 to 31 March 2029 are set out in the following table (alongside the current contributions). The final contributions will be formally certified in the Fund's Rates and Adjustments Certificate.

Employer contributions for year ending	Primary rate	Secondary contributions*		Total contributions*	
	% of pay	% of pay	£	% of pay	£
31 March 2026	19.0%	(3.5%)	-	15.5%	-
31 March 2027	19.6%	(5.6%)	-	14.0%	-
31 March 2028	19.6%	(5.6%)	-	14.0%	-
31 March 2029	19.6%	(5.6%)	-	14.0%	-

*Contributions may include a percent of pay and monetary element, both of which are payable.

Employer contributions have been set in accordance with the draft FSS as agreed by the Administering Authority. The Primary rate includes an allowance of 0.5% of pay for administration expenses. Employee contributions averaging 6.6% of pay are payable in addition to employer contributions.



Employer details and funding plan

The contribution rates payable from 1 April 2026 have been determined based on the following funding strategy and employer circumstances:

	Last valuation	This valuation
Employer Type		Scheduled
Funding pool		
Employer details		
Investment strategy	Whole Fund	Whole Fund
Open / closed to new entrants	Open	Open
Funding target (see FSS for details)	Ongoing	Ongoing
Funding strategy		
Funding time horizon (years)	20	20
Minimum likelihood of achieving funding target by end of time horizon	75%	80%

The contribution strategy is based on the parameters in the table above, which indicate the minimum likelihood that both past and future service benefits will be at least fully-funded on the relevant basis at the end of the time horizon. Further, this employer is part of the Fund's stabilisation mechanism.

This funding strategy has been determined by the Administering Authority, taking into account the type of organisation the Employer is and the nature of its participation in the Fund. The approach to setting employer contribution rates, and the Employer's funding target, is explained further in the draft FSS. Further details on the investment strategy is included in the Fund's Investment Strategy Statement.



Funding position

The table below shows the Employer's funding position as at 31 March 2025 on the Fund's Ongoing basis (as defined in the Fund's draft FSS), alongside the funding position at the last valuation for comparison.

Monetary amounts in £000	Last valuation	This valuation
	Ongoing basis	Ongoing basis
Asset share	195,111	228,740
Past-service liabilities	Employees	67,017
	Deferred pensioners	26,150
	Pensioners	74,092
	Total liabilities	167,260
Surplus/(Deficit)	19,258	61,481
Funding level	111%	137%

The funding position only covers assets and liabilities accrued up to the calculation date (past service), it does not consider the cost of benefits that will be earned in the future (future service).



Change in funding position

The following table helps to explain the changes in the Employer's assets and liabilities over the period since the last valuation. Due to rounding the columns may not add up exactly.

	£000	Assets	Liabilities	Surplus / (deficit)
	Last valuation	195,111	175,853	19,258
Cashflows	Employer contributions paid in	14,417		14,417
	Employee contributions paid in	6,323		6,323
	Benefits paid out	(17,970)	(17,970)	
	Other cashflows (e.g. expenses, transfers)	(516)		(516)
Changes since last valuation	Expected growth	25,871	23,903	1,968
	Accrual of new benefits		26,947	(26,947)
	Membership experience		18,888	(18,888)
	Excess return on assets	5,504		5,504
Changes in actuarial assumptions	Financial assumptions		(60,837)	60,837
	Longevity assumptions		(717)	717
	Other demographic assumptions		1,192	(1,192)
	This valuation	228,740	167,260	61,481

Appendix A - Data

A.1 Membership data

The results in this schedule are based on the membership data summarised below which was supplied to us by the Fund for the purpose of the 2025 formal valuation.

		Last valuation	This valuation
Employee members	Number	944	981
	Total actual pay (£000)	25,963	31,595
	Total accrued benefit (£000)	4,938	6,236
	Average age	50.6	52.0
Deferred pensioners	Number	507	614
	Total accrued benefit (£000)	1,849	2,451
	Average age	49.7	51.6
Pensioners and dependants	Number	551	676
	Total accrued benefit (£000)	3,634	5,120
	Average age	65.6	66.8

Average ages are weighted by liability.

Appendix B - Assumptions

B.1 Financial assumptions

The financial assumptions underlying the funding positions disclosed are detailed below (with comparison to those adopted at the last valuation).

Assumption (% p.a.)	Last valuation	This valuation
	Ongoing basis	Ongoing basis
Discount rate	4.2%	5.6%
Pension increases	2.7%	2.3%
Salary increases*	3.7%	3.3%

*This is in respect of inflationary increases. There is a separate promotional salary scale assumption.

For further details on the methodology used to derive the assumptions, please see the draft FSS.



B.2 Demographic assumptions

The longevity assumptions underlying the funding positions disclosed are detailed below (with comparison to those adopted at the last valuation). Details of the demographic assumptions are available within the draft FSS.

Assumption	Last valuation	This valuation
	Ongoing basis	Ongoing basis
Baseline longevity	2021 VitaCurves	2024 VitaCurves
Future improvements	CMI 2021: A=0.25%; LTR=1.5%; Sk=7 (Cessation mortality is identical except for LTR=1.75%)	CMI 2024: Core parameterisation except, A=0.25%, LTR = 1.5%

Based on the above assumptions and the characteristics of the Employer's individual membership, the average life expectancies are summarised below.

Life expectancy (years)	Ongoing basis	
	Male	Female
Current pensioners	21.0	24.1
Future pensioners	21.7	25.5

Life expectancies are from age 65. Future pensioners are assumed to be aged 45 at the valuation date. Figures for future pensioners are a weighted average of active and deferred members.



Appendix C - Important information

C.1 Addressee and purpose

This schedule is addressed to the Fund's Administering Authority to notify it of the Employer's draft principal results from the 2025 actuarial valuation. It may be shared with the Employer and, if applicable, its advisor(s) on the basis set out below.

C.2 Reliances and limitations

This schedule should not be copied, reproduced, disclosed or released in any medium to any third party except as required by law or regulatory obligation or with our prior written consent. In circumstances where disclosure is permitted, the schedule may only be released or otherwise disclosed in its entirety, fully disclosing the basis upon which it has been produced (including any and all limitations, caveats or qualifications). Please note that this schedule does not constitute advice to the Employer or any other third parties and Hymans Robertson LLP does not owe a duty of care, nor does it accept any liability to the Employer or any other third parties. It disclaims any responsibility or liability arising from reliance on this schedule and does not warrant or represent as to its accuracy, fairness or completeness at any given time. Any reader of this schedule should carry out their own enquiries and obtain their own advice prior to making decisions.

The draft Funding Strategy Statement (FSS) contains further information on the assumptions and methodology used to calculate the results set out in this schedule.

The contribution rates shown in this schedule should be considered draft until finalised in the Rates and Adjustments Certificate, due to be published by 31 March 2026. Any other results may also be revised by that point, for example due to changes in data or assumptions.

Some figures shown in this schedule have been rounded and therefore the sum of figures within a table may not add up exactly.

For any questions on the FSS or the results in this schedule, please contact the Fund in the first instance.

Technical Actuarial Standard (TAS) 100 has been complied with to a proportionate degree in the preparation of this report.

Prepared by:

Julie Baillie FFA C.Act

Morven Galloway AFA C.Act

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Teesside Pension Fund

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.

2. Pensions Processing

We are now nine months into delivering the pensions administration for Teesside, and the majority of activity has transitioned to business as usual. As previously reported, many of the data-related issues have been identified and there are robust plans in place to address them. While the nature of the workload is now clear, the quality of the underlying data remains a significant challenge, and it is expected to take several years before it reaches a satisfactory standard. This ongoing issue can lead to longer processing times for certain cases.

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 (cases previously referred to as “status 2”).

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%. Full compliance with this is not generally 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. We are now starting to see positive signs and steady improvement.

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.

All Teesside Pension Fund members have now received three separate communications, sent throughout the year, informing them that they will receive their information digitally unless they choose to opt out of online services.

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	%
30/09/2025	3,796	14%	1,775	9%	870	4%
31/01/2026	6,819	25%	3,418	18%	5,868	22%
13/03/2026	7,344	27%	3,671	19%	9595	36%

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.

In December, the proportion of calls answered rose to 79%, reflecting a notable improvement in service delivery. However, January experienced a slight decline in response rates, primarily attributed to office closures during the Christmas period, although call volumes increased during the first week of the new year. In the second week of February, the third and final communication was issued to all Teesside Pension Fund members, instructing them to register for the mypension online service. This period naturally saw a substantial rise in calls from pensioners, many of whom will require access to their P60s soon, and as a result sought assistance with logging into their accounts or requested to continue receiving their information in paper format.

Despite a reduction in the call answer rate to 73% in February, TWPF successfully managed nearly 6,000 calls, representing a marked increase compared to previous months. The Fund remains committed to further enhancing these figures and consistently providing a high standard of service through the Pensions Helpline.

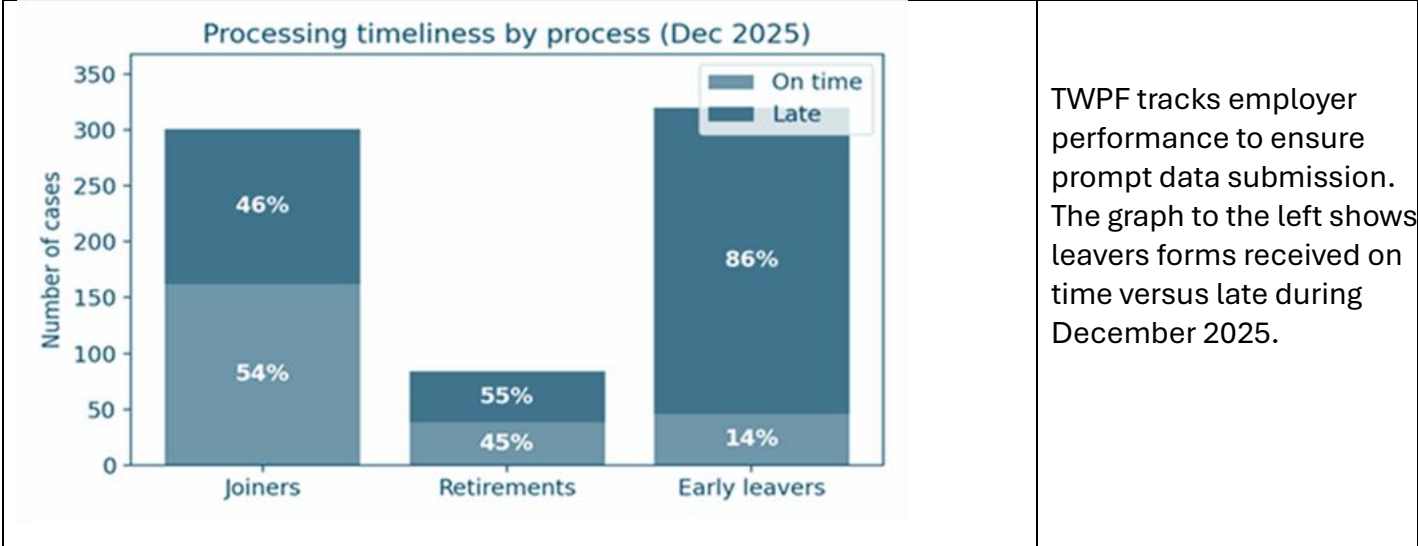
The table below illustrates the volume of calls received by the Pensions Helpline from 1 June 2025 onwards. As backlogs arising from the issues identified during the transition period are cleared, it is anticipated that calls will naturally reduce.

	September	October	November	December	January	February
All calls to the helpline	8595	7244	8114	4965	7630	9008
<i>TOTAL calls to helpline (after option selection)</i>	7225	6184	6978	3802	6615	7869
Average time to answer	07:44	05:52	05:55	03:51	04:47	04:31
Number of calls answered	4983	4609	5014	3101	5151	5751
Average length of call	05:09	05:27	05:26	05:17	05:37	04:57
Abandoned calls after selection	2242	1575	1964	701	1464	2118
Maximum delay to answer	54:36:00	50:49:00	49:16:00	40:56:00	01:35:49	00:52:49
% of calls answered	68.41%	74.12%	71.33%	78.73%	77.62%	73.01%
Average abandoned time	03:14	03:29	02:41	02:45	03:02	02:27

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

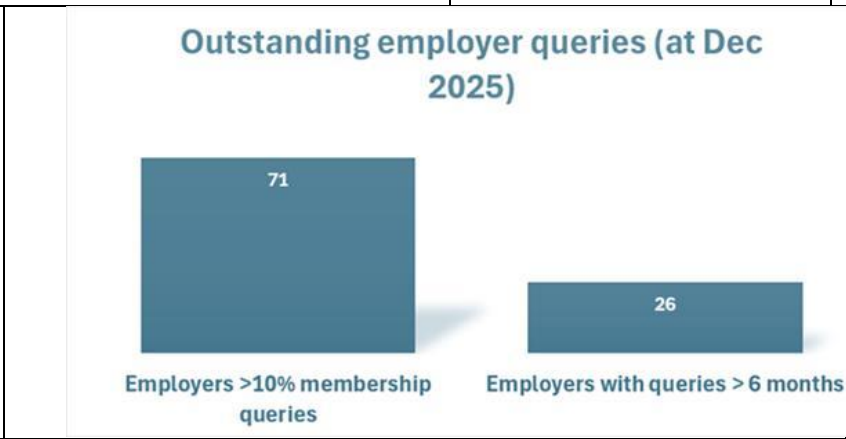
6. Employer Performance

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 Team has been providing extra support to Teesside Pension Fund employers. This support has included one-to-one phone calls, dedicated meetings, and informative webinars to help employers better understand their responsibilities and clarify any outstanding queries. Employers may also reach out to the team via a dedicated helpline or email. These proactive initiatives aim to strengthen communication and ensure all employers have the guidance they need.

The Employer Services Team will continue reviewing employers who reach trigger levels.

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 4,500 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. Internal Dispute Resolution Procedure (IDRP) and Pensions Ombudsman

Internal Dispute Resolution Procedure (IDRP) Cases

Following the transition of administration to TWPF, a total of seven Teesside Internal Dispute Resolution Procedure (IDRP) cases have been recorded. Of these, four cases were brought against employers, each one concerning decisions related to ill-health retirement. In every instance, the appeal was not upheld, and the original decision stood.

The remaining three cases were directed against the Teesside Pension Fund itself. Two of these involved disputes regarding the level of benefits awarded to members, while the third focused on a situation where a member was not permitted to transfer out of the scheme. As with the employer cases, all appeals in these fund-related matters were not upheld, with the original determinations remaining in place.

Pensions Ombudsman Referrals

Of the seven Internal Dispute Resolution Procedure (IDRP) cases, two have escalated further and have been referred to the Pensions Ombudsman for independent review. The first of these cases concerns an ill-health retirement decision made by the employer, while the second relates to a member who was not permitted to transfer out of the Teesside Pension Fund (TPF).

10. Conclusion

As the financial year concludes, the transition to TWPF administration has been effectively completed, with several additional tasks carried out beyond initial expectations. These include thorough work on member and employer records, compliance with the McCloud Remedy, preparation for the 2026 Annual Benefit Statements, and corrective actions regarding pension increases implemented in prior years.

Although there was temporary disruption to service delivery during the transition period, steady improvement is being observed. The administration team remains focused on resolving outstanding issues, such as organising and allocating employer and member records, and ongoing advancement is apparent.

Going forward, sustained effort will be necessary to address remaining challenges and further improve service quality. The commitment of TWPF to continuous enhancement supports ongoing progress.

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
Pensions LPI Priority 1										
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
Sub Total	162	159	462	477	▲ 15	95	349	89	3	92
Pensions LPI Priority 2										
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
Sub Total	481	448	2,781	2,935	▲ 154	293	421	128	14	142
Pensions LPI Priority 3										
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
Sub Total	973	913	3,833	3,845	▲ 12	330	448	417	39	456
Total	1,616	1,520	7,076	7,257	▲ 181	718	1,218	634	56	690

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
Sub Total	319	265	334	347	▲	13	87	1	72	6	78

Payroll Processes

Leavers from Payroll	42	42	0	0	▶	0	0	0	0	0	0
PEO/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
Sub Total	68	77	0	0	▶	0	0	0	0	0	0

Pensions, Member Administration and Payroll Process Total

Total	2,003	1,862	7,410	7,604		194	805	1,219	706	62	768
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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 a 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%