

TEESSIDE PENSION BOARD

Date: Monday 17th April, 2023
Time: 2.00 pm
Venue: Spencer Room

AGENDA

1. Welcome and Evacuation Procedure
2. Apologies for Absence
3. Declarations of Interest
To receive any declarations of interest.
4. Minutes - Teesside Pension Board - 20 February 2023 3 - 8
5. Teesside Pension Fund Committee - 15 March 2023
Verbal Report
6. Pension Fund Business Plan 9 - 54
7. Teesside Pension Board Annual Report 2022/2023 55 - 62
8. Update on Work Plan Items 63 - 92
9. 31 March 2022 Final Actuarial Valuation Report 93 - 142
10. XPS Administration Report 143 - 160
11. 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
Friday 7 April 2023

MEMBERSHIP

Councillors S Walker (Chair) and W Ayre
J Bell, P Thompson (Vice-Chair) and J Stubbs

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Susan Lightwing, 01642 729712, susan_lightwing@middlesbrough.gov.uk

TEESSIDE PENSION BOARD

A meeting of the Teesside Pension Board was held on Monday 20 February 2023.

PRESENT: Councillor S Walker, (Chair), J Bell, J Stubbs, and P Thompson (Vice-Chair)

ALSO IN ATTENDANCE: P Mudd (XPS Administration)

OFFICERS: W Brown, S Lightwing and N Orton

APOLOGIES FOR ABSENCE: None received.

22/26 WELCOME AND EVACUATION PROCEDURE

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

22/28 DECLARATIONS OF INTEREST

Name of Member	Type of Interest	Item/Nature of Interest
J Bell	Non pecuniary	Member of Teesside Pension Fund

22/29 MINUTES - TEESSIDE PENSION BOARD - 14 NOVEMBER 2022

The minutes of the meeting of the Teesside Pension Board held on 14 November 2022 were taken as read and approved as a correct record.

In relation to two actions from the minutes, the Head of Pensions Governance and Investment provided the following update:

- The issue of Cyber Security would be added to the Board’s Work Plan.
- Contact had been made with the Scheme Advisory Board regarding the timescale for legislative changes following the outcome of the Goodwin Employment Tribunal. A copy of the emails would be forwarded to all Board Members. It was agreed that an article highlighting the issue would feature in a copy of the At Ease Newsletter to inform pension fund members and invite comments.

NOTED

22/30 MINUTES - TEESSIDE PENSION FUND COMMITTEE - 21 OCTOBER 2022

A copy of the minutes of the meeting of the Teesside Pension Fund Committee held on 21 October 2022 were submitted for information.

22/31 TEESSIDE PENSION FUND COMMITTEE - 14 DECEMBER 2022

The Head of Pensions Governance and Investments provided a verbal update on agenda items considered at a meeting of the Teesside Pension Fund Committee held on 14 December 2022.

A report was presented to advise the Committee of recent changes made by Border to Coast Pensions Partnership (BCPP) to its Responsible Investment Policy, Corporate Governance and Voting Guidelines and Climate Change Policy. The amended documents were approved by the Committee.

The total value of all investments as at 30 September 2022, including cash, was £4,812 million. The Fund was holding around £600 million in cash at the end of September but had

purchased three new properties.

Border to Coast had recently appointed a new Investment Officer and now employed around 120 staff. BCPP would be launching two new funds over the next year or so – a Global Real Estate Fund and a UK Property Fund.

The Investment Advisers had given their views on the economic outlook and suggested that inflation would not drop as quickly as predicted by the Bank of England. The Advisers were comfortable with the current investment approach but had suggested that the Fund might consider whether to invest in Bonds if the conditions were right.

A local investment proposal had been discussed and it had been agreed that due diligence would be carried out and further information brought back to the Committee.

AGREED that the information provided was received and noted.

22/32

UPDATE ON CURRENT ISSUES

A report of the Director of Finance was presented to the Board on items scheduled in the work plan for consideration at the current meeting.

Cost Control Consultation

The benefit structure of the Local Government Pension Scheme (LGPS) was last radically reformed in 2014, taking it from a scheme providing a pension of 1/60th of final salary to one that (going forward) provided a pension of 1/49th of career average pay. When these changes were introduced the Government put in place two 'cost control' mechanisms designed to ensure the cost of providing the scheme benefits remained within a specific range. One was scheme-specific and was run by the LGPS Scheme Advisory Board (SAB), the other was applied by HM Treasury, which applied a cost control mechanism across all public service pension schemes. The concept behind cost control was that if the scheme looked to be significantly cheaper than expected in the long run the benefits could potentially be increased and/or member contributions reduced. Conversely if the scheme looked to be significantly more expensive than expected in the long run, future benefits would potentially be reduced and/or member contributions increased.

To date the mechanism had produced some potentially surprising outcomes – assessments were carried out every four years, with the first undertaken as at 31 March 2016. This showed that the cost of the scheme was below target, mainly because of a reduction in assumed future pay increases and a reduction in assumed life expectancy. This would have led to an increase in scheme member benefits and/or a reduction in scheme member contributions if the whole process had not been put on hold while the outcome of the legal challenge in relation to the McCloud case was resolved. This case resulted in the Government making a commitment to extend the protections put in place when the new LGPS was introduced to cover scheme members of all ages, not just older scheme members as that original approach was deemed to be unlawful discrimination. As the Government determined that the cost of correcting this discrimination should be a 'scheme member cost' the final assessment of the cost of the scheme under the cost control mechanism was that it fell within appropriate parameters and the scheme benefits should not be changed.

The Government was facing a legal challenge from trade unions in relation to deciding the cost of remedying the discrimination should be a scheme member cost. The outcome of the court case was not yet known and, should it be appealed to the Supreme Court, may not be finalised until towards the end of this year.

In the meantime the Government had issued a consultation on changes to the cost management process with the intention of better aligning the two cost control mechanisms that applied to the LGPS by updating the SAB mechanism to align with the HM Treasury cost control valuations and give the SAB more flexibility in how it managed any cost variations. A copy of the consultation document was enclosed at Appendix A to the submitted report.

The Fund's Actuary, had stated that it will respond to the consultation and share its response with administering authorities. Given the technical nature of this subject matter it was appropriate for the Fund to take the Actuary's comments into account before deciding whether

to produce a response. The closing date for the consultation was 24 March 2023. Any Board member who wished to comment could contact the Head of Pensions Governance and Investments.

Change to Revaluation Date Consultation

When the LGPS moved to a career average scheme in 2014, under the regulations governing the scheme, the pension an individual earned was revalued on 1 April every year in line with the annual Consumer Prices Index (CPI) as at the previous September. The tax year ran from 6 April to 5 April and it was the growth in the value of an individual's pension benefits over this period that was measured against the 'annual allowance' (currently set at £40,000) – if an individual exceeded this annual allowance they were potentially liable to a tax charge on the excess.

In order to allow for individuals' benefits increasing in line with inflation, this was taken into account when calculating whether someone had exceeded the annual allowance. Unfortunately, the slight difference between revaluation date in the LGPS (the 1 April) and the start of the tax year (the 6 April) led to a mismatch and an earlier year was used when determining the increase in benefits that was permitted without incurring a tax charge. This year, owing to an increase in CPI from 3.1% in September 2021 to 10.1% in September 2022, that mismatch was significant and meant many more individuals in the LGPS would be subject to an annual allowance charge as the allowance for inflation for determining whether they would exceed the annual allowance would be 3.1%, but their career average LGPS benefits would increase by 10.1%.

The Government was proposing to correct this by moving the revaluation date in the LGPS to 6 April each year (bringing it in line with the tax year) and making other consequential amendments to ensure nobody was disadvantaged by this proposed change. This should ensure the number of people impacted by the annual allowance charge was more in line with that for a normal year, and should also prevent this issue arising in future.

A copy of the consultation document was attached at Appendix B to the submitted report. There was a tight timescale for this consultation, as administration and software changes would be required to implement it before the April revaluation. The consultation was issued on 10 February with responses due by 24 February. It was proposed that the Head of Pensions Governance and Investments would discuss the practicalities of this proposed change with XPS Administration and issue a response to the consultation.

Investment Pooling – Potential Withdrawal of a London Borough

The Royal Borough of Kensington and Chelsea (RBKC), which was nominally part of the London CIV pool, was considering formally withdrawing from the London CIV. This was significant as it would represent the first time an LGPS administering authority had withdrawn from an investment pool and as such was a potential challenge to the Government's pooling agenda.

At the time of writing the report it was not clear whether RBKC would vote to leave the London CIV. It should be noted that although the fund had around £1.5 billion in assets it appeared none was invested in any of the London CIV's funds, instead it invested its equities through passive vehicles and its other assets via other managers. Nevertheless, RBKC had been paying a governance charge for membership of the London CIV.

Should a decision be taken to leave, the response from the Government would be closely watched. It could be argued however, that RBKC had not been meaningfully participating in pooling for the last three years and no Government action had been forthcoming.

Future Consultations

A number of consultations in relation to the LGPS were expected from the Government in the coming months – several had been awaited for some time. The current list included the following:

- McCloud Regulations.
- Goodwin Regulations.

- Pooling Guidance.
- Good Governance.
- Anti-Boycotts, Divestments and Sanctions.

AGREED as follows:

1. That the report was received and noted.
2. The Head of Pensions Governance and Investments would issue a response to the consultation on the proposed change to revaluation date on behalf of the Fund.

22/33

UPDATE ON WORK PLAN ITEMS

A report of the Director of Finance was presented to provide Members of the Teesside Pension Board with information on items scheduled in the work plan for consideration at the current meeting.

The latest triennial valuation of the Fund (as at 31 March 2022) was currently in progress. Reports were brought to the last two Board meetings outlining progress. The reports had been exempt owing to commercial sensitivity around draft information and the intellectual capital contained within. The Board would continue to be kept informed throughout the valuation process, with the final report due to be published by the end of March 2023.

At present almost all Pension Fund employers had been provided with details of their draft valuation outcome, setting out the employer contribution rates they would be required to pay over the three year period commencing 1 April 2023. Although these were presented as 'draft' results, the outcome was unlikely to change unless some material discrepancy was identified in the data used to prepare the report, or if the employer proposed a realistic alternative contribution pattern that was acceptable to the Pension Fund that would achieve the same funding objective.

An example draft valuation outcome report together with a Briefing Note from the actuary which was also sent to employers was enclosed at Appendix B to the submitted report.

As part of the communication process around the valuation, all employers were invited to an online Employer Forum held on 10 February 2023 where the actuary gave a presentation explaining more about the valuation process and outcomes and also took questions from attendees. A copy of the slides used at this presentation was attached at Appendix C to the submitted report. Employers were encouraged to contact the Head of Pensions Governance and Investments if they wanted to discuss their valuation outcome. The Board would have the opportunity to discuss the final valuation outcome and report at the next meeting.

A Pensions Dashboard would be introduced by Government which would enable people to see all their pension information in one place online. By October 2024 each pension fund was required to submit information to the Dashboard in a format that could be uploaded and matched with other records. This would be a complex process involving cleansing data and working with other organisations to ensure it could be shared in the correct format. This exercise was likely to generate a lot of enquiries to XPS. It was confirmed that XPS would continue to issue paper annual statements and deal with enquiries by phone for those people who could not access information online.

This issue of staff who were transferred to other organisations via TUPE was raised and in particular the advice they received around transferring their pensions. It was clarified that employers who had taken the staff from a trust or school and had obligations to continue to provide the Local Government Pension Scheme for those existing members as well as those who were not in the scheme but were eligible to join if they wished. XPS could provide pensions awareness sessions if required.

AGREED that:

1. the information provided was received and noted.
2. Pensions Dashboard and Cyber Security would be added to the Work Plan.

XPS ADMINISTRATION REPORT

A report was presented to provide an update on administration services provided to the Teesside Pension Fund by XPS Administration. The report provided information on the following:

- Overview.
- Member Movement.
- Member Self Service.
- Pension Regulator Data Scores.
- Customer Service.
- Completed Cases Overview.
- Completed Cases by Month.
- Complaints.

The Overview provided information on a number of issues across the year. The main item to highlight was the McCloud case and the remedy. A new set of regulations was due to be issued in October 2023 which would provide a remedy to ensure that there was no discrimination.

There had been an increase in active, deferred and pensioner members.

The activity and registration of the Member Self Service System was static. XPS would write to all Members during the course of the year to encourage people to come online. However, if there was a preference for other methods of contact such as phone or paper, XPS would continue to provide that service.

Common Data scoring was good at 95.91%. In readiness for the Pensions Dashboard XPS was undertaking a data mapping exercise in order to be able to carry out the necessary tests. Once this work had been completed, XPS would be able to report a data score in accordance with the Pensions Regulator standards. Public sector pension schemes had to connect to the Dashboard by October 2024, so in advance of this, the scheme data had to be tested and where necessary, brought up to the requisite standard required. The Actuary had flagged some data which was not in required parameters which had allowed XPS to focus on some specific data sets in readiness. It was clarified that AVCs would also be visible and it was confirmed that all pension schemes would be mandated to provide the required information.

The Head of Pensions Governance and Investments commented that discussions had taken place with XPS regarding potential additional workloads from the implementation of the McCloud remedy and the Pensions Dashboard in particular.

With regard to customer service, the questionnaire for retired members continued to show a high rate of satisfaction. A customer survey would appear in the next newsletter which could be accessed via a weblink. Anyone without access to the internet could contact XPS directly to provide feedback. The website traffic was steady and any changes in regulations were regularly updated.

The Employer Liaison team had been delivering sessions in person on both the Scheme and Pensions Tax along with Employer Health Checks. Feedback had been excellent and XPS was in the process of arranging further sessions. The Year End Submission documentation was sent to all employers at the beginning of February and confirmed the submission deadline of 15 May 2023. In addition to the standard guides, a virtual drop-in session was proposed, if uptake was positive, in order to offer clarification and training on the submission requirements.

In respect of the late payment analysis there were three Employers in this category, although all had paid within 10 days of the statutory time. Reasons given for late payment tended to be changes to the payment or finance systems. There was an error in the report on the November figure which should have been 99.6%, giving an overall total of 95.8%. Overall it was an excellent performance by the Administration Team.

No new complaints had been received.

AGREED that the information provided was received and noted.

22/35

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

None.

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 6

TEESSIDE PENSION BOARD REPORT

17 APRIL 2023

INTERIM SECTION 151 OFFICER – ANDREW HUMBLE

PENSION FUND BUSINESS PLAN 2023/26

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.

2. RECOMMENDATION

2.1 That Members note the Business Plan including the 2023/24 Pension Fund budget.

3. FINANCIAL IMPLICATIONS

3.1 The 2023/24 forecast income and expenditure is set out in the Business Plan, and is summarised below (expenditure in brackets):

	£ millions
Income from employers / members	124.8
Expenditure to members	(186.7)
Administration and management expenses	(8.7)
Estimated net investment income	64.5
Net increase/decrease in net assets available for benefits	(6.1)

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 the Pension Fund Committee 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 2023/25 that was approved by the 15 March 2023 Pension Fund Committee is attached (Appendix 1). The Business Plan includes:

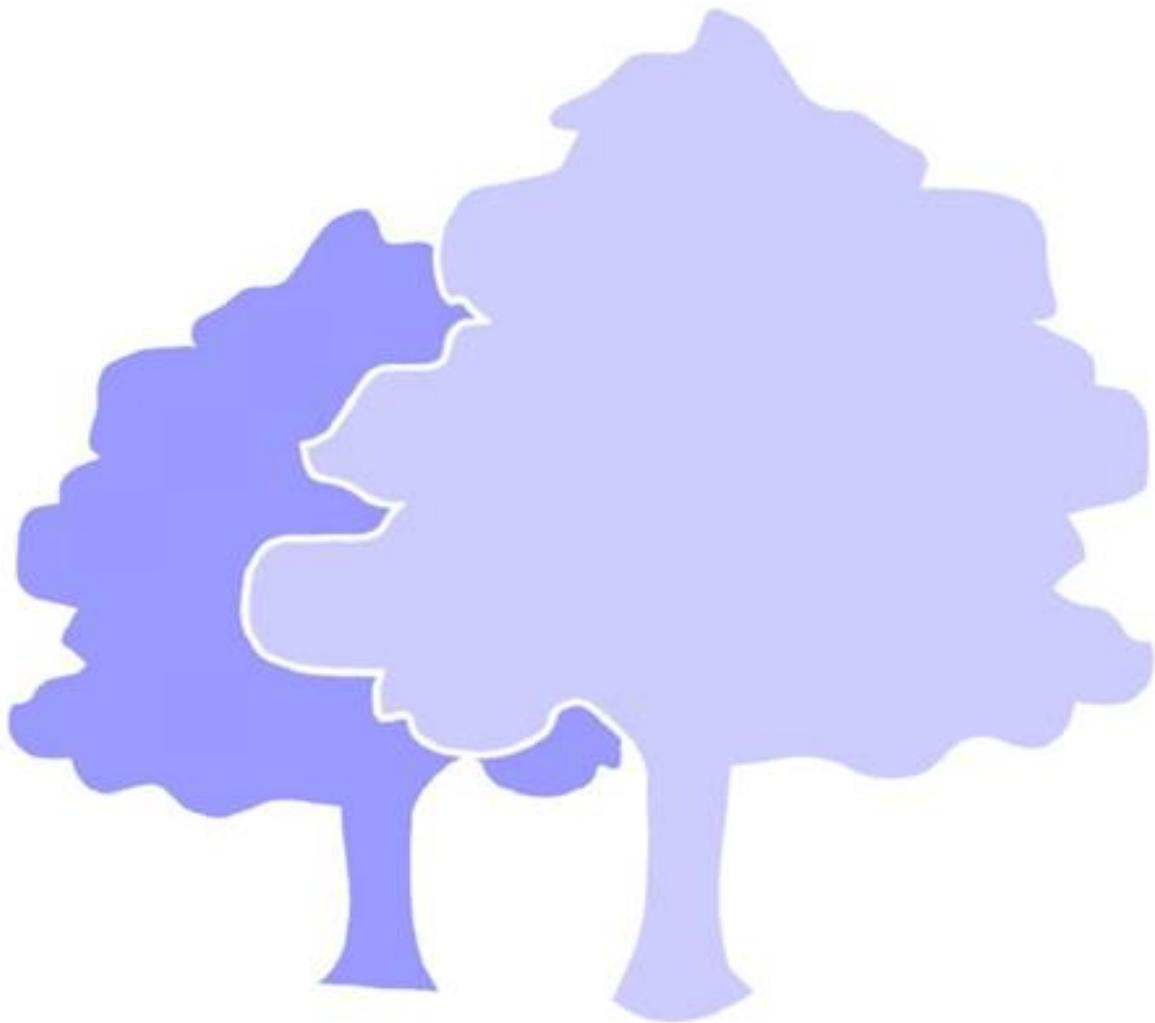
- The purpose of the Fund, including the Teesside Pension Fund Service Promise (see Appendix A);
- The current governance arrangements for the Fund;
- The performance targets for the Fund for 2023/24, and a summary of the performance for 2022/23 (latest available) (see Appendix B);
- The arrangements in place for managing risk and the most up to date risk register for the Fund (see Appendix C);
- Membership, investment and funding details for the Fund;
- An estimated outturn for 2022/23 and an estimate for income and expenditure for 2023/24 (see Appendix D and page 21 of Appendix 1); and
- An annual plan for key decisions and a forward work programme for 2023/26 and an outline work plan for 2023 – 2026.

CONTACT OFFICER: Nick Orton – Head of Pensions Governance and Investments

TEL NO.: 01642 729040

Business Plan

2023 – 2026



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 fundamentally changed 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 Public Service Pensions Act 2013
- Increased risk monitoring
- 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 2022-23, and projections for 2023-24, 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 almost 78,000 scheme members from over 170 employer bodies, including four Local Authorities.

The draft results of the latest Actuarial Valuation, as at March 2022 showed the assets worth £5.04 billion, were sufficient to meet 116% of the Fund's liabilities.

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.

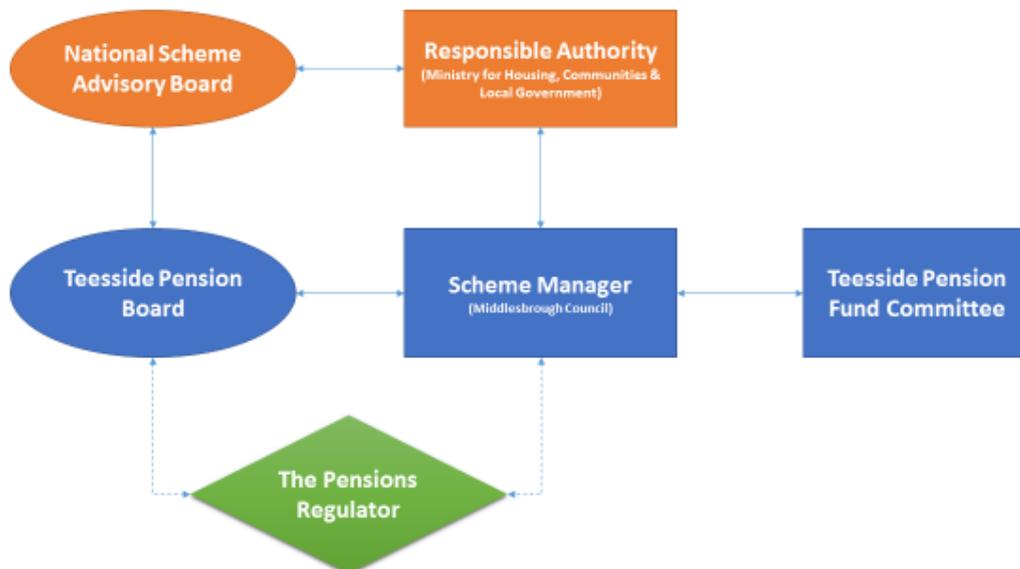
Service Promise

“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 Department for Levelling Up, Housing & Communities (DLUHC); 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 DLUHC at the following website:

<https://www.gov.uk/government/organisations/department-for-levelling-up-housing-and-communities>

National Scheme Advisory Board

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:

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx> .

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 **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 he deems that not to be the case, he 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 investment and LGPS governance issues.
 - The **Head of Pensions (XPS Administration)** on fund administration and regulatory issues.
 - The **Head of Finance and Investment** 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**, Nabarro, on regulatory and administrative matters, and Freeths LLP, on legal matters relating to the Fund’s property investments.
 - The **Fund’s Auditor**, EY LLP, regarding auditing the accounts and internal controls and systems.
 - Other external advisors as the 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 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.
- 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. In order to maintain the regional balance recommended by our investment advisers, a small proportion of the Fund’s overseas equities continue to be managed passively by State Street Global Advisers – as at 31 December 2022 around 12% of the Fund’s total equities were managed by State Street Global Advisers.
- There are a number of investment assets which will remain with the Fund to manage, either because they will never transfer to Border to Coast, e.g. cash, local investments or existing private markets investments, or their transfer is delayed until Border to Coast is in a position to begin management of these assets and the Fund has determined it is cost-effective to transfer them, e.g. property. These will continue to be managed by an internal team.
- Fund Investment Advisor arrangements were reviewed during 2018-19 and following a procurement exercise two independent Investment Advisors were appointed.

- The contract to provide Custodian Services to the Fund is carried out by Northern Trust – the contract started on 1 May 2019, was reawarded 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 XPS Administration (formerly Kier Group) under the terms of a contract for a period of ten years commencing 1 June 2001. This arrangement was approved by the Investment Panel on 2 March 2001. A five year extension to this contract was approved by the Investment Panel on 3 March 2010 and another five year extension was also approved on 17 June 2015. XPS Administration bought the Kier pension administration function with effect from November 2018, and the contract, staff and software to administer the Teesside Pension Fund transferred to XPS Administration as part of that sale. Following a further pending contract extension to the end of May 2024, the administration contract is being put out to tender during 2023.
- 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 ongoing triennial valuation and will be published by March 2023.

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 2019 – the final valuation report was published on 31 March 2020. The next

valuation is being carried out based on assets, membership and financial conditions as at 31 March 2022 with the final report due by the end of March 2023.

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 March 2021. The Investment Strategy Statement was last reviewed and published in April 2021.

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 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 included within the terms of the contract with XPS Administration and performance against those KPIs is monitored as part of that contract. The current KPIs and targets are:

Pension Administration KPI	Target
All new entrant processed within eighteen working days of receipt of notification being received by pensions.	98.50%
Transfer Values - To complete the process within one month of the date of receipt/request for payment.	98.50%
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being received.	98.75%
Statements issued within ten working days - Estimate of benefits (of receipt of request) and Deferred Benefits (of receipt of all relevant information).	98.25%

Pension Administration KPI	Target
Pension costs to be recharged monthly to all employers.	98.75%
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	98.75%
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%
Pay eligible pensioners a monthly pension on the dates specified by the Council.	100.00%
All calculations and payments are correct.	98.75%

These KPIs will be reviewed as part of the process for retendering the pensions administration contract, with a view to updating them and the target rates. Results against these KPIs are reported to each meeting of the Pension Fund Committee and the 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 (EY LLP). EY 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 and Employer Guide
- 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 all 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:

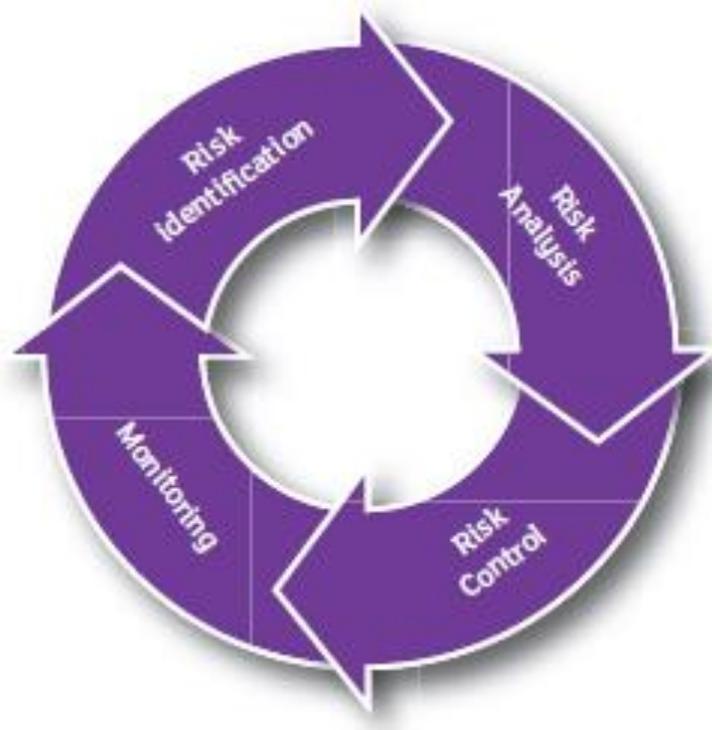
- Integrate risk management into the culture and day-to-day activities of the Fund.
- Raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners).
- Anticipate and respond positively to change.
- Minimise the 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 on an annual basis to the Pension Fund Committee – see attached Appendix C. 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 2021/22 audit £50 million) is used as a very high fund value for the purposes of scoring the identified risks.

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.

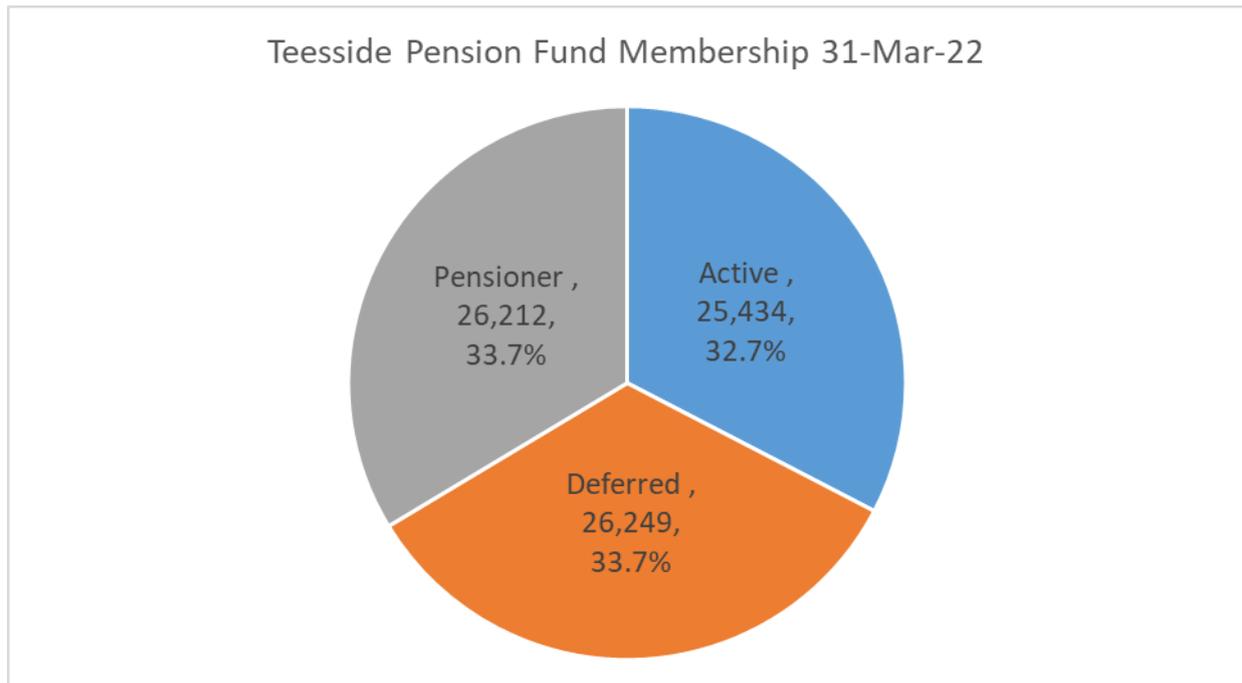
The Principles included in the Myners Review of Institutional Investment included a requirement under "Effective Decision Making" that Trustees should have sufficient expertise and be offered appropriate training.

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.

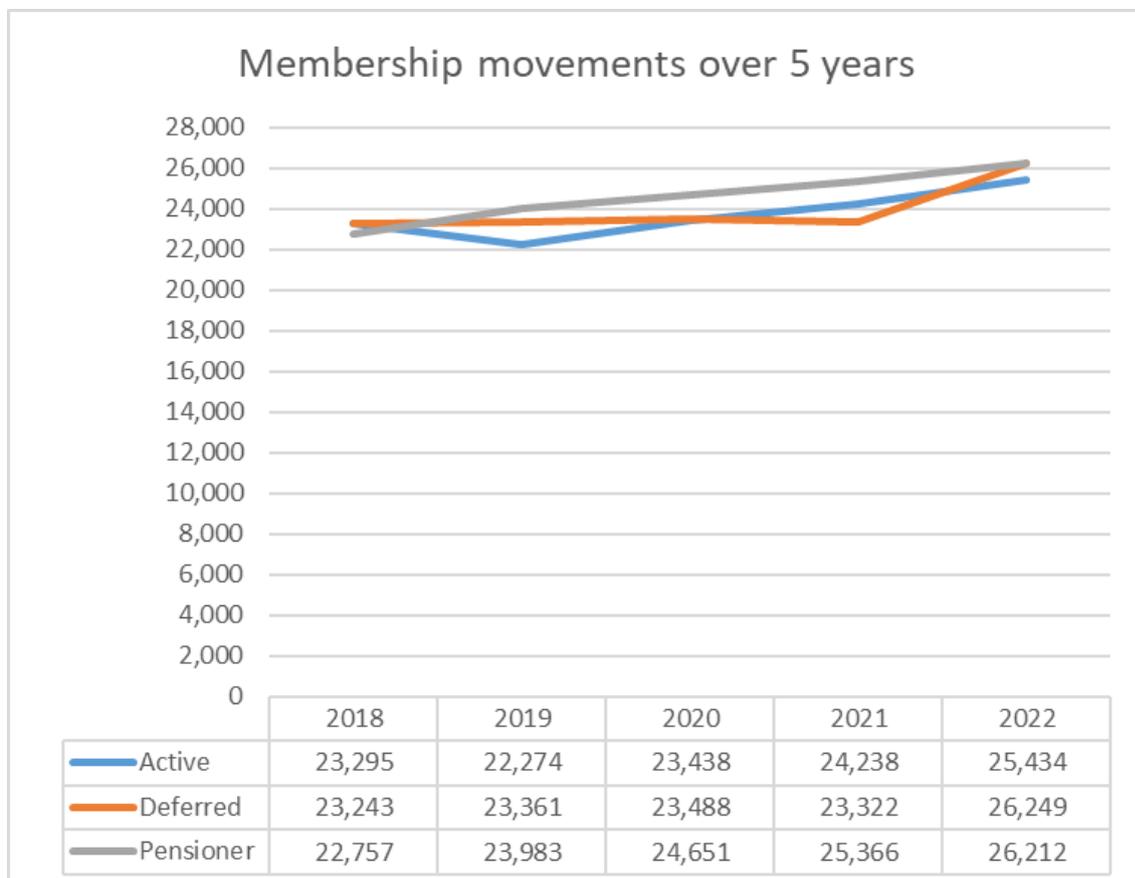
Training for Members and the staff employed by the Fund is essential as the Fund is moving to a position where its primary role will be managing two critically important outsourcing contracts with Border to Coast managing the majority of the Fund's investment assets, and XPS Administration managing the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

MEMBERSHIP DATA

The total scheme membership for the Fund as at 31 March 2022 was 77,895 made up of the following membership types:

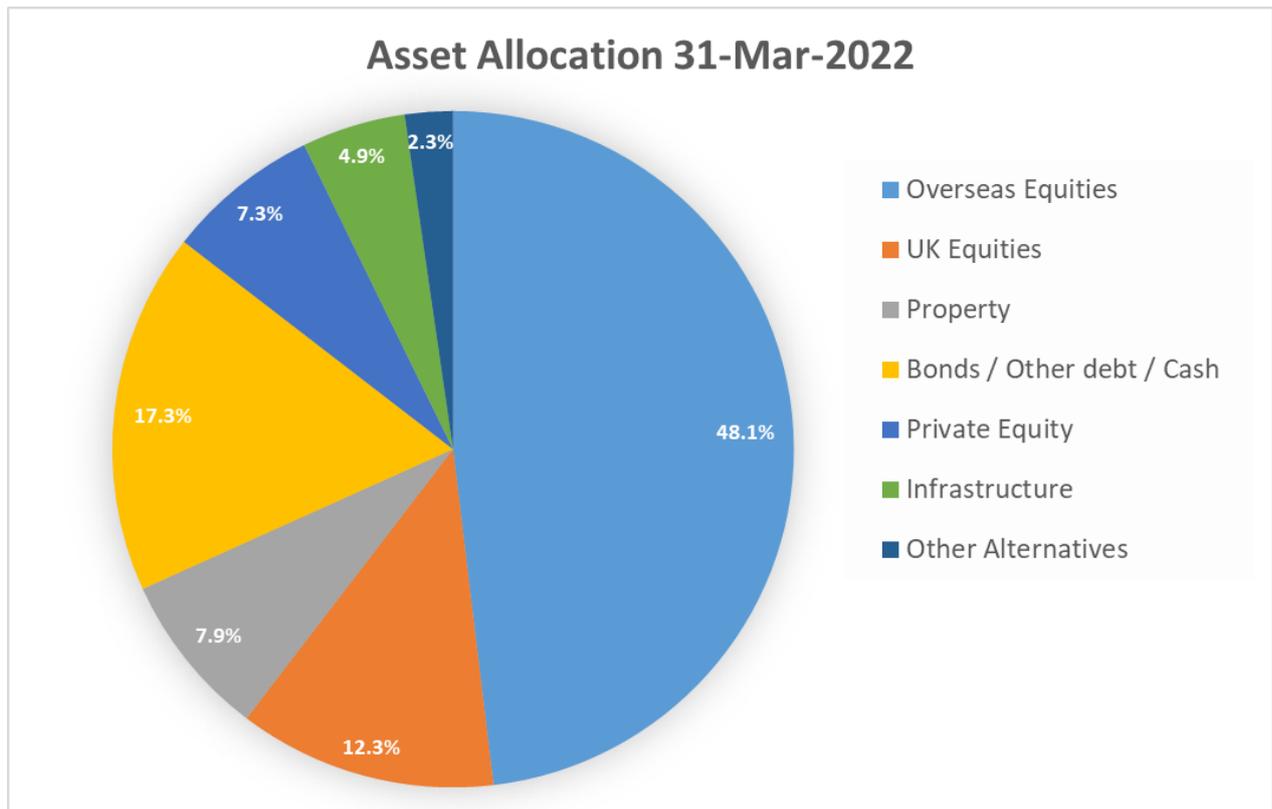


The changes to the scheme membership types is shown below. Whilst the total membership has increased by approx. 8,600 members over the period, the numbers of active and deferred members have fluctuated but increased, whereas the numbers of pensioner members has increased more steadily over the period.

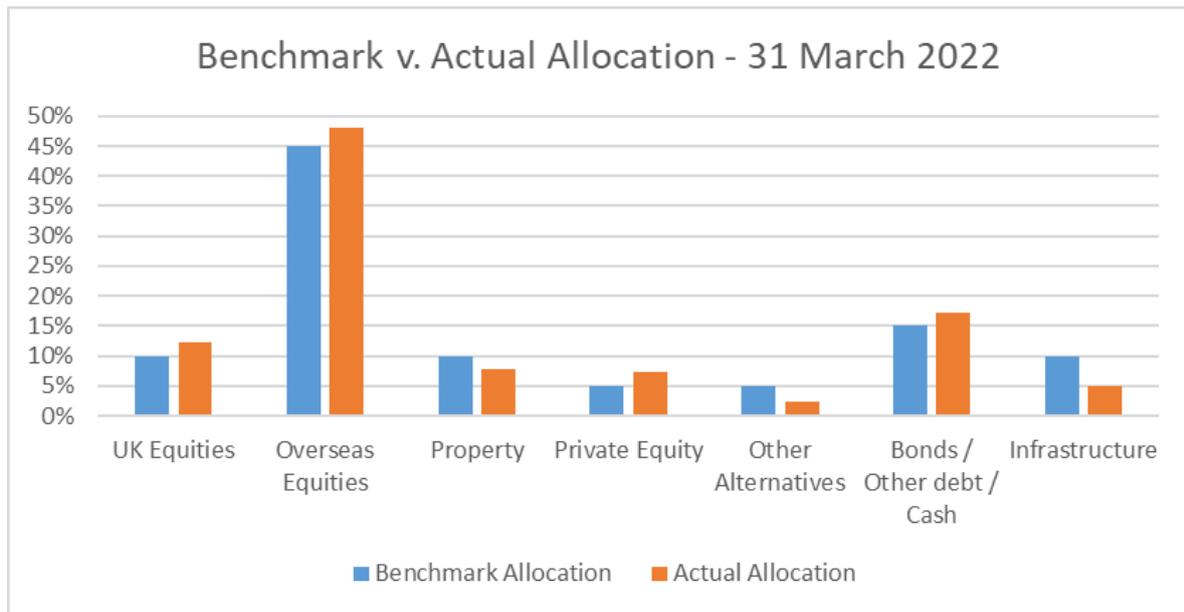


INVESTMENTS AND FUNDING

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 March 2021 meeting, and this revised benchmark was used to update the Investment Strategy Statement. As at 31 March 2021 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 2019. 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 2019 valuation, there was a surplus of £527.3 million, which corresponded to a funding ratio of 115%.

The next triennial valuation (as at 31 March 2022) will be published by 31 March 2023. The draft result of this valuation shows a surplus of c. £690 million and a funding ration of 116%. The result of that valuation will be implemented from 1 April 2023, 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	2021-22 Actual £'000s	2022-23 Forecast £'000s	2023-24 Estimate £'000s
Contributions	-97,693	-107,075	-112,615
Transfers in from other pension funds	-2,371	-4,070	-4,070
Other income	-3,626	-8,083	-8,083
Total income from employers / members	-103,690	-119,228	-124,768
Benefits payable	153,758	161,580	179,700
Payments to and on account of leavers	5,973	6,547	7,000
Total expenditure to members	159,731	168,127	186,700
Management expenses	8,128	8,585	8,650
Total income less expenditure	64,169	57,484	70,582
Investment income	-49,933	-57,000	-64,500
Change in Asset Market Value	-492,353	0	0
Net return on investments	-542,286	-57,000	-64,500
Net (increase) / decrease in net assets available for benefits during the year	-486,245	484	6,082

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

ANNUAL PLAN FOR RECEIVING REPORTS

The Teesside Pension Fund Committee meets four times each year, with an additional 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.

2023/24:

Pooling of Investment Assets:

- 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.

Pension Fund Governance:

- Assess the Fund against the Scheme Advisory Board’s recommended governance standards (expected to become statutory guidance).
- Prepare UK Stewardship Code submission.

Pension Investments:

- Review management of Property assets – assess whether to pool direct property investment through Border to Coast.
- Implement the asset allocation instructions from the Pension Fund Committee.
- Monitor and report investment performance of the Fund, as measured against the Fund's customised benchmark.
- Assess any local investment opportunities that arise, with a view to making recommendations to the Pension Fund Committee where appropriate.
- Continue to monitor the Fund’s overweight equity position against its strategic asset allocation.

Pension Administration:

- Continue to implement customer service improvements – updated website, better liaison with scheme employers
- Carry out retendering exercise for pension administration
- Implement ‘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 2022 – work with actuary and XPS to review valuation process to see where improvements can be made.
- Review and update the Funding Strategy Statement and Investment Strategy Statement if required.

2024/25:

- Continue / complete transfer of investment assets to Border to Coast. Property assets may be included subject to earlier value for money assessment.

- Monitor and report in line with expected Task Force on Climate-Related Financial Disclosures (TCFD) requirements.
- Assess and review local investments approach in light of eventual 'levelling up' guidance and Border to Coast's capacity in this area.
- Prepare data for submission to actuary for 31 March 2025 triennial valuation. Work with actuary on reviewing assumptions.
- Implement Pensions Dashboard (subject to revised Government timetable – tbc)

2025/26:

- Further develop governance approach, taking into account UK Stewardship Code requirements.
- Develop and review Responsible Investments approach, incorporating TCFD reporting.
- Carry out 31 March 2025 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.

Contact:

Nick Orton, Head of Pensions Governance and Investments
nick_orton@middlesbrough.gov.uk / 01642 729040.

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 Pension Fund Committee 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
2019 Triennial Actuarial Valuation	100%	115%

Investments:

	As at 31 December 2022	
	Benchmark	Actual
Performance Return – 1 Year	-4.4%	-0.1%
Performance Return – 3 Year (per annum)	3.2%	6.5%
Performance Return – 5 Year (per annum)	4.0%	6.1%
Performance Return – 10 Year (per annum)	7.7%	8.0%

Pensions Administration:

	As at 31 December 2021	
	Target	Actual
All new entrant processed within eighteen working days of receipt of notification being received by pensions.	98.50%	100.00%
Transfer Values - To complete the process within one month of the date of receipt/request for payment.	98.50%	100.00%
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being received.	98.75%	100.00%
Statements issued within ten working days - Estimate of benefits (of receipt of request) and Deferred Benefits (of receipt of all relevant information). (Formerly F68 and F72)	98.25%	99.90%
Pension costs to be recharged monthly to all employers.	98.75%	100.00%
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	98.75%	c.94% (shortfall relates to deferred members with unknown addresses)

	As at 31 December 2021	
	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%	100.00%
Pay eligible pensioners a monthly pension on the dates specified by the Council.	100.00%	100.00%
All calculations and payments are correct.	98.75%	100.00%

Accounting:

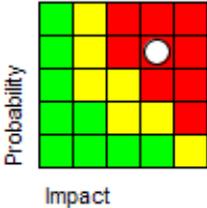
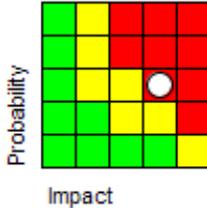
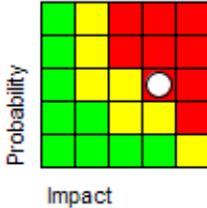
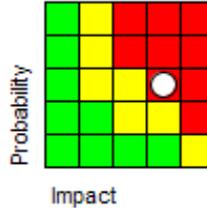
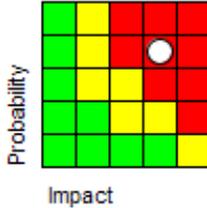
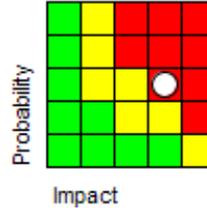
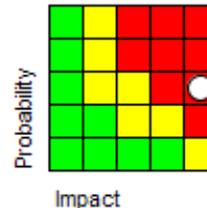
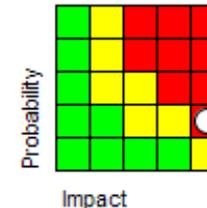
	Target	Actual
External Auditor Opinion	True & Fair View	True & Fair View (draft) –2021/22 accounts not signed off as at 07.03.2022
Internal Audit Opinion – Investments	Strong Control Environment	Strong Control Environment
Internal Audit Opinion – Administration	Strong Control Environment	Strong Control Environment

Governance:

	Target	Actual
Funding Strategy Statement	Last 3 Years	June 2021 (update due to be published March 2023)
Investment Strategy Statement	Last 3 Years	April 2021
Governance Policy & Compliance Statement	Last 3 Years	December 2021
Training Policy	Last 3 Years	December 2021
Conflict of Interest Policy	Last 3 Years	December 2021
Risk Management Policy	Last 3 Years	December 2021
Procedures for Reporting Breaches of Law	Last 3 Years	December 2021
Communication Policy	Last 3 Years	December 2021
Pension Administration Strategy & Employer Guide	Last 3 Years	December 2021
Fund Officers' Scheme of Delegation	Last 3 Years	December 2021

Appendix C - Teesside Pension Fund Risk Register

Code	Title	Original Score	Current Score
TPF001	INFLATION Price inflation is significantly more than anticipated: an increase in CPI inflation by X % will increase the liability valuation by Y %. Fund & Reputation Impact-5 Employers Impact-5 Member Impact-5	 Probability Impact	 Probability Impact
	Current Mitigation	Future Mitigation	Responsible Officer
	In assessing the member liabilities, the triennial Fund Actuary assumptions made for inflation are "conservatively" set based on independent economic data, and hedged against by setting higher investment performance targets.		Head of Pensions Governance and Investments
TPF002	ADVERSE ACTUARIAL VALUATION Impact of increases to employer contributions following the actuarial valuation. Fund & Reputation Impact-3 Employers Impact-5 Member Impact-1	 Probability Impact	 Probability Impact
	Current Mitigation	Future Mitigation	Responsible Officer
	Interim valuations provide early warnings. Actuary has scope to smooth impact for most employers.		Head of Pensions Governance and Investments
TPF003	GLOBAL FINANCIAL INSTABILITY Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, with declines in oil and commodity prices. Leading to tightened financial conditions, reduced risk appetite and raised credit risks. Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1	 Probability Impact	 Probability Impact
	Current Mitigation	Future Mitigation	Responsible Officer
	Increasing investment diversification will allow the Fund to be better placed to withstand this type of economic instability. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.		Head of Pensions Governance and Investments
TPF004	POLITICAL RISK Significant volatility and negative sentiment in investment markets following the outcome of adversely perceived political changes. Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1	 Probability Impact	 Probability Impact
	Current Mitigation	Future Mitigation	Responsible Officer
	Increasing investment diversification will allow the Fund to be better placed to withstand this type of political instability. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.		Head of Pensions Governance and Investments

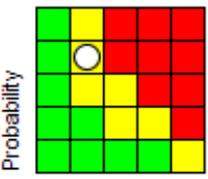
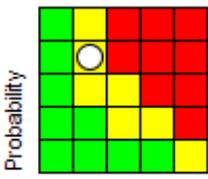
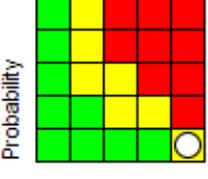
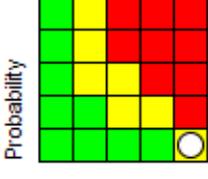
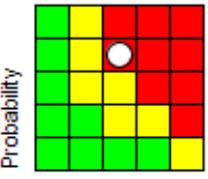
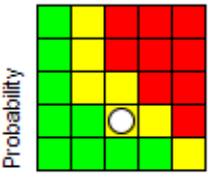
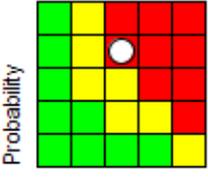
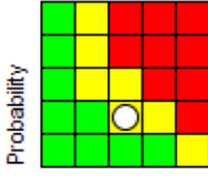
Code	Title	Original Score	Current Score
TPF005	<p>INVESTMENT CLASS FAILURE</p> <p>A specific industry investment class/market fails to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>20</p>	 <p>15</p>
Current Mitigation		Future Mitigation	Responsible Officer
Increasing investment diversification will allow the Fund to be better placed to withstand this type of market class failure. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF012	<p>POOLING INVESTMENT UNDERPERFORMANCE</p> <p>Investments in the investment pool not delivering the required return.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>15</p>	 <p>15</p>
Current Mitigation		Future Mitigation	Responsible Officer
Ongoing monitoring by officers and advisors			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF053	<p>CLIMATE CHANGE</p> <p>The systemic risk posed by climate change and the policies implemented to tackle them will fundamentally change economic, political and social systems and the global financial system. They will impact every asset class, sector, industry and market in varying ways and at different times, creating both risks and opportunities to investors. The Fund's policy in relation to how it takes climate change into account in relation to its investments is set out in its Investment Strategy Statement and Responsible Investment Policy</p>	 <p>20</p>	 <p>15</p>
Current Mitigation		Future Mitigation	Responsible Officer
In relation to the funding implications, the administering authority keeps the effect of climate change on future returns and demographic experience, eg. longevity, under review and will commission modelling or advice from the Fund's Actuary on the potential effect on funding as required.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF009	<p>HIGHER THAN EXPECTED COSTS OF INVESTMENT POOLING</p> <p>Higher setup and ongoing costs of Border to Coast and of the management associated with investment pooling arrangements (or lack of reduction compared to current costs).</p> <p>Fund & Reputation Impact-7 Employers Impact-2 Member Impact-1</p>	 <p>21</p>	 <p>14</p>
Current Mitigation		Future Mitigation	Responsible Officer
Border to Coast's budget is set annually with the agreement of at least 9 of the 11 partner funds. Expenditure is monitored and reported to the Officer Group and Joint Committee meetings. Tenders for suppliers ensure value for money ethos applies.			Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF010	<p>INADEQUATE POOLING TRANSPARENCY</p> <p>Lack of transparency around investment pooling arrangements.</p> <p>Fund & Reputation Impact-7 Employers Impact-1 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>21</p>	<p>Probability</p> <p>Impact</p> <p>14</p>
Current Mitigation		Future Mitigation	Responsible Officer
With the pooling of investment assets TPF staff work closely with Border to Coast sub-fund asset managers and Border to Coast management to gain full clarity of performance, with training provided to TPF staff as required.			Head of Pensions Governance and Investments
TPF021	<p>INAPPROPRIATE INVESTMENT STRATEGY</p> <p>Mismatching of assets and liabilities, inappropriate long term asset allocation of investment strategy, mistiming of investment strategy.</p> <p>Fund & Reputation Impact-7 Employers Impact-7 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>14</p>	<p>Probability</p> <p>Impact</p> <p>14</p>
Current Mitigation		Future Mitigation	Responsible Officer
This is mitigated by the Triennial Valuation and the engagement of Two Independent Investment Advisors.			Head of Pensions Governance and Investments
TPF007	<p>KEY PERSON RISK</p> <p>Concentration of knowledge & skills in small number of officers and risk of departure of key staff - failure of succession planning.</p> <p>Fund & Reputation Impact-5 Employers Impact-1 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>20</p>	<p>Probability</p> <p>Impact</p> <p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
Two Deputy positions were created in 2018/19 (although one remains to be filled). These act to support deputise as required for the Head of Investments, Governance and Pensions.			Head of Pensions Governance and Investments
TPF008	<p>INSUFFICIENT STAFF</p> <p>Causes failure to have time to adopt best practice by properly developing staff and processes.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>20</p>	<p>Probability</p> <p>Impact</p> <p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
In preparation for the pooling of investment assets to Border to Coast, the team was expanded and has a total complement of 9 staff (albeit with two current vacancies). With a new investment strategy of passive rather than active management, investment transaction volumes have significantly reduced.			Head of Pensions Governance and Investments

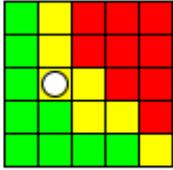
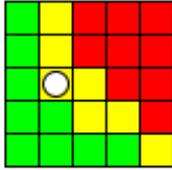
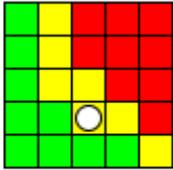
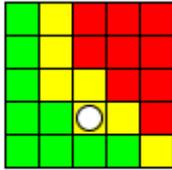
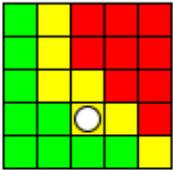
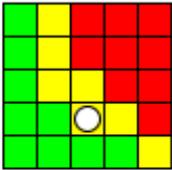
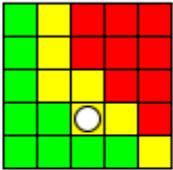
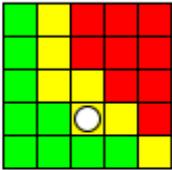
Code	Title	Original Score	Current Score
TPF011	<p>UNANTICIPATED PAY RISES</p> <p>Increases are significantly more than expected for employers within the Fund.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>15</p>	<p>Probability</p> <p>Impact</p> <p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>1) Fund employers will monitor own experience.</p> <p>2) Triennial Actuarial valuation Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) will be long term assumptions, any employer specific assumptions above the actuaries long term assumption would lead to further review.</p> <p>3) Employers are made aware of generic impact that salary increases can have upon final salary linked elements of LGPS benefits.</p> <p>4) Over time, a diminishing proportion of LGPS liabilities are linked to final salary following the introduction of the career average scheme from April 2014.</p>			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF013	<p>POOLING SYSTEMIC RISKS</p> <p>Systemic and other investment risks not being properly managed within the investment pool; for example appropriate diversification, credit, duration, liquidity and currency risks.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>15</p>	<p>Probability</p> <p>Impact</p> <p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>Appropriate due diligence is carried out regarding the structure, targets, diversification and risk approach for each sub-fund before investment. In addition, The Pensions Head of Service and Section 151 officer, will closely monitor and review Border to Coast sub-fund investment elements on an on-going basis, and report to TPF Committee and Board.</p>			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF014	<p>LONGEVITY</p> <p>Pensioners living longer: adding one year to life expectancy will increase the future service rate by 0.8%.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>15</p>	<p>Probability</p> <p>Impact</p> <p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>In assessing the member longevity and pension liabilities, the Triennial Actuary assumptions made for longevity are "conservatively" set based on the latest life expectancy economic data. They are reviewed and updated at each three-year Actuarial valuation. If required, further investigation can carried out of scheme specific/employer longevity data.</p>			Head of Pensions Governance and Investments

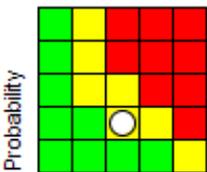
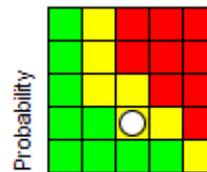
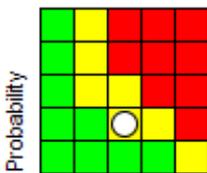
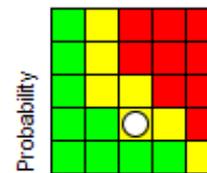
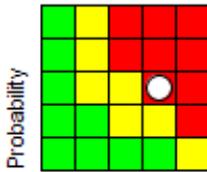
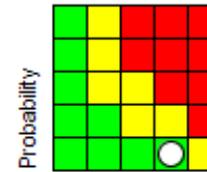
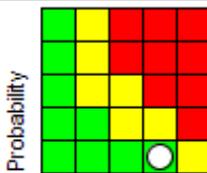
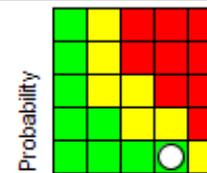
Code	Title	Original Score	Current Score
TPF017	<p>BULK TRANSFER VALUE DISPUTE</p> <p>Failure to ensure appropriate transfer is paid to protect the solvency of the fund and equivalent rights are acquired for transferring members.</p> <p>Fund & Reputation Impact-3 Employers Impact-5 Member Impact-1</p>	<p>15</p>	<p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
A mechanism exists within the regulations to resolve such disputes - this should reduce the financial impact of any such event.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF018	<p>TPF INVESTMENT UNDERPERFORMANCE</p> <p>Investment Managers fail to achieve performance targets over the longer term: a shortfall of 1% on the investment target will result in an annual impact of £50m.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	<p>15</p>	<p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>1) The asset allocation made up of equities, bonds, property, alternatives, cash etc. funds, is sufficiently diversified to limit exposure to one asset category.</p> <p>2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal asset allocation.</p> <p>3) Actuarial valuation and asset/liability study take place every three years.</p> <p>4) Interim valuation data is received annually and provides an early warning of any potential problems.</p> <p>5) The actuarial assumption regarding asset outperformance of a measure over CPI over gilts is regarded as achievable over the long-term when compared with historical data.</p>			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF019	<p>TPF GOVERNANCE SKILLS SHORTAGE</p> <p>Lack of knowledge of Committee & Board members relating to the investment arrangement and related legislation and guidance.</p> <p>Fund & Reputation Impact-5 Employers Impact-3 Member Impact-1</p>	<p>15</p>	<p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
Pension Fund Committee new members have an induction programme and have access to on-line training based on the requirements of CIPFA Knowledge and Skills Framework including Pooling.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF025	<p>OUTSOURCED MEMBER ADMIN FAILURE</p> <p>XPS Administration service fails to the point where it is unable to deliver its contractual services to employers and members.</p> <p>Fund & Reputation Impact-1 Employers Impact-1 Member Impact-5</p>	<p>10</p>	<p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
XPS Administration is a well-resourced established pensions administration provider which is not in financial difficulty.			Head of Pensions Governance and Investments

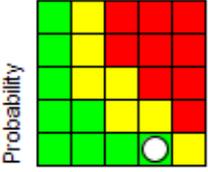
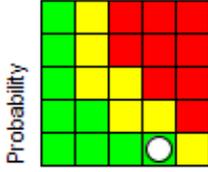
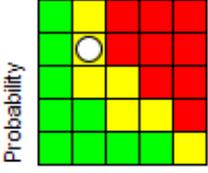
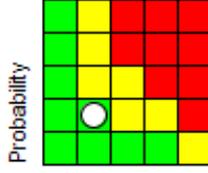
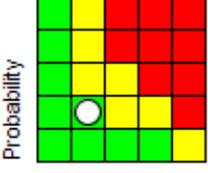
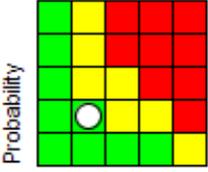
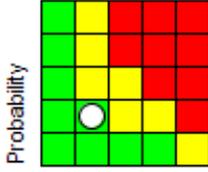
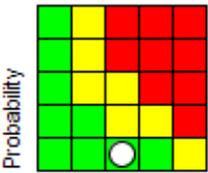
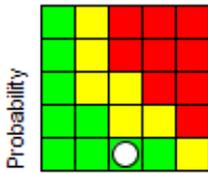
Code	Title	Original Score	Current Score
TPF026	<p>INSECURE DATA</p> <p>Failure to hold personal data securely - i.e data stolen.</p> <p>Fund & Reputation Impact-3 Employers Impact-1 Member Impact-5</p>	<p>10</p>	<p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
XPS Administration have advised they have robust data security and are not aware of any attempted hacking events.			Head of Pensions Governance and Investments
TPF028	<p>INADEQUATE POOLING INVESTMENT EXPERTISE</p> <p>Inadequate, inappropriate or incomplete investment expertise exercised over the pooled assets.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	<p>10</p>	<p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
Border to Coast has completed recruitment of experienced and capable management team, alongside its expanding complement of over 100 staff.			Head of Pensions Governance and Investments
TPF029	<p>INSUFFICIENT RANGE OF POOLING ASSET CLASSES</p> <p>Insufficient range of asset classes or investment styles being available through the investment pool.</p> <p>Fund & Reputation Impact-5 Employers Impact-3 Member Impact-1</p>	<p>10</p>	<p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
There is in place a roll-out plan of different asset classes and engagement with Border to Coast to identify relevant future asset classes			Head of Pensions Governance and Investments
TPF031	<p>INTERNAL COMPLIANCE FAILURES</p> <p>Failure to comply with recommendations from the local pension board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.</p> <p>Fund & Reputation Impact-5 Employers Impact-1 Member Impact-1</p>	<p>10</p>	<p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
The Head of Pensions Governance and Investments attends all Committee and Board meetings and acts as a conduit between the two, ensuring any Board recommendations are relayed to the Committee.			Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF030	<p>COMMITTEE MEMBERSHIP CHANGE</p> <p>Change in membership of Pension Fund Committee leads to dilution of member knowledge and understanding.</p> <p>Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>8</p>	 <p>Probability</p> <p>Impact</p> <p>8</p>
Current Mitigation		Future Mitigation	Responsible Officer
Officers and advisers provide continuity and training following changes to Committee membership.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF039	<p>BORDER TO COAST FAILURE</p> <p>Failure of the operator itself, or its internal risks and controls failure of corporate governance, responsible investment, or the failure to exercise voting rights according to policy.</p> <p>Fund & Reputation Impact-7 Employers Impact-4 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>7</p>	 <p>Probability</p> <p>Impact</p> <p>7</p>
Current Mitigation		Future Mitigation	Responsible Officer
Ongoing oversight and close working with Border to Coast and the other Partner Funds will provide advance warning of any issues in this area and an opportunity to rectify them.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF015	<p>EMPLOYER FAILURE</p> <p>An employer ceasing to exist with insufficient funding, or being unable to meet its financial commitments, adequacy of bond or guarantee. Any shortfall would be attributed to the fund as a whole.</p> <p>Fund & Reputation Impact-2 Employers Impact-3 Member Impact-3</p>	 <p>Probability</p> <p>Impact</p> <p>12</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>1) Fund employers should monitor own experience.</p> <p>2) Triennial Actuarial Assumptions will account for the possibility of employer(s) failure (for the purposes of IAS19/FRS102 and actuarial valuations). Any employer specific assumptions above the actuaries long-term assumption, would lead to further review.</p> <p>3) Employers rates are set taking into account the strength of an employer and any underwriting by other employers in the Fund.</p>			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF016	<p>ADVERSE LEGISLATIVE CHANGE</p> <p>Risk of changes to legislation, tax rules etc.; resulting in increases required in employer contributions.</p> <p>Fund & Reputation Impact-3 Employers Impact-3 Member Impact-3</p>	 <p>Probability</p> <p>Impact</p> <p>12</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
The process of legislative change and the actuarial valuation cycle means any such change would be flagged up well in advance. The actuary has scope to mitigate any contribution increase in respect of most Fund employers.			Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF022	<p>GDPR COMPLIANCE</p> <p>Non-compliance with GDPR regulations.</p> <p>Fund & Reputation Impact-3 Employers Impact-1 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>9</p>	<p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
Data protection privacy notices have been distributed by XPS Administration. The Council has established GDPR-compliant processes and procedures.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF023	<p>INACCURATE DATA RECORD COLLATION</p> <p>Failure to maintain proper, accurate and complete data records leading to increased errors and complaints.</p> <p>Fund & Reputation Impact-1 Employers Impact-3 Member Impact-3</p>	<p>Probability</p> <p>Impact</p> <p>9</p>	<p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
Administration data quality is being assessed as part of the triennial valuation process, as well as being assessed regularly in order to meet Pensions Regulator requirements on scheme data.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF024	<p>STRUCTURAL CHANGES TO EMPLOYER MEMBERSHIP</p> <p>Risk that TPF are unaware of structural changes to an employer's membership, or changes (e.g. closing to new entrants) meaning the individual employer's contribution level becomes inappropriate.</p> <p>Fund & Reputation Impact-2 Employers Impact-3 Member Impact-2</p>	<p>Probability</p> <p>Impact</p> <p>9</p>	<p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
The XPS Administration employer liaison team will improve this by working closely with employers.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF032	<p>INADEQUATE POOLING DATA</p> <p>Inability to gather robust, quality or timely information from Border to Coast.</p> <p>Fund & Reputation Impact-3 Employers Impact-1 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>6</p>	<p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
TPF staff work closely with Border to Coast sub-fund asset managers and Border to Coast management to gain full clarity and reporting of performance, with training provided to TPF staff as required.			

Code	Title	Original Score	Current Score
TPF033	<p>ESG REPUTATIONAL DAMAGE</p> <p>Insufficient attention to environmental, social and governance (ESG) leads to reputational damage.</p> <p>Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
Border to Coast provides increased focus on Responsible Investment.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF034	<p>THIRD PARTY SUPPLIER FAILURE</p> <p>Financial failure of third party supplier results in service impairment and financial loss.</p> <p>Fund & Reputation Impact-3 Employers Impact-3 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
New supplier's financial strength is assessed through the procurement process. Existing suppliers are obliged to report any issues.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF035	<p>PROCUREMENT PROCESS CHALLENGES</p> <p>Procurement processes may be challenged if seen to be non-compliant with procurement regulations. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non-compliant process.</p> <p>Fund & Reputation Impact-3 Employers Impact-1 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
Advice sought from Council's procurement specialist on regulatory compliance,			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF036	<p>ASSET POOLING TRANSITION RISK</p> <p>Loss or impairment as a result of Asset transition.</p> <p>Fund & Reputation Impact-3 Employers Impact-3 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
Listed assets already transferred			Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF037	<p>COMPLIANCE FAILURES</p> <p>Failure to comply with legislative requirements e.g. ISS, FSS, Governance Policy, Freedom of Information requests, Code of Practice 14.</p> <p>Fund & Reputation Impact-3 Employers Impact-2 Member Impact-0</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
Advice sought where needed on compliance e.g. ISS, FSS			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF038	<p>CUSTODY DEFAULT</p> <p>The risk of losing economic rights to pension fund assets, when held in custody or when being traded. The risk might arise from missed dividends or corporate actions (e.g. rights issues) or problems arising from delays in trade settlements.</p> <p>Fund & Reputation Impact-3 Employers Impact-3 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>	 <p>Probability</p> <p>Impact</p> <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
Issues are now largely historic and relate to withholding tax claims or corporate actions in relation to assets previously held by the Fund.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF020	<p>INADEQUATE BORDER TO COAST OVERSIGHT</p> <p>Insufficient resources to properly monitor pooling & Border to Coast.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>15</p>	 <p>Probability</p> <p>Impact</p> <p>5</p>
Current Mitigation		Future Mitigation	Responsible Officer
Sufficient resources exist within the team to oversee and monitor Border to Coast. External providers are also involved, such as Portfolio Evaluation Limited and the two independent investment advisors.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF042	<p>DECISION MAKING FAILURES</p> <p>Failure to take difficult decisions inhibits effective Fund management.</p> <p>Fund & Reputation Impact-5 Employers Impact-2 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>5</p>	 <p>Probability</p> <p>Impact</p> <p>5</p>
Current Mitigation		Future Mitigation	Responsible Officer
Ongoing challenge and advice from two independent advisors			Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF043	CASH INVESTMENT FRAUD Financial loss of cash investments from fraudulent activity. Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1	 5	 5
Current Mitigation		Future Mitigation	Responsible Officer
Approval processes and systems			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF027	SCHEME MEMBER FRAUD Fraud by scheme members or their relatives (e.g. identity, death of member). Fund & Reputation Impact-1 Employers Impact-1 Member Impact-2	 8	 4
Current Mitigation		Future Mitigation	Responsible Officer
XPS checking processes – e.g. mortality screening			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF040	INACCURATE FUND INFORMATION In public domain leads to damage to reputation and loss of confidence. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1	 4	 4
Current Mitigation		Future Mitigation	Responsible Officer
Checking and reviewing processes, internal and external audit			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF041	LIQUIDITY SHORTFALLS Risk of illiquidity due to difficulties in realising investments and paying benefits to members as they fall due. Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1	 4	 4
Current Mitigation		Future Mitigation	Responsible Officer
Daily monitoring of cash position, cash-flow planning			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF044	ICT SYSTEMS FAILURE Prolonged administration ICT systems failure. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-3	 3	 3
Current Mitigation		Future Mitigation	Responsible Officer
Disaster recovery plans			Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF045	<p>CONTRIBUTION COLLECTION FAILURE</p> <p>Failure to collect employee/er member pension contributions.</p> <p>Fund & Reputation Impact-1 Employers Impact-2 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>2</p>	<p>Probability</p> <p>Impact</p> <p>2</p>
Current Mitigation		Future Mitigation	Responsible Officer
Ongoing monitoring of contribution collection at employer level			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF046	<p>INADEQUATE DISPUTES RESOLUTION PROCESS</p> <p>Failure to agree and implement an appropriate complaints and disputes resolution process.</p> <p>Fund & Reputation Impact-1 Employers Impact-2 Member Impact-2</p>	<p>Probability</p> <p>Impact</p> <p>2</p>	<p>Probability</p> <p>Impact</p> <p>2</p>
Current Mitigation		Future Mitigation	Responsible Officer
Process is in place and operating effectively.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF047	<p>BORDER TO COAST CESSATION</p> <p>Partnership disbands or fails to produce a proposal deemed sufficiently ambitious.</p> <p>Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>2</p>	<p>Probability</p> <p>Impact</p> <p>2</p>
Current Mitigation		Future Mitigation	Responsible Officer
Border to Coast in place – Fund has oversight and jointly owns the company.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF048	<p>POOLING CUSTODIAN FAILURE</p> <p>Failure to ensure safe custody of assets.</p> <p>Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>2</p>	<p>Probability</p> <p>Impact</p> <p>2</p>
Current Mitigation		Future Mitigation	Responsible Officer
Border to Coast's custodian is financially secure and keeps pool's assets segregated.			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF049	<p>OFFICER FRAUD</p> <p>Fraud by administration staff.</p> <p>Fund & Reputation Impact-5 Employers Impact-1 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>1</p>	<p>Probability</p> <p>Impact</p> <p>1</p>
Current Mitigation		Future Mitigation	Responsible Officer
Approval processes, verification on transactions, restricted options in place re payments			Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF050	EXCESSIVE ADMIN COSTS Excessive costs of member benefit administration leads to lack of VFM and loss of reputation. Fund & Reputation Impact-1 Employers Impact-1 Member Impact-1		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF051	ERRONEOUS MEMBER BENEFIT CALCS Risk of incorrect calculation of members benefits. Fund & Reputation Impact-1 Employers Impact-1 Member Impact-2		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments
Code	Title	Original Score	Current Score
TPF052	INADEQUATE MEMBER COMMS Increased workload for pensions team or increased opt-outs if communications inadequate or misunderstood. Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1		
Current Mitigation		Future Mitigation	Responsible Officer
			Head of Pensions Governance and Investments

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Fund account, investment and administration - detailed analysis

	2021-22 Actual £'000s	2022-23 Forecast £'000s	2023-24 Estimate £'000s
Income from members			
<i>Employers contributions normal</i>	-67,241	-73,632	-77,500
<i>Employers contributions additional</i>	-12	-7	-7
<i>Employers contributions deficit recovery</i>	-506	-158	-158
<i>Members contributions</i>	-29,934	-33,278	-34,950
<i>Transfers in from other schemes</i>	-2,371	-4,070	-4,070
<i>Other income</i>	-3,626	-8,083	-8,083
	-103,690	-119,228	-124,768

	2021-22 Actual £'000s	2022-23 Forecast £'000s	2023-24 Estimate £'000s
Expenditure to members			
<i>Pensions paid</i>	127,421	133,935	149,000
<i>Commutations and lump sum retirement benefits</i>	22,750	25,400	28,200
<i>Lump sum death benefits</i>	3,587	2,245	2,500
<i>Payments to and on account of leavers</i>	5,973	6,547	7,000
	159,731	168,127	186,700

	2021-22 Actual £'000s	2022-23 Forecast £'000s	2023-24 Estimate £'000s
Management expenses:			
Administration costs	2,238	2,500	2,500
Investment management expenses			
<i>Custody fees</i>	25	25	25
<i>External investment management expenses</i>	3,959	4,500	4,500
<i>Internal investment management expenses</i>	551	600	600
<i>Transaction costs</i>	939	200	200
Total Investment management expenses	5,474	5,325	5,325
<i>External audit cost</i>	19	60	75
Oversight & governance costs	397	700	750
Total Oversight & governance costs	8,128	8,585	8,650

	2021-22 Actual £'000s	2022-23 Forecast £'000s	2023-24 Estimate £'000s
Investment Income			
<i>Investment income from bonds</i>	0	0	0
<i>Investment income from equities</i>	0	0	0
<i>Investment income from pooled investment vehicles</i>	-33,525	-35,000	-37,000
<i>Other investment income</i>	0	0	0
<i>Property gross rental income</i>	-16,172	-17,500	-18,500
<i>Property expenses</i>	618	2,500	2,000
<i>Interest on cash deposits</i>	-854	-7,000	-11,000
	-49,933	-57,000	-64,500

Teesside Pension Board

Annual Report 2022 – 2023



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 77,000 members, and assets of approximately £4.95 billion (as at 31 December 2022).

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 plenary powers to make decisions without reference to the 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.

Cllr Barrie Cooper was Chair of the Board for the first meetings of the year but stepped down as Middlesbrough Council's representative on the Board to be replaced by Cllr Stefan Walker, who was elected as Board Chair and subsequently chaired the remaining three meetings of the year. Paul Thompson of UNISON held the post of Deputy Chair throughout the year. During the year the Board welcomed a new member, June Stubbs of UNISON, who attended the second two meetings of the year. Jeff Bell remained the pensioner representative on the Board during the year. Cllr Billy Ayre remained a Board member throughout the year. There is currently a vacancy on the Board for the 'other scheme employers' representative.

This is the seventh Annual Report of the Board, for the period 1 April 2022 to 31 March 2023.

2. Introduction

Welcome to the seventh 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 XPS Administration 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 last year and 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. During the year to 31 March 2022 the Fund completed the transfer the majority of its overseas equities 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 during the year investments were also 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. As at 31 December 2022, 54.1% 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 2022 – 2023

For the nine months from April to December 2022, global equity market performance was volatile and collectively disappointing, although with some variation across regions with the US performing particularly poorly. There was continuing fallout from Russia's invasion of Ukraine, which as well as causing significant humanitarian and political issues, was a significant factor in increasing inflation and suppressing growth. Domestically, the UK had three prime ministers within the year, with the radical unfunded tax cuts proposed by Liz Truss and subsequently reversed causing turmoil in bond markets and increasing the cost of debt.

Central banks globally continued to increase interest rates, albeit at different paces, in an attempt to curb inflation without overly suppressing their economies.

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 moves through a more challenging 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 2022/23 all four of the planned meetings were held and were quorate, All four meetings were held in person, as Covid restrictions no longer apply. The Board has been able to continue in its role and carry out its responsibilities to ensure effective governance. As well as continuing to receiving 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 – 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.
- Updates on current issues affecting the Fund, including:
 - Consultation on changes to the cost control mechanism in the scheme

- Consultation on changes to the scheme's revaluation date
- The 'levelling-up' agenda – how this may impact the LGPS and how the fund and the pool company are monitoring this
- A summary of the future changes to scheme regulations and/or guidance that have previously been trailed by government.
- Progress on the valuation of the Fund as at 31 March 2022, including:
 - A paper from the actuary setting out the assumptions and approach to the valuation
 - Updates on draft results
 - A paper from the actuary covering the volatility experienced in markets during the year, and whether this would have any impact on the valuation approach or outcome
 - Example communications to scheme employers in relation to the valuation outcome
- Updates on work programme items (see below), including internal controls and managing risks, record keeping, resolving internal disputes, and regulator code of practice gap analysis.

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 updated work plan as follows:

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 list)	Suggested activities (from the Scheme Advisory Board guidance)
July 2021 Draft Report and Accounts		
November 2021 Annual Review of Board Training	Pension board conflict of interest	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 2022	Reporting breaches Maintaining contributions Reporting duties	Review procurements carried out by Fund
April 2022 Annual Board Report	Internal controls and managing risks	Review the complete and proper exercise of employer and administering authority discretions.
July 2022 Draft Report and Accounts	Record keeping Resolving internal disputes	Review performance and outcome statistics Review handling of any cases referred to Pensions Ombudsman
November 2022 Annual Review of Board Training	Regulator Code of Practice Gap Analysis	Review the outcome of actuarial reporting and valuations.
February 2023		Review the outcome of actuarial reporting and valuations.
April 2023 Annual Board Report	Communicating to members Publishing scheme information	Review standard employer and scheme member communications
July 2023 Draft Report and Accounts		

Appendix – Board membership and meeting attendance

Membership

Stefan Walker - Chair <i>(member and chair from 18 July 2022 meeting)</i>	Employer representative (Councillor, Middlesbrough Council)
Paul Thompson – Deputy Chair	Scheme member representative (UNISON)
Billy Ayre	Employer representative (Councillor, Redcar & Cleveland Council)
Jeff Bell	Scheme member representative (retired members)
June Stubbs <i>(member from 14 November 2022 meeting)</i>	Scheme member representative (UNISON)
<i>Vacancy</i>	<i>Employer representative (Other employers – Fund employers with active members excluding the four main councils)</i>
Barry Cooper - Chair <i>(Resigned after 11 April 2022 meeting)</i>	Employer representative (Councillor, Middlesbrough Council)
Jackie Cook <i>(resigned after 11 April 2022 meeting)</i>	Scheme member representative (UNITE)

Meeting attendance:

	11 April 2022	18 July 2022	14 November 2022	20 February 2023
S Walker		✓	✓	✓
B Cooper	✓			
P Thompson	✓	✓	✓	✓
B Ayre	x	x	x	x
J Cook	x			
J Bell	x	x	✓	✓
J Stubbs			✓	✓

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 8

TEESSIDE PENSION BOARD REPORT

17 APRIL 2023

INTERIM SECTION 151 OFFICER – 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.

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 (see Appendix A). 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.

5. ANNUAL BOARD REPORT

- 5.1 The Annual Board Report, covering the activity of the Teesside Pension Board over the year to 31 March 2023, is included as a separate agenda item.

6. COMMUNICATIONS POLICY

- 6.1 Under the Local Government Pension Scheme (LGPS) Regulations 2013, Administering Authorities are required to prepare, maintain and publish:
“a written statement setting out its policy concerning communications with-
(a) members;
(b) representatives of members;
(c) prospective members; and
(d) Scheme employers.”

The statement should set out the Administering Authority’s policy on:

- “(a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;
- (b) the format, frequency and method of distributing such information or publicity; and
- (c) the promotion of the Scheme to prospective members and their employers.”

The statement should be revised and published following a “material change” in the policy.

6.2 The Pension Fund’s communications policy is published on the Pension Fund website and a copy is enclosed at Appendix B. The policy was last updated and approved by the Pension Fund Committee in December 2021 and is due to be reviewed three-yearly.

7. REVIEW OF STANDARD MEMBER AND EMPLOYER COMMUNICATIONS

7.1 The Communication Policy lists different communication methods for different stakeholders as follows:

Communicating to Scheme Members:

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

Communication to Scheme Employers:

Communication	When	How
Employer Bulletins	As Required	Email
Technical Updates	As Required	Email
Website	Permanently Available	Website
Employer Training	As Required	Via Employer, delivered by Employer Liaison Team
Employer Guide	Permanently	Website
Employer Annual Conference	Annually	Face to Face

Pensions Administration Strategy	Permanently Available	Website
Charging Policy	Permanently Available	Website
Admission Agreements Guide	Permanently Available	Website
Academies Guide	Permanently Available	Website

Communicating with Pension Fund Committee and Pension Board:

Communication	When	How
Committee Papers	Quarterly	Website / Email / Paper
Workshops	As Required	Face to Face
Board Reports	Quarterly	Website / Email / Paper
3 rd Party Training	As Required	Face to Face

7.2 Examples of the following sample scheme member and employer communications are included in Appendix C:

- Annual Benefit Statement for an active member
- Annual Benefit Statement for a deferred member
- Retirement options letter
- Employer Bulletin (on revised contribution bands)
- Expression of Wish Form
- Pension Commencement Letter
- Pensions Savings Statement (issued to active members who have exceeded or are likely to exceed the HMRC annual allowance for pensions saving)

AUTHOR: Nick Orton (Head of Pensions Governance and Investments)

TEL NO: 01642 729024

Teesside Pension Board Work Plan		
Date of Board meeting and any standard items scheduled	Suggested areas of focus (from the Pensions Regulator's list)	Suggested activities (including from the Scheme Advisory Board guidance)
July 2021 Draft Report and Accounts		
November 2021 Annual Review of Board Training	Pension board conflict of interest	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 2022	Reporting breaches Maintaining contributions Reporting duties	Review procurements carried out by Fund
April 2022 Annual Board Report	Internal controls and managing risks	Review the complete and proper exercise of employer and administering authority discretions.
July 2022 Draft Report and Accounts	Record keeping Resolving internal disputes	Review performance and outcome statistics Review handling of any cases referred to Pensions Ombudsman
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February 2023		Review the outcome of actuarial reporting and valuations.
April 2023 Annual Board Report	Communicating to members Publishing scheme information	Review standard employer and scheme member communications
July 2023 Draft Report and Accounts		
November 2023 Annual Review of Board Training	Pension board conflict of interest	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 2024	Internal controls and managing risks	Review the Fund's approach to cyber security
April 2024 Annual Board Report	To be determined	To be determined
July 2024 Draft Report and Accounts		
November 2024 Annual Review of Board Training		

Teesside Pension Fund

Communication Policy

Administering the Local Government Pension Scheme

December 2021

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1. Introduction

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

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

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

2. Who we communicate with?

The Key Stakeholders for the Fund are:

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

Other Interested Organisation:

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

3. Key Objectives

The objectives are:

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

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

4. Methods of Communication

Communicating to Scheme Members:

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

Communication to Scheme Employers:

Communication	When	How
Employer Bulletins	As Required	Email
Technical Updates	As Required	Email
Website	Permanently Available	Website
Employer Training	As Required	Via Employer, delivered by Employer Liaison Team

Employer Guide	Permanently	Website
Employer Annual Conference	Annually	Face to Face
Pensions Administration Strategy	Permanently Available	Website
Charging Policy	Permanently Available	Website
Admission Agreements Guide	Permanently Available	Website
Academies Guide	Permanently Available	Website

Communicating with Pension Fund Committee and Pension Board:

Communication	When	How
Committee Papers	Quarterly	Website / Email / Paper
Workshops	As Required	Face to Face
Board Reports	Quarterly	Website / Email / Paper
3 rd Party Training	As Required	Face to Face

5. Monitoring and Reporting

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

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

In order to continually develop we plan to:

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

6. Overview of Communications

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

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

7. Further Information

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

Graeme Hall
XPS Administration
PO Box 340
Middlesbrough
TS1 2XP

E-Mail: pensionsunit@xpsgroup.com

Telephone: 01642 030693

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

Nick Orton,
Middlesbrough Council,
Head of Pensions, Governance and Investments,
Civic Centre,
Middlesbrough,
TS1 9GA

E-mail: Nick_Orton@middlesbrough.gov.uk

Telephone: 01642 729040



Dear **B E**

Estimated Annual Benefit Statement (ABS) as at **Z**

I am pleased to provide you with your 2022 ABS which shows details of your pension benefits held in the Teesside Pension Fund, part of the Local Government Pension Scheme (LGPS), as at **Z**.

For more information about the scheme please visit the Teesside Pension Fund's website at www.teespen.org.uk.

Pension Scams

If you are thinking of taking your pension savings or transferring them elsewhere, beware of scammers. You can find out more about how to identify scams at: www.fca.org.uk/scamsmart/how-avoid-pension-scams

Please read the leaflet "Don't let a scammer enjoy your retirement" to find out how pension scams work, how to avoid them and what to do if you suspect a scam. Find it at: www.fca.org.uk/publication/documents/pension-scams-leaflet.pdf

Member Self Service

We would like to remind you that a system is available to all active LGPS members known as Member Self Service (MSS), which allows registered users to log into their pension record online. This secure website allows you to; calculate your own estimates of benefits based on whichever dates you choose from age 55, view online versions (including from previous years), of your ABS and update the Pensions Unit on certain changes in your circumstances (such as address changes).

You can start the registration process by emailing the following information to: MSS@xpsgroup.com or by post to: XPS Administration, PO Box 485, Middlesbrough, TS1 9EE.

1. Full Name
2. The first five characters of your National Insurance number.
3. The email address you wish to use for your account.

XPS will use this information to verify your record and email you instructions on how to activate your account.

LGPS benefits could form a major element of your retirement income so please do take the time to study the statement and let us know straight away if anything, especially the pay figures, appear wrong.

I hope you find this statement easy to understand and informative. Any comments you wish to make about either the statement, or the service you have received from the Pensions Unit, are always welcome.

Please send any comments to pensionsunit@xpsgroup.com.

Yours sincerely

Graeme Hall

Operations Manager

LGPSABSACT - A - 2022 v0.1

Membership Details (service) in the pre - 1 April 2014 Final Salary Scheme

Employer	From	To	Hours worked or %	Period of membership (years & days)
DA	DB	DC	DD	DE
DF	DG	DH	DI	DJ
DK	DL	DM	DN	DO
DP	DQ	DR	DS	DT
DU	DV	DW	DX	DY
DZ	EA	EB	EC	ED
EE	EF	EG	EH	EI
EJ	EK	EL	EM	EN
EO	EP	EQ	ER	ES
ET	EU	EV	EW	EX
EY	EZ	FA	FB	FC
FD	FE	FF	FG	FH

Please be aware that only your latest 12 service history lines to 31 March 2014 are shown above. Service from 1st April 2014 is not shown as this is reflected in the CARE benefits. Hours worked are adjusted if you work term time and, therefore, may show as less than your actual weekly hours. If you have additional service allocated to this post not shown above, it will have been used in the calculation of your benefits. Where a membership line shows no 'period of membership' it may refer to pensionable service attributed to another LGPS pension record you may have. If this is the case you should receive a separate statement that includes this service.

If you have other posts in the Teesside Pension Fund, we will issue separate benefit statements for these. Benefits held with other LGPS funds, or with other providers, are not included in this statement – you should receive separate statements for these from the appropriate provider.

Lifetime Allowance

The Lifetime Allowance (LTA) is a limit on the amount of pension benefits that can be paid from pension schemes without triggering an extra tax charge

Your benefits are tested against the LTA whenever you 'crystallise' your benefits, usually when retiring. For defined benefit schemes (such as the LGPS), the value of benefits is calculated as 20 times the initial amount of pension plus any tax-free cash. Any pension savings above the LTA are subject to an LTA charge of 55% if the excess is taken as a lump sum and 25% if the excess is taken as a pension.

Whilst most people aren't affected by the lifetime allowance, you should take action if the value of your pension benefits is approaching, or more than, the LTA. Further information on LTA and the process for applying for protection is available here: www.gov.uk/guidance/pension-schemes-protect-your-lifetime-allowance. If you hold any form of protection, but haven't yet told us, please contact us with your protection notification number and your scheme administrator reference; if you applied before HMRC's online service was available, please send us a copy of your protection certificate. Similarly, you'll need to tell us in writing if you've lost any protection.

Please note: If you have told us that you hold Individual Protection 2014 or Individual Protection 2016, this statement will measure your benefits against the standard LTA. However please be assured that your protection will be taken into account at retirement.

Percentage of lifetime allowance (LTA) used by this post:	BE
LTA amount for this post:	BD

Annual Allowance

The annual allowance is a limit on the maximum amount of pension savings that can be built up in any one tax year before liability to an annual allowance charge arises. Some carry forward of unused allowance is permitted. The standard annual allowance is currently £40,000. However, you can reduce or negate any tax charge by carrying forward any unused allowance from the three previous years. We will send you a Pensions Savings Statement by 6 October if the growth in the value of your pension savings is close to, or exceeds, £40,000.

If you are a high earner your benefits may need to be tested against a 'tapered annual allowance' instead of the standard annual allowance. The tapered annual allowance is a reduced annual allowance applying to high earners since 6 April 2016.

If you are a high earner or the growth in value of your LGPS pension savings is close to, or exceeds the standard annual allowance we will send you a separate pension savings statement. This exercise will be completed by 6 October.

For more information on pensions-related tax, please visit: www.gov.uk/tax-on-your-private-pension

Disclaimer

This statement provides details of the benefits you may receive from the scheme, based on the information provided to us by your employer. You should not base any retirement plans solely on this statement alone; if you are considering claiming your benefits please contact the Pensions Unit to request a formal estimate.

Annual Benefit Statement at Z

Summary of Total Benefits at Z

This box contains your total benefits, in both the final salary scheme (for service before 1 April 2014) and the CARE scheme (for service after 1 April 2014). A breakdown of your benefits from both schemes is shown in the boxes below, with a projection to your Normal Pension Age (NPA) shown overleaf.

Pension (per year)	AA
Lump sum	AB
Value of Death Benefits as at Z	
Death Grant	AG
Adult survivor pension (per year)	AH

Breakdown of your Final Salary Pension Benefits as at Z

Pensionable Pay for the year to Z used to calculate pre- 1 April 2014 benefits	Y
Pensionable service up to 31 March 2014	
Pension (per year)	CA
Lump sum	AX
	AY

Break down of your CARE Pension Benefits as at Z

Amount of pension built up in V/W

Pensionable Pay for the year to in the Main section
Pensionable Pay for the year to in the 50/50 section

AK
AL

Main section pay ÷ 49 = AM	+	50/50 section pay ÷ 98 = AN	+	Additional pension bought during year = AO	+	Transfers in during the year = AP	=	Total pension in V/W = AQ
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Total CARE Pension built up to

Opening balance as at 1 April V = AR	+	Increase for cost of living (added 1 April V) = AT	+	Total built up in V/W (as shown above) = AQ	=	Total CARE pension at Z = AV
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Annual Benefit Statement at Z

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Please note: the benefits calculated in this statement are based on the pay figures provided by your employer. You must contact us as soon as possible if you think the pay figures used are incorrect. As the law only requires pay figures to be kept for 6 years, it will be very difficult to correct a problem that is spotted after this time!

Your Personal Details

Name	D E
Marital status	F
Employer at Z	Q
Date joined scheme (this record only)	S
Employee number	P
Section of scheme at Z	V

Projections if you remain a contributing member of the scheme until **AJ** i.e. to your Normal Pension Age (NPA)

Value of your benefits at NPA		Value of death benefits at NPA	
Total pension at NPA (per year)	BM	Adult survivor pension (per year)	BQ
- made up of:		- made up of:	
projected CARE pension of	BN	projected survivor's CARE pension of	BO
projected final salary pension of	BR	projected survivor's final salary pension of	BT
Lump sum	BP		



Private and Confidential

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This section shows you the value of benefits held up to your date of leaving in this employment.

It is important that you read the explanatory notes for more detail.

Deferred Benefit Statement 2022

Dear C E

I am pleased to provide you with your 2022 Deferred Benefit Statement, which shows the value of the deferred benefits you hold in the Teesside Pension Fund, part of the Local Government Pension Scheme (LGPS). If you hold more than one deferred pension in the Fund, you will receive a separate statement in respect of each post. Your benefits are based on the following information:

Your Personal Details

Name:	L E
Date of birth:	O
Date left scheme:	P
Former employer:	B

It is important that the above details are correct as any inaccuracies may affect the benefits payable.

Estimated value of Deferred Benefits payable from Normal Pension Age (NPA) (see notes)

Your NPA	R
Pension (per year)	S
Lump Sum	T
Adult survivor pension (per year) *	U

** only payable in the event of your death*

The figures shown here are the standard benefits available at your Normal Pension Age (NPA). If the benefits are paid before this date, the figures are likely to be reduced. Whilst every effort has been made to ensure the accuracy of your statement, please contact us before applying to have your benefits brought into payment.

Yours sincerely

Graeme Hall
Operations Manager

Please Contact:

Telephone: (01642) 030693

Email: pensionsunit@xpsgroup.com

Your Reference: /001

29th March 2023

Dear

**TEESSIDE PENSION FUND - Estimate of Benefits – Age Retirement
LOCAL GOVERNMENT PENSION SCHEME REGULATIONS**

Further to your request for a pension estimate, the benefits outlined below would be payable:

Type of Estimate:	Early / Normal Retirement
Date of Leaving:	dd/yy/yyyy
Pensionable Remuneration for final salary benefits:	£xx,xxx.xx
Service used in calculation of final salary benefits:	xx Yrs xxx Days

Service used in calculation of CARE benefits:**Option A – Standard Benefits**

Pension	£ xx,xxx.xx per year
Includes early retirement reduction of:	£ xx,xxx.xx

Lump Sum	£ xx,xxx.xx
Includes early retirement reduction of:	£ xx,xxx.xx

Option B – Maximum Conversion

Pension	£ xx,xxx.xx per year
Includes early retirement reduction of:	£ xx,xxx.xx

Lump Sum	£ xx,xxx.xx
Includes early retirement reduction of:	£ xx,xxx.xx

**** This includes your AVC payment projected up to **/**/****. The estimated value of your AVC is £*****.**
DELETE IF NOT APPLICABLE ****

At the time of retirement a member can elect to take either option A or option B, or a lump sum that is between those shown above. The lump sum will be increased by £12 for every £1 of pension given up.

Assuming you elect to take the standard benefits shown above, your pension benefits will account for 11.42% of your Lifetime Allowance (LTA). LTA is the amount of pension that HM Revenue & Customs allows you to receive

over your lifetime without incurring an additional tax charge. This amount is currently set at £1,073,100.00. If the benefits above, together with any other pension benefits you already receive take you over the 100% limit, you should contact us for more information.

You will be given further commutation options, including details of any tax charges you may incur, when you retire.

Please note: This estimate is for illustration purposes only and is not a 'final retirement benefit offer'. As the Scheme regulations and associated factors provided by the Government Actuary's Department are subject to amendment, XPS Administration cannot guarantee that future change will not alter the level of benefits to which you are entitled.

You are only entitled to a maximum of two estimates within a 12 month rolling period, any additional requests will be charged at £120.00 + VAT per estimate (£144.00). Alternatively you can sign up to our Member Self Service (MSS) as shown below to produce your own estimates.

Would you like to view your benefits online?

We have recently launched our Member Self Service (MSS), it is available to all active scheme members and allows you to log into your own personal pension record. It is a secure website which allows you to use a benefit projector and view your Annual Benefit Statement online.

To sign up please visit our website www.teespen.org.uk selecting:

Member Self Service > Registration Form for Member Self Service

If you require any help to sign up to this service please email MSS@xpsgroup.com

Yours sincerely

Teesside Pension Fund

2023/24 Employee Contribution Bands



2023/24 Employee Contribution Bands

The table below sets out the Employee Contribution Bands effective from 1st April 2023. These are calculated by increasing the 2022/23 Employee Contribution Bands by the September 2022 CPI figure of 10.1 per cent and then rounding down the result to the nearest £100.

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £16,500	5.50%	2.75%
2	£16,501 to £25,900	5.80%	2.90%
3	£25,901 to £42,100	6.50%	3.25%
4	£42,101 to £53,300	6.80%	3.40%
5	£53,301 to £74,700	8.50%	4.25%
6	£74,701 to £105,900	9.90%	4.95%
7	£105,901 to £124,800	10.50%	5.25%
8	£124,801 to £187,200	11.40%	5.70%
9	£187,201 or more	12.50%	6.25%

The Automatic Enrolment trigger remains unchanged. On 26 January 2023, DWP published its review of the Automatic Enrolment Thresholds for 2023/24. The Pensions Act 2008 requires DWP to annually review various Thresholds relevant for Automatic Enrolment rules. The earnings trigger remains at £10,000 for 2023/24.

Actions to take:

Ensure the appropriate contributions are taken from members' pay from 1st April 2023

Lump Sum Death Grant – Expression of Wish Form

Any lump sum payable in the event of your death may be paid to your legal personal representatives, a nominated beneficiary or distributed at the discretion of Middlesbrough Council, the administrators of the Teesside Pension Fund.

This form may be used to inform Middlesbrough Council of your wishes with regard to the payment of any cash sum arising in the event of your death and, although Middlesbrough Council is not bound by the contents of the nomination form, we will endeavour to honour your wishes.

The main advantage of completing this form is that if payment is made to your nominated beneficiaries, the payment will not form part of your estate and will therefore not count towards inheritance tax. Also, by completing this form, payment of any death grant can be made without Middlesbrough Borough Council requiring sight of legal documents.

Once you have completed your expression of wish form it is vital that you keep it up to date as certain life events (marriage, divorce etc) may result in you wanting to change your wishes. Middlesbrough Council will only act on the most up to date form therefore if you wish to add or remove a beneficiary, you must complete a new form.

By completing the form you are requesting that Middlesbrough Council consider making payments of any cash sum due from the Teesside Pension Fund in accordance with your wishes as indicated overleaf. Although you are under no obligation to state your relationship with the person(s) you nominate, providing this information will help Middlesbrough Council when exercising their discretion.

Please ensure that your form is witnessed by a person aged 18 years or over, who is not a member of your family and is not one of your beneficiaries.

If you left the LGPS on or after 1 April 2008

A lump sum death grant will be paid if you die and less than 10 years pension has been paid and you are under age 75 at the date of death. The amount payable would be:

- 10 times the level of your annual pension in respect of your membership of the scheme after 31 March 2014 (before giving up any pension for a tax free cash lump sum), less any pension already paid to you in respect of your post 31 March 2014 membership and the amount of any tax-free cash lump sum you chose to take by giving up some of the pension you built up after 31 March 2014 when you drew your pension at retirement, plus
- 10 times the level of your annual pension in respect of your membership of the scheme before 1 April 2014 (after giving up any pension for a tax free cash lump sum), less any pension already paid to you in respect of your pre 1 April 2014 membership.

If you left the LGPS before 1 April 2008

A lump sum death grant will be paid if you die and less than 5 years pension has been paid and you are under age 75 at the date of death. The amount payable would be:

- 5 times the level of your annual pension in respect of your membership in the scheme (after giving up any pension for a tax free cash lump), less any pension already paid to you.

If you left the LGPS before 1 April 1998

The calculation of the death grant depends on whether you have more than, or less than, 10 years service that counts towards the calculation of your pension benefits. The calculation is complex, however you can ask for an estimate of the amount that may be payable. We will confirm any amount due in the event of your death to the nominees listed on this form.

In the event of my death, I would like Middlesbrough Council to consider making payments of any cash sum due from the Teesside Pension Fund as indicated below. I understand that Middlesbrough Council is not bound by this nomination.

Name:	Employer:
Reference Number: /001	Job Title:
Home Address:	

Personal Details – Nomination 1
Proportion % (a)

Surname:		
Forename(s):	Date of Birth	/ /
Address:		
Relationship:		

Personal Details – Nomination 2
Proportion % (b)

Surname:		
Forename(s):	Date of Birth	/ /
Address:		
Relationship:		

Personal Details – Nomination 3
Proportion % (c)

Surname:		
Forename(s):	Date of Birth	/ /
Address:		
		(a) + (b) + (c) MUST TOTAL 100%
Relationship:		

Declaration – THIS SECTION MUST BE COMPLETED IN FULL

Signed: (<i>Nominator</i>)	Date:
Witnessed By: (<i>signature</i>) *	
Print Full Name (<i>witness</i>): *	Date:
* (<i>Witness must be aged 18 years or over and cannot be a family member or Nominee</i>)	
Address (witness):	

If additional nominations are required enter the details on a separate sheet

Please Contact:

Telephone: (01642) 030693

Email: pensionsunit@xpsgroup.com

Your Reference: /001

31st March 2023

Dear

**TEESSIDE PENSION FUND - Notification of Retirement Benefit
LOCAL GOVERNMENT PENSION SCHEME REGULATIONS**

Following your retirement from Middlesbrough College on dd/mm/yyyy, you are entitled to the retirement benefits shown below. Please refer to the attached statement for details of how your benefits have been calculated.

Retirement Pension dd/mm/yy	£xx,xxx.xx £ xx,xxx.xx	per year per month
Retirement Pension dd/mm/yy Following Revaluation	£ xx,xxx.xx £ xx,xxx.xx	per year per month
Retirement Pension dd/mm/yy Following PI	£ xx,xxx.xx £ xx,xxx.xx	per year per month
Retirement Grant	£ xx,xxx.xx	
Contingent Spouse's Pension	£ xx,xxx.xx	per year

The above figures represent xx.xx% of your Life Time Allowance (LTA). This figure should be given to any other pension provider you may have. Please ensure that you keep this letter for future reference.

Your pension will be paid on the last working day of every month, the first payment being on dd/mm/yyyy. This will include a temporary payment of £ xx,xxx.xx for the period dd/mm/yyyy to dd/mm/yyyy.

Your retirement grant will be paid directly into the account you quoted on your bank mandate form on dd/mm/yyyy.

If you change your address or banking arrangements, please inform me immediately **in writing** with your signature beneath the revised details.

PENSIONS PAY ADVICE

You will only receive a pay advice if your monthly net pension changes by more than £1.00. For example, the annual Pensions Increase or changes to your tax code. The payment of your pension WILL NOT be affected. You will get your pension every month even if you do not receive a pay advice. Please write to the above address if you require proof of payment.

RIGHT OF APPEAL

If you disagree with my decision as to the amount of benefit to which you are entitled, please contact me at once so that I can confirm or adjust my decision according to the circumstances. If you are still dissatisfied, you have the right to have your complaint independently reviewed under the Internal Dispute Resolution Procedure (IDRP). Your application to appeal must usually be made within six months from the date of the decision against which you wish to appeal. A Leaflet explaining the IDRP is available on request by writing to the Teesside Pension Fund. However, to avoid any unnecessary effort on your behalf, we would welcome the opportunity to attempt to resolve with you the matter with which you are dissatisfied before you resort to a formal complaint.

INCOME TAX

Your initial pension payments will be taxed using tax code 'OT'* (unless form 'P45' is received from your previous employer) until notification of coding is received from Her Majesty's Revenue & Customs (HMRC). Once you start to receive your pension you may wish to check with HMRC that the correct tax code has been applied to your pension.

* Tax code 'OT' will deduct tax relative to your earnings (for example: 20, 40 and 45% tax will be deducted depending on your earnings).

For your information the Tax Office dealing with your pension is:

Please quote Ref: 406 / M7400

PAYE & Self Assessment
HM Revenue & Customs
BX9 1AS

Telephone No. 0300 200 3300

If you have any queries, please contact on (01642) xxxxxx.

Yours sincerely

STATE SCHEME INFORMATION

The Social Security Pensions Act 1975 required the Department of Social Security (DSS) to provide a two-tier State Pension after 5 April 1978:

Basic Retirement Pension

Additional Pension (earnings related) (SERPS)

The Local Government Pension Scheme (LGPS) is a contracted-out occupational pension scheme. This means members of the LGPS pay reduced National Insurance contributions and are therefore contracted-out of the Additional Pension (SERPS) part of the state scheme.

The Additional Pension part of your State Pension will be reduced because you are receiving a pension from the LGPS. But, by law the LGPS must pay a pension that is not less than a guaranteed amount. This is called your Guaranteed Minimum Pension (GMP) and is a notional value of the Additional Pension that would have been paid had you paid into the state scheme up to 5 April 1997. For service since 6 April 1997 the LGPS must satisfy a statutory standard by providing benefits that are broadly equivalent to, or better than, the pension that would have been provided by the state. These benefits are known as post-97 Contracted-Out Salary Related rights (Post-97 COSR rights). If the GMP is more than or the same as the Additional Pension your State Pension will not include any Additional Pension. If the GMP is less than the Additional Pension the difference is added to your State Pension.

Except for the amount built up from April 1988 your GMP will remain at the same level, but your Additional Pension will be looked at each year, by the DSS to ensure it is protected against inflation. If the Additional Pension is increased, it will again be compared with your GMP in the same way as described above.

The LGPS will increase your GMP built up from 6 April 1988 in line with the cost of living to a maximum of 3%. Pension rights that accrue from 6 April 1997 onwards will increase in line with the cost of living to a maximum of 5%.

The State Pension is currently paid from the age of 65 for men and 60 for women. The retirement age will be gradually raised to 65 by 6 April 2020 for women born after 6 April 1950.

Members' spouses are entitled to a GMP which in the case of a widow is equal to half of her husband's GMP and in the case of a widower, half of his wife's post 5 April 1988 GMP, providing he/she is over 45 at the date of death or has dependent children.

NATIONAL INSURANCE MODIFICATION

If you were in pensionable employment before 1 April 1980, it is likely that you paid a modified pension (superannuation) contribution, e.g. the basic rate less 6p per week and if this was so, your pension is reduced at State Pension age.

PENSION INCREASES

The Pensions (Increase) Act 1971 along with the Social Security Act 1975 and various other Social Security Acts ensures that retirement pensions, spouses' and dependants' pensions are increased in line with the cost of living.

You will not qualify for pensions increase if you are under 55 unless you retired on the grounds of permanent ill-health or have become permanently unfit for work since retiring. When you reach the age of 55 your pension will be increased by the accumulative rate of all the rises in the cost of living between going on pension and reaching age 55.

Pensions are currently increased in April each year.

When a pensioner has attained State Pension age, pension increases are normally only applied to a pension after any GMP has been deducted. The pension increases on the GMP would then be paid with the State Retirement Pension.

You will receive a notification of your GMP entitlement at State Pension age from the department of Social Security.

Please Contact: Technical Team
Telephone: (01642) 030696
Fax: (01642) 030700
Email: tech@xpsgroup.com

Your Reference:

Dear

Local Government Pension Schemes - Annual Pension Savings Statement (PSS)

This document sets out the increase in your pension savings from the Local Government Pension Scheme(s) in the 2021/22 Pension Input Period (PIP) for comparison against HM Revenue & Customs (HMRC) '**Standard Annual Allowance**' threshold of £40,000. Neither XPS, nor your employer, are qualified or registered to give tax advice. This information will help you determine if you must pay a tax charge. Information provided is based on XPS's current understanding of HMRC rules and details provided by your employer. If you are unsure about how you may be affected by the information provided, you should seek appropriate professional advice.

After taking account of your previous unused allowances, we estimate that your Pension Input Amount across all of the Teesside Pension Fund is £.

The taxable Pension Input Amount is £. See overleaf for a full breakdown.

If your Taxable Pensions Input is higher than £0.00 (zero), you must complete a self assessment tax return to inform HMRC. You will also need to pay tax on this amount. You can ask the scheme to pay the tax charge on your behalf in exchange for a permanent reduction to your pension. If you would like to explore this option please complete and return the Scheme Pays Quotation Request form at the end of this document.

The pay used to calculate your pension input is *gross* pensionable pay for the period 6 April 2021 to 5 April 2022, not the *taxable* figure quoted on your P60. If you worked part time, this is the pay you *would* have received if you had worked full time. Please review and retain your Pensions Saving Statement and contact us immediately if any of the data is incorrect, as this may affect your Pension Input Amount calculation. For further details and full guidance notes for the Annual Allowance process, visit www.myownpension.co.uk

If you have any queries, please contact the team on the above telephone number.

Yours sincerely



Graeme Hall
Operations Manager

Pension Savings Statement

Input Period: 6 April 2021 - 5 April 2022

Annual Allowance: £40,000.00

Name:

Scheme: Local Government Pension Scheme

Teesside Pension Fund aggregate across all records

If you have multiple employments in the Teesside Pension Fund, the amount shown below is the aggregate across all employments. The breakdown of this employment is shown on the next page, and you will have a pensions savings statement for each of your roles. Based on the information we hold, the growth in your pension savings across the Teesside Pension Fund during the Pension Input period 06/04/2021 – 05/04/2022 is shown below:

Pensions Input Amount for the period	Taxable Pension Input
£	£



If your Taxable Pensions Input is higher than £0.00 (zero), you must complete a self assessment tax return to inform HMRC. You will also need to pay tax on this amount.

Please note: This statement DOES NOT include any additional pension savings that you may hold in any other pension arrangement.

You should keep this letter in a safe place to provide evidence to HMRC, if required, even if no tax was due for the period.

This Statement is based on current legislation only. Any changes resulting from the recent McCloud judgement will not be reflected in figures until October 2023 at the earliest. If your taxable annual allowance figure alters as a result of applying any changes relating to the judgement, we will contact you with details of any actions you will need to take.

Even if you have not exceeded the maximum allowed PIA, you should retain this statement as evidence in case HMRC make future enquiries about this tax year. When you fill in your tax return online, you will need to input the data provided on your Pension Savings Statement. Excess pension savings are added to your taxable income. You pay Income Tax on taxable income at the tax rate that applies to you – www.gov.uk/income-tax-rates. The system will work out your tax charge for you. Information on how this charge is calculated, together with worked examples, can be found at – www.hmrc.gov.uk/pensionschemes/understanding-aa.htm#4.

Pension Savings Statement

Input Period: 6 April 2021 - 5 April 2022

Pensionable Pay: £

Name:

Scheme: Local Government Pension Scheme

Pension Input Period (PIP)	Annual Allowance	Value of Pension at 06/04 (Start of PIP)	Value of Pension at 05/04 (End of PIP)	Value of Lump Sum at 06/04 (Start of PIP)	Value of Lump Sum at 05/04 (End of PIP)	Pension Input Amount	Unused Allowance (Carry Forward)	Taxable Pension Input	Scheme Pays Debit Applied	Pensionable Pay
		£	£	£	£	£	£	£	£	£
06/04/2021 - 05/04/2022	40000.00									
06/04/2020 - 05/04/2021	40000.00									
06/04/2019 - 05/04/2020	10000.00									
06/04/2018 - 05/04/2019	40000.00									



Please note: This statement includes any Additional Voluntary Contributions (AVCs) you have made during the period.

Figures shown DO NOT include any additional pension savings that you may hold elsewhere. If you have pension savings in other schemes, you will need to add growth from all your savings together to compare to the Annual Allowance.

Pension Saving Statement - Notes

What is the Annual Allowance?

The **Annual Allowance** is the total amount of pension savings you can make each year before incurring a tax charge. All your pension savings in the Local Government Pension Scheme, as well as any AVCs or contributions to personal pensions or stakeholder arrangements you are making, should be added together each year to determine your **Pension Input Amount (PIA)**. This is then tested against the **Standard Annual Allowance** which is currently set at £40,000.

How do I know if I have a tax charge?

The calculation to determine how much your benefits have increased over the pension input period is provided by tax authorities and depends on which scheme your benefits are in:

LGPS

$[(16 \times A) + \text{Lump Sum}] - \{ [(16 \times B) + \text{Lump Sum}] \times \text{Appropriate percentage} \} + \text{AVC}$

A = Closing Pension

B = Opening Pension

AVC = Additional Voluntary Contributions

Appropriate Percentage

0.5% for 2021/22

Annual Allowance Charge

Any growth in your benefits in excess of the **Annual Allowance** may be subject to tax. This tax is called the **Annual Allowance charge**. Please remember that when checking to see if you have exceeded the **Annual Allowance** you must include *all* of your pension savings, including additional voluntary contributions (AVCs), with the exception of your state pension, not just the benefits you hold in this scheme.

Carry Forward

Even if your **PIA** does exceed the **Annual Allowance**, you still might not have to pay an **Annual Allowance tax charge**. This is because you can carry forward any unused **Annual Allowance** from the previous three tax years to 2021/22; this will give you a higher amount of available **Annual Allowance**.

There is a strict order in which you can carry forward any unused **Annual Allowance**. You use the **Annual Allowance** in the current year first, then use any unused **Annual Allowance** from earlier years, using the earliest tax year first. We have calculated your unused **Annual Allowance** and the **PIA** subject to a tax charge based on your benefits from this scheme only. If you have any other pension savings or you wish to check our calculations a calculator is available on the HMRC website - <https://www.tax.service.gov.uk/pension-annual-allowance-calculator>.

How do I tell HMRC that my benefits have exceeded the Annual Allowance limit?

You will **only** need to inform HMRC if, after allowing for any carry forward, the total growth in your pension savings for the 2021/22 tax year is greater than £40,000 or your tapered AA (if you have one). Where it is, you will need to complete a self-assessment tax return. You need to register with HMRC as soon as possible (if not done already). More information can be found at – www.gov.uk/self-assessment-tax-returns.

Can I ask the scheme to pay the tax charge?

Yes - If the scheme pays your Annual Allowance tax charge on your behalf your employer will claim it back via a permanent reduction to your pension benefits; this is called scheme pays. There are two types of scheme pays facilities available for use if you have incurred an annual allowance tax charge. These are known as Mandatory Scheme Pays (MSP) and Voluntary Scheme Pays (VSP).

Paying the Tax Charge

The type of election you will need to use is dependent upon your own individual circumstances and require you to take different actions at different times. It is important that you complete all actions within the timescales set otherwise you will incur further charges and possible fines.

Mandatory Scheme Pays (MSP)	Voluntary scheme pays (VSP)
<p>MSP can only be permitted if the following conditions are met:</p> <ul style="list-style-type: none"> Your pension growth in any one of the Local Government pension schemes exceeds the standard AA; Your total AA charge is more than £2,000; and Your election for MSP is received by 31 July 2023 	<p>VSP can only be permitted in the following circumstances:</p> <ul style="list-style-type: none"> You have a tapered AA and a corresponding tax charge of £1,000 or more. Your pension growth across multiple Local Government schemes exceeds £40,000 and you have a corresponding tax charge of £1,000 or more Your election for VSP is received by 31 January 2023



If you want to know how much the potential reduction to your pension will be, you need to provide confirmation of your tax charge. A Scheme Pays Quotation Request form is included at the end of this document. On receipt we will let you know how your future benefits will be affected and you can then decide if you wish to proceed.

If you want the scheme to pay your **Annual Allowance charge** for the tax-year **2021/22** you **must** provide the Pensions Unit with a scheme pays election. Once you have opted to utilise **scheme pays**, you cannot change your mind so think carefully before you decide.

Key Dates – Scheme Pays

To enable us to process your scheme pays election on time all documentation must be returned by relevant date.

ACTION	DETAIL	HMRC DEADLINE	RELEVANT DATE REQUIRED BY
REGISTER FOR SELF ASSESSMENT TAX	IF TAXABLE EXCESS REQUIRES	N/A	AS SOON AS POSSIBLE MEMBER
SUBMIT SELF ASSESSMENT TAX RETURN	BY PAPER ONLY	31 OCTOBER 2022	31 OCTOBER 2022 MEMBER
SCHEME PAYS QUOTE REQUEST	COMPLETE SCHEME PAYS REQUEST FORM. RETURN TO XPS	N/A	16 NOVEMBER 2022 MEMBER
SCHEME PAYS QUOTE PROVIDED	ONLY IF REQUESTED BY 16 NOVEMBER 2022	N/A	07 DECEMBER 2022 XPS
RETURN SCHEME PAYS ELECTION	TO XPS ADMIN	N/A	14 DECEMBER 2022 MEMBER
SUBMIT SELF ASSESSMENT TAX RETURN	ONLINE ONLY	31 JANUARY 2023	31 JANUARY 2023 MEMBER
TAX CHARGE PAYMENT	NON-SCHEME PAYS ONLY	31 JANUARY 2023	31 JANUARY 2023 MEMBER
TAX CHARGE PAYMENT	VOLUNTARY SCHEME PAYS ONLY AND ELECTION RECEIVED BY 14 DECEMBER 2022	31 JANUARY 2023	31 JANUARY 2023
TAX CHARGE PAYMENT	MANDATORY SCHEME PAYS ONLY AND ELECTION RECEIVED BY 14 DECEMBER 2022	14 FEBRUARY 2023	14 FEBRUARY 2024



DATES SHOWN MAY NOT BE STATUTORY DEADLINES AND HAVE BEEN CHOSEN TO FACILITATE PROCESSING OF CALCULATIONS, SO THAT MEMBERS CAN COMPLETE TAX RETURN IN GOOD TIME.

Notification of intent in respect of taxable pension input for 2021/22 tax year

You must return this form to XPS if you have a taxable input amount for the 2021/22 tax year and you would like to consider making a scheme pays election. If you do not, you risk fines and late payment charges by HMRC in addition to the tax that is owed.

I, _____, have a taxable input for the 2021/22 tax year of £ _____ and:

Scheme Pays Quotation Required

Please tick one option and enter the amount of tax due.

I am not subject to a tapered annual allowance, have calculated the tax due on the above amount to be £ _____ and will make my own arrangements for payment of this to HMRC.

I am not subject to a tapered annual allowance, have calculated the tax due on the above amount to be £ _____ and would like to be provided with an illustration of the effect on my benefits should I choose to elect for the scheme to pay HMRC on my behalf.

Scheme Pays Quotation Not Required

I am subject to a tapered annual allowance, have calculated the tax due on the above amount to be £ _____ and will make my own arrangements for payment of this to HMRC.

I am subject to a tapered annual allowance and have completed the pro forma overleaf. Please provide me with a scheme pays quotation based on the information provided

I understand that the above request is NOT an election for scheme pays. Upon receipt of this form I understand that XPS will provide me with a scheme pays quotation and a scheme pays election form which I will be required to complete and return should I wish to proceed with a scheme pays election.

National Insurance Number: _____

Telephone Number: _____

Email (Work): _____

Email (Home): _____

Signed: _____ Date: _____

Please return this form to:

XPS
Pensions Unit
PO Box 340
Middlesbrough
TS1 2XP
Or tech@xpsplc.com

Tapered Annual Allowance Pro Forma

Threshold Income

A	Gross Pay (pay before pension contributions are deducted)	£
B	Less Pension Contributions	£
C	Plus Other Taxable Income	£
Threshold Income = (A-B) + C		£

If threshold Income is below £200,000 you **are not** subject to a tapered annual allowance

If Threshold Income is greater than £200,000:

Adjusted Income

D	Threshold Income (as calculated above)	£
E	Plus Total Pension Input Amount (PIA shown on page 1)	£
Adjusted Income = (D+E)		£

If Adjusted Income is below £240,000 you **are not** subject to a tapered annual allowance

If Adjusted Income is greater than £240,000:

Taper Reduction

F	Adjusted Income (shown above)	£
G	Less Threshold Limit (shown above)	£240,000.00
H	Excess = (F-G)	£
Taper Amount = Excess/2 (H ÷ 2)		£

Personal Annual Allowance

I	Standard Annual Allowance	£40,000
J	Less Taper Amount (shown above)	£
K	Reduced Annual Allowance (I-J)	£
Personal Annual Allowance (Higher of £10,000 or K)		£

Taxable Excess

L	Total Pension Input Amount (E above)	£
M	Less Personal Annual Allowance (shown above)	£
Taxable Excess = (L-M)		£

Tax payable

45% Rate

N	Adjusted Income (shown above)	£
O	Less Higher Tax Rate Threshold	£150,000
	Less Personal Annual Allowance	
Amount Payable at 45% = (N-O)		£

40% Rate

P	Taxable Excess (shown above)	£
Q	Less Amount Payable at 45% (shown above)	£
Tax payable at 40% (P-Q)		£

The information provided within this form will help you determine if you have a tapered Annual Allowance and if so what rate of tax will be applied to your excess pension savings. It is based on XPS's current understanding of HMRC rules. XPS take no responsibility for any decisions or actions taken as a result of the information given. If you are unsure about how you may be affected by any of the information provided, you should seek appropriate professional advice. Neither XPS, nor your employer, are qualified or registered to give tax advice.

Teesside Pension Fund

Report on the actuarial valuation at 31 March 2022

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Agenda Item 9

Julie Baillie FFA

Steven Law FFA

30 March 2023

For and on behalf of Hymans Robertson LLP

Hymans Robertson LLP is authorised and regulated by the Financial Conduct Authority

Use the menu bar above to navigate to each section.

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Executive Summary

We have been commissioned by Middlesbrough Borough Council (the Administering Authority) to carry out a valuation of the Teesside Pension Fund (the Fund) as at 31 March 2022. This fulfils Regulation 62 of the Local Government Pension Scheme Regulations 2013. This report is a summary of the valuation.

Contribution rates

The contribution rates for individual employers set at this valuation can be found in the [Rates & Adjustments certificate](#). Table 1 shows the combined individual employer rates set at this valuation and the last valuation (31 March 2019).

Table 1: whole fund contribution rates compared with the previous valuation

	This valuation 31 March 2022		Last valuation 31 March 2019	
Primary Rate	19.7% of pay		17.2% of pay	
Secondary Rate	2023/2024	£27,846,000	2020/2021	£13,341,000
	2024/2025	£27,249,000	2021/2022	£13,340,000
	2025/2026	£25,155,000	2022/2023	£13,303,000

- The Primary rate has increased mainly due to higher inflation
- The Secondary rate has decreased mainly due to good investment performance since the last valuation

Funding position

At 31 March 2022, the past service funding position has improved from the last valuation at 31 March 2019. Table 2 shows the reported funding position at the current and previous valuation.

Table 2: reported funding position at 31 March 2022 compared with 31 March 2019

Valuation Date	31 March 2022	31 March 2019
Past Service Liabilities	(£m)	(£m)
Employees	1,533	1,223
Deferred Pensioners	769	627
Pensioners	2,050	1,711
Total Liabilities	4,351	3,561
Assets	5,036	4,088
Surplus/(Deficit)	684	527
Funding Level	116%	115%

Approach to valuation

Valuation Purpose

The triennial actuarial valuation is an important part of the risk management framework of the Teesside Pension Fund (the Fund). Its main purpose is to ensure the Fund continues to have a contribution plan and investment strategy that will achieve the objectives set out in the Funding Strategy Statement.

We have been commissioned by Middlesbrough Borough Council (the Administering Authority) to carry out a valuation of the Teesside Pension Fund as at 31 March 2022. This fulfils Regulation 62 of the Local Government Pension Scheme Regulations 2013. This report marks the culmination of the valuation process and contains its two key outcomes:

- Page 97
- 1 Employer contribution rates for the period 1 April 2023 to 31 March 2026.
 - 2 The funding level of the Fund at 31 March 2022.

Further information on the valuation process, methodology and strategy is set out in the publicly available Funding Strategy Statement, Investment Strategy Statement and published papers and minutes of the Teesside Pension Fund Committee. Additional material is also contained in [Hymans Robertson's LGPS 2022 valuation toolkit](#).

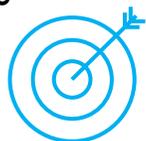
Setting employer contribution rates

Employer contributions need to be set at a level which ensures the Fund has a reasonable likelihood of having enough money to pay members' benefits. Identifying the amount of benefits that may be paid is complex as those earned today might only start being paid in 50 years' time. Over that time period, there is significant uncertainty over factors which affect the cost of benefits, eg inflation, investment returns. These uncertainties are allowed for by taking a risk-based approach to setting employer contribution rates. This approach is built around three key funding decisions set by the Fund and asset-liability modelling.

Key funding decisions

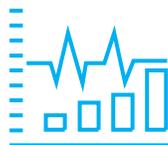
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For each employer, the Fund determines the most appropriate choice for the following three funding decisions. Further detail is set out in the Funding Strategy Statement.



What is the funding target for each employer?

Will the employer remain in the Fund for the long-term or exit at some point



What is the funding time horizon?

How long will the employer participate in the Fund



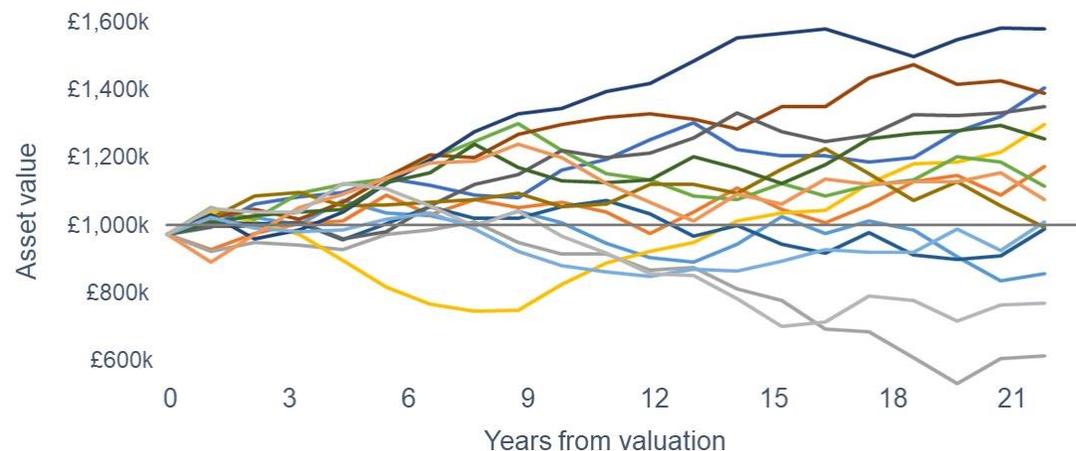
What is the required likelihood?

How much funding risk can the employer's covenant support

Modelling approach

Asset-liability modelling is used to project each employer's assets and benefit payments into the future using 5,000 different economic scenarios. The economic scenarios are generated using Hymans Robertson's Economic Scenario Service (ESS) (further information in [Appendix 2](#)).

Picture 1: sample progression of employer asset values under different economic scenarios



Measuring the funding level

The past service funding level is measured at the valuation date. While it is limited in providing insight into a funding plan, it is a useful high-level summary statistic. To measure the funding level, a market-related approach is taken to calculate both the assets and the liabilities (so they are consistent with each other).

- The market value of the Fund's assets at the valuation date have been used.
- The liabilities have been valued using assumptions based on market indicators at the valuation date (these assumptions are detailed in [Appendix 2](#)).

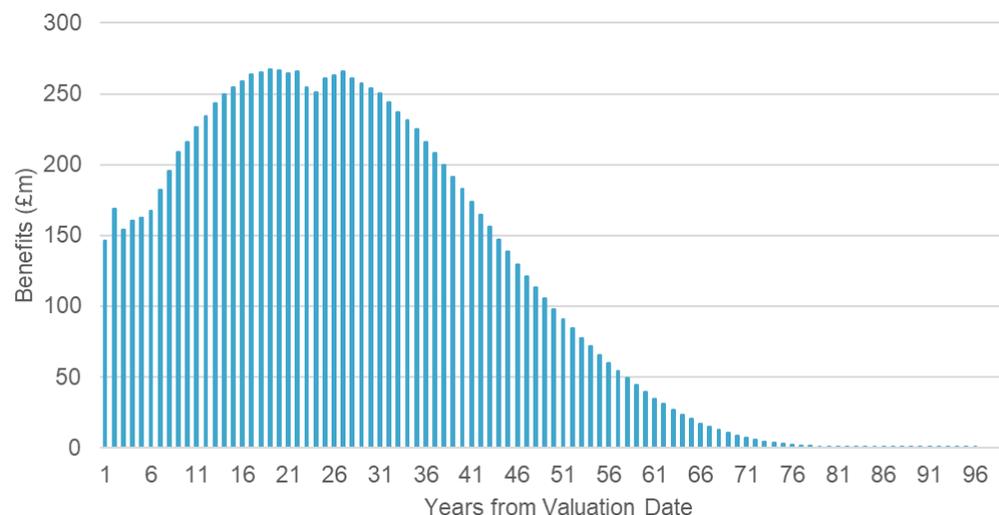
Further detail on the liabilities

The liabilities are the value of all future payments to members based on all benefits earned up to the valuation date, expressed in today's money.

Chart 1 shows the projected payments for all members in the Fund at the valuation date. The projections are based on the membership data provided for the valuation ([Appendix 1](#)), the assumptions ([Appendix 2](#)) and our understanding of the LGPS benefit structure as at 31 March 2022 (details at www.lgpsregs.org).

To express the future payments in today's money, the projections are discounted with an assumed future investment return on the Fund's assets (the discount rate).

Chart 1: projected benefit payments for all service earned up to 31 March 2022



Valuation results

Employer contribution rates

The primary objective of the Fund is to set employer contribution rates that will adequately cover the cost of benefits which will accrue in the future and any costs related to benefits already earned. A secondary objective is to ensure the rates are as stable as possible. The risk-based approach detailed earlier is used to meet both these objectives.

The employer contribution rate is made up of two components.

- A primary rate: the level sufficient to cover all new benefits.
- A secondary rate: the costs associated with sufficiently funding benefits accrued up to the valuation date.

Each employer has a contribution rate which is appropriate to their circumstances and these can be found in the [Rates & Adjustments Certificate](#). Broadly speaking:

- Primary rates have increased since the last valuation due to rising inflation.
- Secondary rates have decreased due to strong investment performance since the previous valuation.

However, all employers will be different and the contribution rate will reflect the membership and experiences of each employer.

Table 3 shows the total of all employer contribution rates to be paid into the Fund over the period 1 April 2023 to 31 March 2026.

Table 3: whole-fund contribution rate, compared with the previous valuation

	This valuation 31 March 2022		Last valuation 31 March 2019	
Primary Rate	19.7% of pay		17.2% of pay	
Secondary Rate	2023/2024	-£27,846,000	2020/2021	-£13,341,000
	2024/2025	-£27,249,000	2021/2022	-£13,340,000
	2025/2026	-£25,155,000	2022/2023	-£13,303,000

The primary rate includes an allowance of 0.6% of pensionable pay for the Fund's expenses (0.5% at 31 March 2019).

Employees pay a contribution to the Fund in addition to these rates. These rates are set by the LGPS Regulations. The average employee contribution rate at 31 March 2022 is 6.3% of pay (6.4% at 31 March 2019).

Funding level

The funding level is the ratio of assets to liabilities. The market value of the assets at the valuation date are known. The value of the liabilities is uncertain given that the level of future investment returns are unknown.

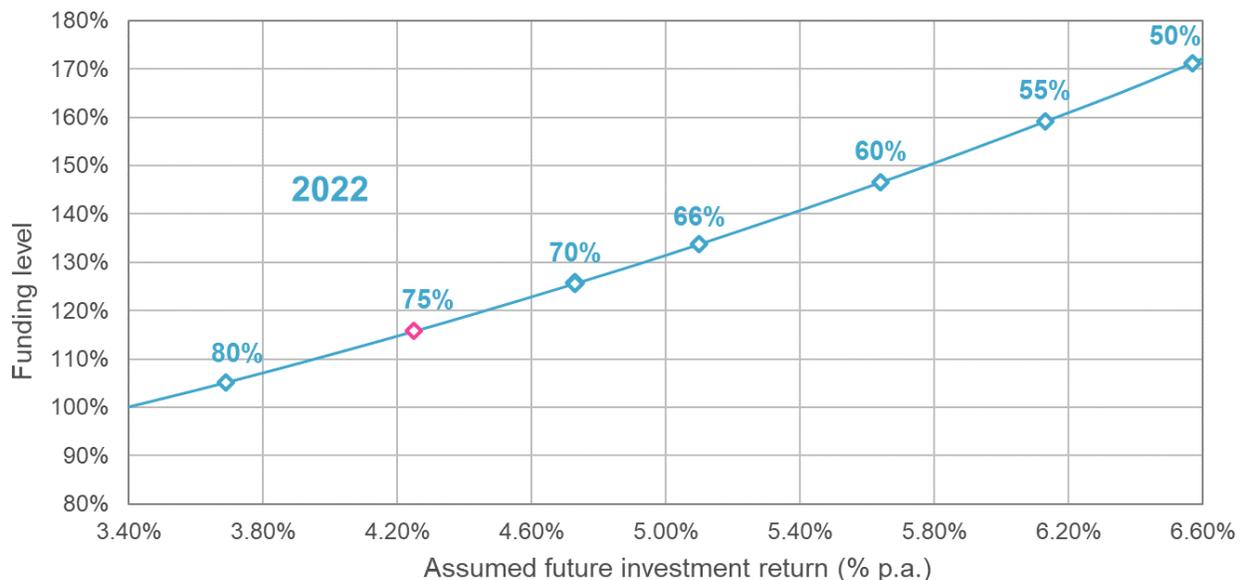
Therefore, the liabilities and funding level have been calculated across a range of different investment returns (the discount rate).

The likelihood of the Fund's investment strategy (detailed in [Appendix 1](#)) achieving certain levels of return has also been calculated, to help better understand funding risk.

Chart 2 shows how the funding level varies with future investment return assumptions at 31 March 2022.

- **The funding level is 100% if future investment returns are c.3.4% pa. The likelihood of the Fund's assets yielding at least this return is around 83%.**
- **There is a 50% likelihood of an investment return of 6.6% pa. So the best-estimate funding level is 172% at 31 March 2022.**

Chart 2: funding level across a range of future investment returns



Figures along the line show the likelihood of the Fund's assets exceeding that level of return over the next 20 years.

The pink diamond is the reported funding level as at the 2022 valuation.

Single funding level as at 31 March 2022

While the chart on the previous page provides a better understanding of the past service funding position, there is still a requirement to report a single funding level at 31 March 2022.

To report a single funding level and funding surplus/deficit for the 2022 valuation, a discount rate of 4.25% pa has been used. There is a 75% likelihood associated with a future investment return of 4.25% pa.

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Table 4 details the liabilities, split by member status, and the market value of assets at the valuation date. The results at the 2019 formal valuation are shown for comparison. (NB at 2019 the reported position used a discount rate with a 75% associated likelihood and 25 year time horizon).

The funding level and surplus/deficit figures provide a high-level snapshot of the funding position of the Fund as at 31 March 2022; however, there are limitations:

- The liabilities are calculated using a single set of assumptions about the future and so are very sensitive to the choice of assumptions.
- The market value of assets held by the Fund will change on a daily basis.

The future progression of the funding position is uncertain. If the financial and demographic assumptions made at this valuation actually occur, employers pay contributions in line with the R&A certificate and there are no other changes in the financial or demographic environment, we project that the funding level at the next valuation (31 March 2025) will be approximately 114%.

Table 4: single reported funding level

Valuation Date	31 March 2022	31 March 2019
Past Service Liabilities	(£m)	(£m)
Employees	1,533	1,223
Deferred Pensioners	769	627
Pensioners	2,050	1,711
Total Liabilities	4,351	3,561
Assets	5,036	4,088
Surplus/(Deficit)	684	527
Funding Level	116%	115%

Important: the reported funding level does not directly drive the contribution rates for employers. The contribution rates consider how assets and liabilities will evolve over time in different economic scenarios and also reflect each employer's funding profile and covenant.

Changes since the last valuation

Events between 2019 and 2022

The most significant external event to occur since the last valuation has been the Covid-19 pandemic. Please note, exit records were incomplete within the membership data so an accurate analysis of the impacts of leavers and deaths is not possible. The column of 'Actual' membership experience and 'Impact on funding position' should therefore be viewed with caution since they do not reflect the complete membership movements. However, the impact on the funding position is expected to have been small due to the likely age profile of the excess deaths and the level of pension ceased.

Other significant factors occurring which affect the funding strategy of the Fund have been the better than expected investment returns. This has had a material positive impact on the funding position and employers' secondary contribution rates.

Financial

Table 5: analysis of financial experience between 2019 and 2022 valuations

	Expected	Actual	Difference	Impact on funding position
3 year period	14.0%	30.7%	16.7%	+£608m
Annual	4.45% pa	9.3% pa	4.9% pa	

Membership

Table 6: analysis of membership experience between 2019 and 2022 valuations

	Expected	Actual	Difference	Impact on funding position
Early leavers	3,056	1,614	-1,442	Not available
Ill-health retirements	180	166	-14	+£4m
Salary increases	3.4% pa	1.4% pa	-2.0% pa	+£47m
Benefit increases	2.1% pa	1.8% pa	-0.3% pa	+£28m
Pension ceasing	£8.4m	£3.0m	-£5.4m	Not available

Changes since the last valuation

Future outlook

Expectations about the future, which inform the assumptions used to value the liabilities, have changed since the last valuation. The most significant changes are:

- Future inflation: this is expected to be on average higher than at 2019 due to the current level of high inflation.
- Investment returns: due to change in the Fund's investment strategy and financial markets, future investment returns are now expected to be lower than at the last valuation.

Table 7: summary of change in future outlook

Factor	What does it affect?	What's changed?	Impact on liabilities
Future investment returns	The rate at which future benefit payments are discounted back, ie the discount rate assumption	Future investment returns slightly higher at 2022 than at 2019. The future investment return assumption is now 4.25% pa vs. 4.45% pa at 2019.	Increase of £145m
Inflation	The rate at which pensions in payment and deferment and CARE pots increase	Significant increase in short-term future inflation expectations.	Increase of £379m
Salary increases	The rate at which future salaries increase. This affects benefits that are still linked to final salary, ie accrued before 1 April 2014	No material change since last valuation given competing factors eg tighter budgetary conditions vs strong job market and pressure from National Living Wage increases.	Increase of £11m
Current life expectancy	How long we expect people to live for based on today's current observed mortality rates.	Slight reduction in life expectancy based on current observed data (not allowing for Covid-related excess deaths)	Decrease of £23m
Future improvements in life expectancy	How we expect life expectancies to change (increase) in the future.	Uncertainty about effectiveness of mitigations against life expectancy increases in the LGPS ie State Pension Age increases and Cost Cap. Need to better reflect wider pension and insurance industry long-term expectations.	Decrease of £42m

Reconciling the overall change in funding position

The tables below provide insight into the funding position change between 31 March 2019 and 31 March 2022. Firstly, the changes we expect to happen (Table 8), which relate mostly to items on the asset side. Then the impact of actual experience (Table 9), which mainly affects the liabilities. Note that a separate analysis is not available for the actual pension ceasing due to the way that member data has been recorded.

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Expected development

Table 8: expected development of funding position between 2019 and 2022 valuations

Change in the surplus/deficit position	Surplus / (Deficit)
	£m
Last valuation at 31 March 2019	527
Cashflows	
Employer contributions paid in	202
Employee contributions paid in	90
Other cashflows (e.g. Fund expenses)	(22)
Expected changes	
Expected investment returns	507
Interest on benefits already accrued	(491)
Accrual of new benefits	(362)
Expected position at 31 March 2022	451

Impact of actual events

Table 9: impact of actual events on the funding position at 31 March 2022

Change in the surplus/deficit position	Surplus / (Deficit)
	£m
Expected position at 31 March 2022	451
Events between 2019 and 2022	
Salary increases less than expected	47
Benefit increases less than expected	28
Early retirement strain (and contributions)	(2)
Ill health retirement strain	4
Early leavers less than expected*	n/a
Commutation less than expected	(7)
Pensions ceasing less than expected*	n/a
McCloud remedy	(11)
Other membership experience	24
Higher than expected investment returns	608
Changes in future expectations	
Investment returns	(145)
Inflation	(379)
Salary increases	(11)
Longevity	65
Other demographic assumptions	12
Actual position at 31 March 2022	684

*early leavers data and actual pension ceasing is not available for analysis

Sensitivity & risk analysis

Sensitivity and risk analysis: assumptions

There is risk and uncertainty inherent with funding benefit payments that will be paid out many years in the future. The Fund is aware of these and has in place a risk register which is regularly reviewed. Additionally, as part of the valuation, the Fund reviews sources of risk that may impact its funding position and the contribution rates payable by employers.

This section discusses some of the most significant sources of funding risk assumptions, regulatory, administration and governance and climate change). Further information of the Fund's approach to funding risk management, including monitoring, mitigation and management, is set out in the Funding Strategy Statement.

The valuation results depend on the actuarial assumptions made about the future. By their nature, these assumptions are uncertain which means it's important to understand their risk levels and the sensitivity of the results to changes in the assumptions.

Contribution rates

The risk-based approach to setting employer contribution rates mitigates the limitation of relying on one set of assumptions. Therefore, there is no need to carry out additional analysis of the sensitivity of contribution rates to changes in financial assumptions. The contribution rates are sensitive to changes in demographic assumptions. The results in this section in relation to the funding position can be broadly applied to the contribution rates.

Funding level

Financial assumptions

On page 10, we have already set out how the results vary with the assumed future investment return. The table below considers inflation.

Table 10: sensitivity of funding position to inflation assumption

CPI Assumption	Surplus/ (Deficit)	Funding Level
% pa	(£m)	%
2.5%	809	119%
2.7%	684	116%
2.9%	555	112%

Demographic assumptions

The main area of demographic risk is if people live longer than expected. The table below shows the impact of longer term longevity rates improving at a faster rate (1.75% pa vs 1.5% pa used in the results)

Table 11: sensitivity of funding position to longevity assumption

Long term rate of improvement	Surplus/ (Deficit)	Funding Level
% pa	(£m)	%
1.5%	684	116%
1.75%	650	115%

Sensitivity and risk analysis: other risks

Regulatory, Administration and Governance risks

Potential risks in this area include change in central government legislation which changes the future cost of the LGPS and failures in administration processes leading to incorrect data and inaccuracies in actuarial calculations. At this valuation, specific risks include:

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McCloud: the remedy to resolve the McCloud case is yet to be formalised in regulations. However, an allowance has been included for this expected benefit change at the 2022 valuation as directed by the Department of Levelling Up, Housing and Communities [in their letter dated March 2022](#)¹.

Goodwin: the remedy to this issue is still uncertain, it is difficult to identify who it would apply to and its impact is estimated to be very small for a LGPS fund (0.1-0.2% of liabilities). Therefore, no allowance has been made for this case at the 2022 valuation.

- **Cost Cap:** a legal challenge is ongoing in relation to the 2016 cost cap valuation and no information is known about the outcome of the 2020 cost cap valuation. At this valuation, no allowance has been made for any changes to the benefit structure that may occur as a result of a cost cap valuation.
- **GMP indexation:** it is assumed that all increases on GMPs for members reaching State Pension Age after 6 April 2016 will be paid for by LGPS employers. This is a different approach to that taken for the 2019 valuation which only included members reaching State Pension Age between 6 April and 5 April 2021 (inclusive).

Post valuation events

Since 31 March 2022, there has been significant volatility in the financial markets partly due to the lingering impacts of the pandemic and the conflict in Ukraine. High short to medium term inflation expectations have been met with higher interest rates from central banks.

The combined effect of these over the year to 31 March 2023 has been a marked increase in funding level as higher future expected returns have been more than sufficient to counteract the impacts of high short-term inflation (including the 10.1% benefit increase which will be awarded in April 2023) and lower than anticipated investment returns over the period.

As an open scheme, with a strong covenant, the Fund takes a long-term view when considering the funding impact of such events. For employers who have a very short time horizon, recent volatility may be more immediately impactful, and the Fund has engaged with these employers as appropriate.

No explicit allowance has been made for this volatility in the valuation results or contribution rates detailed in the Rates & Adjustments Certificate. The Fund will continue to monitor changes in the financial and demographic environment as part of its ongoing risk management approach.

Sensitivity and risk analysis: climate change

Background

Climate change is a major source of uncertainty which could affect future investment returns, inflation and life expectancies. Therefore, the Fund has explicitly explored the resilience of its funding model to future potential climate change outcomes.

It is impossible to confidently quantify the effect of climate risk given the significant uncertainty over the impact of different possible climate outcomes. Instead, three different climate change scenarios have been considered as a stress-test (instead of trying to predict how climate change affects the funding level in the future).

All the scenarios assume that there will be a period of disruption linked either to the response to climate risk (transition risks) or the effect of it (physical risks). This disruption will lead to high volatility in financial markets, and the later the disruption, the more pronounced it will be.

Further detail on the scenarios is shown in guide 10 of [Hymans Robertson's LGPS 2022 valuation toolkit](#).

Outcome of analysis

The Fund has set its funding and investment strategy using asset-liability modelling and considering two main risk metrics:

- Likelihood of success – the chance of being fully funded in 20 years' time
- Downside risk – the average worst 5% of funding levels in 20 years' time

When exploring the potential impact of climate change, the Fund has compared how these risk metrics change under each climate change scenario (against the 'Core' model used when setting the funding and investment strategy). The stress test results for the Fund are shown in Table 12 below.

Table 12: sensitivity of funding model to climate risk

Scenario	Likelihood of success	Downside risk
Core	79%	56%
Green Revolution	79%	55%
Delayed Transition	76%	55%
Head in the Sand	74%	53%

The results are worse in the climate scenarios. This is to be expected given that they are purposefully stress-tests and all the scenarios are bad outcomes. While the risk metrics are weaker, they are not materially so and not enough to suggest that the funding and investment strategy are unduly exposed to climate change risk. The Fund will continue to monitor this risk as more information emerges and climate change modelling techniques evolve.

Final comments

Final comments

The Fund's valuation operates within a broader framework, and this document should be considered alongside the following:

- The Funding Strategy Statement, which in particular highlights how different types of employer in different circumstances have their contributions calculated
- The Investment Strategy Statement, which sets out the investment strategy for the Fund
- The general governance of the Fund, such as meetings of the Teesside Pension Fund Committee and the Teesside Pension Board, decisions delegated to officers, the Fund's business plan, etc
- The Fund's risk register

New employers joining the Fund

Any new employers or admission bodies joining the Fund should be referred to the Fund Actuary to assess the required level of contribution. Depending on the number of transferring members the ceding employer's rate may also need to be reviewed.

Cessations and bulk transfers

Any employer who ceases to participate in the Fund should be referred to the Fund Actuary in accordance with Regulation 64 of the LGPS regulations.

Any bulk movement of scheme members:

- involving 10 or more scheme members being transferred from or to another LGPS fund in accordance with Regulation 103 of the LGPS regulations
- involving 2 or more scheme members being transferred from or to a non-LGPS pension arrangement in accordance with Regulation 98 of the LGPS regulations

should be referred to the Fund Actuary to consider the impact on the Fund.

Valuation frequency

Under the LGPS regulations, the next formal valuation of the Fund is due to be carried out as at 31 March 2025 when contribution rates payable from 1 April 2026 will be set.



Julie Baillie FFA
30 March 2023

For and on behalf of Hymans Robertson LLP



Steven Law FFA

Appendices



APPENDIX 1

Data

Membership data

A summary of the membership data provided by the Fund for the 2022 valuation is set out in Table 13. The corresponding membership data from the previous valuation is also shown for reference.

The results of the valuation are dependent on the quality of the data used. We have carried out a series of validation checks on the data supplied to us by the Administering Authority to ensure that it is fit for purpose.

Asset data

To check the membership data and derive employer asset values, we have used asset data and employer level cashflow data provided by the Fund.

Table 13: whole fund membership data as at 31 March 2022 and 31 March 2019

Whole Fund Membership Data	This Valuation 31 March 2022	Last Valuation 31 March 2019
Employee members		
Number	25,937	22,338
Total actual pay (£000)	493,440	413,608
Total accrued pension (£000)	95,889	84,421
Average age (liability weighted)	52.1	51.0
Deferred pensioners (including undecideds)		
Number	26,442	26,372
Total accrued pension (£000)	43,376	41,338
Average age (liability weighted)	52.0	51.6
Pensioners and dependants		
Number	26,266	23,772
Total pensions in payment (£000)	128,552	112,533
Average age (liability weighted)	68.3	67.6

APPENDIX 1

Data

Investment strategy

A summary of the investment strategy allocation used for the calculation of employer contribution rates and to derive the future assumed investment return is set out in Table 14.

This information is as set out in the Fund's Investment Strategy Statement.

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Table 14: investment strategy used for the 2022 valuation

% allocation	Core Strategy
UK equities	10.0%
Global equities	40.0%
EM equities	5.0%
Infrastructure	10.0%
Private equity	6.5%
Total growth assets	71.5%
Index-linked gilts	3.0%
Credit	4.0%
Total protection assets	7.0%
Asset backed securities	5.0%
Multi asset credit	1.0%
Property	13.5%
Cash	2.0%
Total income generating assets	21.5%

APPENDIX 2

Assumptions

To set and agree assumptions for the valuation, the Fund carried out in-depth analysis and review in June 2022 with the final set agreed by the Pensions Committee on 29 June 2022.

Financial assumptions

Setting employer contribution rates

An asset-liability model is used to set employer contributions at the 2022 valuation. This model relies on Hymans Robertson's proprietary economic model, the Economic Scenario Service (ESS). The ESS reflects the uncertainty associated with future levels of inflation and asset returns and the interactions and correlations between different asset classes and wider economic variables. In the short term (first few years), the models are fitted with current financial market expectations. Over the longer term, models are built around views of fundamental economic parameters, for example equity risk premium, credit spreads and long term inflation. The table below shows the calibration of the ESS at 31 March 2022. Further information on the assumptions used for contribution rate setting is included in the Funding Strategy Statement.

Table 15: ESS individual asset class return distributions at 31 March 2022

Time period	Percentile	Asset class annualised total returns											Inflation/Yields		
		Cash	Index Linked Gilts (long)	UK Equity	Private Equity	Property	Emerging Markets Equity	Unlisted Infrastructure Equity	Multi Asset Credit (sub inv grade)	All World ex UK Equity in GBP unhedged	Asset Backed Securities (AA rated) GBP	CorpShort A	Inflation (CPI)	17 year real yield (CPI)	17 year yield
10 years	16 th	0.8%	-3.1%	-0.4%	-1.2%	-0.6%	-2.5%	0.7%	1.7%	-0.4%	1.1%	1.4%	1.6%	-1.7%	1.1%
	50 th	1.8%	-0.7%	5.7%	9.4%	4.4%	5.8%	5.9%	3.5%	5.8%	2.3%	2.4%	3.3%	-0.5%	2.5%
	84 th	2.9%	2.0%	11.6%	20.1%	9.5%	14.4%	11.2%	5.2%	11.9%	3.6%	3.4%	4.9%	0.7%	4.3%
20 years	16 th	1.0%	-2.6%	1.7%	2.4%	1.4%	0.1%	2.6%	2.8%	1.8%	1.5%	2.0%	1.2%	-0.7%	1.3%
	50 th	2.4%	-0.9%	6.2%	10.0%	5.0%	6.3%	6.5%	4.4%	6.3%	3.0%	3.2%	2.7%	1.1%	3.2%
	84 th	4.0%	0.8%	10.6%	17.6%	8.9%	12.8%	10.6%	6.0%	11.1%	4.7%	4.6%	4.3%	2.7%	5.7%
40 years	16 th	1.2%	-1.1%	3.2%	4.7%	2.6%	2.1%	3.9%	3.6%	3.4%	1.8%	2.4%	0.9%	-0.6%	1.1%
	50 th	2.9%	0.3%	6.7%	10.3%	5.5%	6.8%	7.0%	5.3%	6.8%	3.5%	3.9%	2.2%	1.3%	3.3%
	84 th	4.9%	1.9%	10.2%	16.1%	8.8%	11.7%	10.3%	7.1%	10.4%	5.6%	5.8%	3.7%	3.2%	6.1%
Volatility (5yr)		2%	9%	18%	30%	15%	26%	15%	6%	18%	3%	3%	3%	-	-

APPENDIX 2

Assumptions

Financial assumptions

Calculating the funding level

The table below summarises the assumptions used to calculate the funding level at 31 March 2022, along with a comparison at the last valuation.

Table 16: summary of assumptions used for measuring the funding level, compared to last valuation on 31 March 2019

Assumption	31 March 2022	Required for	31 March 2019
Discount rate	4.25% pa	To place a present value on all the benefits promised to scheme members at the valuation date. The Fund's assets are estimated to have a 75% likelihood of returning above the discount rate.	4.45% pa (based on a 75% likelihood and 25 year time horizon)
Benefit increases/CARE revaluation	2.7% pa	To determine the size of future benefit payments.	2.1% pa
Salary increases	3.7% pa	To determine the size of future final-salary linked benefit payments.	3.1% pa

Allowing for the McCloud remedy

Allowance has been included for this expected benefit change at the 2022 valuation as directed by the Department of Levelling Up, Housing and Communities [in their letter dated March 2022](#). Further technical detail about this assumption is set out in guide 13 of [Hymans Robertson's LGPS 2022 valuation toolkit](#).

APPENDIX 2

Assumptions

Demographic assumptions

The same demographic assumptions are used in setting contribution rates and assessing the current funding level.

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Longevity

Table 17: summary of longevity assumptions

	This valuation 31 March 2022	Last valuation 31 March 2019
Baseline assumption	VitaCurves based on member-level lifestyle factors	S2N tables with best-estimate scaling factors
Future improvements	CMI 2021 model Initial addition = 0.25% (both Female and Male) Smoothing factor = 7.0 1.5% pa long-term rate of improvement	CMI 2018 model Initial addition = 0% Smoothing factor = 7.5 1.5% pa long-term rate of improvement

Further information on these assumptions can be provided upon request. Sample rates are included on the next page.

Other demographic assumptions

Table 18: summary of other demographic assumptions

Death in service	See sample rates in Tables 19 & 20
Retirements in ill health	See sample rates in Tables 19 & 20
Withdrawals	See sample rates in Tables 19 & 20
Promotional salary increases	See sample rates in Tables 19 & 20
Commutation	80% of future retirements elect to exchange pension for additional tax free cash up to HMRC limits
50:50 option	0.0% of members (uniformly distributed across the age, service and salary range) will choose the 50:50 option
Retirement age	The earliest age at which a member can retire with their benefits unreduced
Family details	A varying proportion of members are assumed to have a dependant at retirement or on earlier death. For example, at age 60 this is assumed to be 90% for males and 85% for females. The dependant of a male member is assumed to be 3 years younger than him and the dependent of a female member is assumed to be 3 years older than her.

APPENDIX 2

Assumptions

Sample rates for demographic assumptions

Males

Table 19: sample rates of male demographic assumptions

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.17	404.31	813.01	0.00	0.00	0.00	0.00
25	117	0.17	267.06	537.03	0.00	0.00	0.00	0.00
30	131	0.20	189.49	380.97	0.00	0.00	0.00	0.00
35	144	0.24	148.05	297.63	0.10	0.07	0.02	0.01
40	150	0.41	119.20	239.55	0.16	0.12	0.03	0.02
45	157	0.68	111.96	224.96	0.35	0.27	0.07	0.05
50	162	1.09	92.29	185.23	0.90	0.68	0.23	0.17
55	162	1.70	72.68	145.94	3.54	2.65	0.51	0.38
60	162	3.06	64.78	130.02	6.23	4.67	0.44	0.33
65	162	5.10	0.00	0.00	11.83	8.87	0.00	0.00

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Females

Table 20: sample rates of female demographic assumptions

Age	Salary Scale	Death Before Retirement	Withdrawals		III Health Tier 1		III Health Tier 2	
		FT & PT	FT	PT	FT	PT	FT	PT
20	105	0.10	352.42	467.37	0.00	0.00	0.00	0.00
25	117	0.10	237.14	314.44	0.10	0.07	0.02	0.01
30	131	0.14	198.78	263.54	0.13	0.10	0.03	0.02
35	144	0.24	171.57	227.38	0.26	0.19	0.05	0.04
40	150	0.38	142.79	189.18	0.39	0.29	0.08	0.06
45	157	0.62	133.25	176.51	0.52	0.39	0.10	0.08
50	162	0.90	112.34	148.65	0.97	0.73	0.24	0.18
55	162	1.19	83.83	111.03	3.59	2.69	0.52	0.39
60	162	1.52	67.55	89.37	5.71	4.28	0.54	0.40
65	162	1.95	0.00	0.00	10.26	7.69	0.00	0.00

Figures are incidence rates per 1,000 members except salary scale. FT and PT denoted full-time and part-time members respectively.

APPENDIX 3

Reliances and limitations

We have been commissioned by Middlesbrough Borough Council (“the Administering Authority”) to carry out a full actuarial valuation of the Teesside Pension Fund (“the Fund”) as at 31 March 2022 as required under Regulation 62 of the Local Government Pension Scheme Regulations 2013 (“the Regulations”).

This report is addressed to the Administering Authority. It has been prepared by us as actuaries to the Fund and is solely for the purpose of summarising the main outcomes of the 2022 actuarial valuation. It has not been prepared for any other third party or for any other purpose. We make no representation or warranties to any third party as to the accuracy or completeness of this report, no reliance should be placed on this report by any third party and we accept no responsibility or liability to any third party in respect of it.

Hymans Robertson LLP is the owner of all intellectual property rights in this report. All such rights are reserved.

This summary report is the culmination of other communications in relation to the valuation, in particular:

- Our [2022 valuation toolkit](#) which sets out the methodology used when reviewing funding plans
- Our paper to the Fund’s Pension Committee dated June 2022 which discusses the valuation assumptions
- Our initial results report dated October 2022 which outlines the whole fund results and inter-valuation experience
- Our paper to the Fund’s Pension Committee dated December 2022 which discusses the funding strategy for the Fund’s employers

- Our data report dated March 2023 which summarises the data used for the valuation, the approach to ensuring it is fit for purpose and any adjustments made to it during the course of the valuation
- The Funding Strategy Statement which details the approach taken to adequately fund the current and future benefits due to members

The totality of our advice complies with the Regulations as they relate to actuarial valuations.

The following Technical Actuarial Standards apply to this advice, and have been complied with where material and to a proportionate degree. They are:

- TAS100 – Principles for technical actuarial work
- TAS300 – Pensions

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APPENDIX 4

Glossary

Term	Explanation
50:50 option	An option for LGPS members to pay half contributions and earn half the retirement benefit (pre-retirement protection benefits are unreduced).
Asset-liability modelling	An approach to modelling and understanding risk for a pension fund. The assets and liabilities are projected forward into the future under many different future scenarios of inflation, investment returns and interest rates. The future scenarios are then analysed to understand the risk associated with a particular combination of contribution rates and investment strategy. Different combinations of contribution rates and/or investment strategies may be tested.
Baseline longevity	The rates of death (by age and sex) in a given group of people based on current observed data.
Club Vita	A firm of longevity experts we partner with for longevity analysis. They combine data from thousands of pension schemes and use it to create detailed baseline longevity assumptions at member-level, as well as insight on general longevity trends and future improvements.
Commutation	The option for members to exchange part of their annual pension for a one-off lump sum at retirement. In the LGPS, every £1 of pension exchanged gives the member £12 of lump sum. The amounts that members commute is heavily influenced by tax rules which set an upper limit on how much lump sum can be taken tax-free.
CPI inflation	The annual rate of change of the Consumer Prices Index (CPI). The CPI is the UK government's preferred measure of inflation and is the measure used to increase LGPS (and all other public sector pension scheme) benefits each year.
Deferred pensioners	A former employee who has left employment (or opted out of the pension fund) but is not yet in receipt of their benefits from the fund.
Demographic assumptions	Assumptions concerned with member and employer choices rather than macroeconomic or financial factors. For example, retirement age or promotional salary scales. Demographic assumptions typically determine the timing of benefit payments.

APPENDIX 4

Glossary

Term	Explanation
Discount rate	A number used to place a single value on a stream of future payments, allowing for expected future investment returns.
Employee members	Members who are currently employed by employers who participate in the fund and paying contributions into the fund.
ESS	Economic Scenario Service - Hymans Robertson's proprietary economic scenario generator used to create thousands of simulations of future inflation, asset class returns and interest rates.
Funding position	The extent to which the assets held by the fund at 31 March 2022 cover the accrued benefits ie the liabilities. The two measures of the funding position are: <ul style="list-style-type: none"> • the funding level - the ratio of assets to liabilities; and • the funding surplus/deficit - the difference between the asset and liabilities values.
Inflation	Prices tend to increase over time, which is called inflation. Inflation is measured in different ways, using a different 'basket' of goods and mathematical formulas.
Liabilities	An employer's liability value is the single value at a given point in time of all the benefit payments expected to be made in future to all members. Benefit payments are projected using demographic and financial assumptions and the liability is calculated using a discount rate.
Longevity improvements	An assumption about how rates of death will change in future. Typically we assume that death rates will fall and life expectancies will improve over time, continuing the long-running trend.
Pensioners	A former employee who is in receipt of their benefits from the fund. This category includes eligible dependants of the former employee.

APPENDIX 4

Glossary

Term	Explanation
Primary rate	The estimated cost of future benefits, expressed in percentage of pay terms. The primary rate will include an allowance to cover the fund's expenses.
Prudence	To be prudent means to err on the side of caution in the overall set of assumptions. We build prudence into the choice of discount rate by choosing an assumption with a prudence Level of more than 50%. All other assumptions aim to be best estimate.
Prudence Level	A percentage indicating the likelihood that a discount rate assumption will be achieved in practice, based on the ESS model. The higher the prudence level, the more prudent the discount rate is.
Secondary rate	An adjustment to the primary rate, generally to reflect costs associated with benefits that have already been earned up to the valuation date. This may be expressed as a percentage of pay and/or monetary amount.
Withdrawal	Refers to members leaving the scheme before retirement. These members retain an entitlement to an LGPS pension when they retire, but are no longer earning new benefits.

Rates & Adjustments certificate

Rates and Adjustments Certificate

In accordance with Regulation 62 of the LGPS regulations, we have assessed the contributions that should be paid into the Teesside Pension Fund (the Fund) by participating employers for the period 1 April 2023 to 31 March 2026 in order to maintain the solvency of the Fund.

The method and assumptions used to calculate the contributions set out in this Rates and Adjustments certificate are detailed in the Funding Strategy Statement dated March 2023 and in Appendix 2 of the report on the actuarial valuation dated 30 March 2023. These assumptions underpin our estimate of the number of members who will become entitled to a payment of pensions under the provisions of the LGPS and the amount of liabilities arising in respect of such members.

The table below summarises the whole fund primary and secondary contribution rates for the period 1 April 2023 to 31 March 2026. The primary rate is the payroll weighted average of the underlying individual employer primary rates and the secondary rate is the total of the underlying individual employer secondary rates, calculated in accordance with the LGPS regulations and CIPFA guidance. The secondary rate has been shown both as a monetary amount and an equivalent percentage of the projected pensionable pay.

		This valuation 31 March 2022	
Primary rate		19.7% of pay	
Secondary rate		Monetary amount	Equivalent to % of payroll
	2023/24	-£27,846,000	-5.3%
	2024/25	-£27,249,000	-5.0%
	2025/26	-£25,155,000	-4.4%

The required minimum contribution rates for each employer in the Fund are set out in the remained of this certificate.

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)		
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
	Hartlepool Borough Council	19.4%	-7.0%	-6.5%	-5.5%	12.4%	12.9%	13.9%
	Middlesbrough Borough Council	19.1%	-7.6%	-7.1%	-6.1%	11.5%	12.0%	13.0%
104	Middlesbrough Borough Council	19.1%	-7.6%	-7.1%	-6.1%	11.5%	12.0%	13.0%
329	SLM Charitable Trust (MBC)	19.1%	-7.6%	-7.1%	-6.1%	11.5%	12.0%	13.0%
330	SLM Food and Beverage Ltd MBC	19.1%	-7.6%	-7.1%	-6.1%	11.5%	12.0%	13.0%
331	SLM Fitness and Health (MBC)	19.1%	-7.6%	-7.1%	-6.1%	11.5%	12.0%	13.0%
384	XPS	19.1%	-7.6%	-7.1%	-6.1%	11.5%	12.0%	13.0%
	Redcar and Cleveland Borough Council	19.7%	-9.5%	-9.0%	-8.0%	10.2%	10.7%	11.7%
403	Redcar and Cleveland Borough Council	19.7%	-9.5%	-9.0%	-8.0%	10.2%	10.7%	11.7%
311	Mellors Catering Ltd - Eston	19.7%	-9.5%	-9.0%	-8.0%	10.2%	10.7%	11.7%
400	Veritau Tees Valley Limited	19.7%	-9.5%	-9.0%	-8.0%	10.2%	10.7%	11.7%
	Stockton on Tees Borough Council	19.4%	-6.3%	-5.8%	-4.8%	13.1%	13.6%	14.6%

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Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)		
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
	Other Scheduled Bodies Pool	20.7%	-3.0%	-3.0%	-3.0%	17.7%	17.7%	17.7%
6	Guisborough Town Council	20.7%	-3.0%	-3.0%	-3.0%	17.7%	17.7%	17.7%
7	Saltburn and Marske Parish Council	20.7%	-3.0%	-3.0%	-3.0%	17.7%	17.7%	17.7%
20	Loftus Town Council	20.7%	-3.0%	-3.0%	-3.0%	17.7%	17.7%	17.7%
191	Ingleby Barwick Town Council	20.7%	-3.0%	-3.0%	-3.0%	17.7%	17.7%	17.7%
200	Yarm Town Council	20.7%	-3.0%	-3.0%	-3.0%	17.7%	17.7%	17.7%
214	Skelton & Brotton Parish Council	20.7%	-3.0%	-3.0%	-3.0%	17.7%	17.7%	17.7%
215	Billingham Town Council	20.7%	-3.0%	-3.0%	-3.0%	17.7%	17.7%	17.7%
274	Lockwood Parish Council	20.7%	-3.0%	-3.0%	-3.0%	17.7%	17.7%	17.7%
406	Thornaby Town Council	20.7%	-3.0%	-3.0%	-3.0%	17.7%	17.7%	17.7%
	Cleveland Police and Chief Constable	19.0%	-4.0%	-3.5%	-3.5%	15.0%	15.5%	15.5%
49	Cleveland Police	19.0%	-4.0%	-3.5%	-3.5%	15.0%	15.5%	15.5%
235	Office for the Police and Crime Commissioner for Cleveland	19.0%	-4.0%	-3.5%	-3.5%	15.0%	15.5%	15.5%
236	Chief Constable for Cleveland	19.0%	-4.0%	-3.5%	-3.5%	15.0%	15.5%	15.5%
	Cleveland Fire Authority	19.3%	-5.0%	-5.1%	-5.1%	14.3%	14.2%	14.2%
48	Cleveland Fire and Rescue Service	19.3%	-5.0%	-5.1%	-5.1%	14.3%	14.2%	14.2%

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)		
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
25	Teesside University	19.6%	-3.0%	-3.0%	-3.0%	16.6%	16.6%	16.6%
	College Pool	19.7%	-4.0%	-4.0%	-4.0%	15.7%	15.7%	15.7%
27	Hartlepool College of FE	19.7%	-4.0%	-4.0%	-4.0%	15.7%	15.7%	15.7%
33	Hartlepool Sixth Form College	19.7%	-4.0%	-4.0%	-4.0%	15.7%	15.7%	15.7%
38	The Northern School of Art	19.7%	-4.0%	-4.0%	-4.0%	15.7%	15.7%	15.7%
	Education Training Collective (Stockton Riverside College)	19.7%	-4.0%	-4.0%	-4.0%	15.7%	15.7%	15.7%
51	Redcar and Cleveland College	19.7%	-4.0%	-4.0%	-4.0%	15.7%	15.7%	15.7%
194	Stockton Riverside College	19.7%	-4.0%	-4.0%	-4.0%	15.7%	15.7%	15.7%
	Middlesbrough College	19.7%	-4.0%	-4.0%	-4.0%	15.7%	15.7%	15.7%
61	Middlesbrough College	19.7%	-4.0%	-4.0%	-4.0%	15.7%	15.7%	15.7%
	Academy Pool	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
64	Emmanuel Schools Foundation	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
228	Nunthorpe MAT (Nunthorpe Academy) Limited	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
230	KTS Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
238	The 1590 Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
251	Extol Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
254	Catcote Academy (Hartlepool Aspire Trust)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
255	Horizons Specialist Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
264	Skelton Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%

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Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)		
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
267	Sunnyside Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
269	Viewley Hill Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
282	Green Lane Primary Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
283	Kader Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
286	Delta Academies Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
290	Dayspring Trust (Ian Ramsey CofE Academy)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
291	The Ascent Academies Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
321	Melrose Learning Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
324	Tees Valley Education Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
332	Tees Valley Collaborative Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
333	River Tees Multi Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
339	Vision Academy Learning Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
349	Our Children 1st Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
350	Nunthorpe MAT (Rye Hills Academy)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
365	Galileo Multi Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
367	Endeavour Academies Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
369	Legacy Learning Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
376	James Cook Learning Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
378	Prince Regent Street Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
379	IRIS Learning Trust - Teesville Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)		
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
380	Northern Lights Learning Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
385	Steel River Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
413	NEAT Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
419	North East Learning Trust (Rye Hills)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	1Excellence Multi Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
351	1Excellent MAT (St Mark's Academy)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
352	1Excellent MAT (Pentland Academy)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	Academies Enterprise Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
63	Unity City Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
233	North Ormesby Primary Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
245	Caldicotes Primary Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	Ad Astra Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
373	Ayresome Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
408	Ad Astra Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	Bishop Hogarth Catholic Education Trust (Carmel Education Trust)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
256	St Michael's Catholic Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
265	St Bede's Catholic Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
299	Our Lady & St Bede Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
334	St Thomas of Canterbury MAT	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
375	St Josephs Catholic Primary	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
405	Carmel Education Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)		
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
	Dales Academies Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
231	All Saints Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
390	Thornaby CofE Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
391	St Francis Of Assisi CofE School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	Durham and Newcastle Diocesan Learning Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
359	Holy Trinity Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
360	St Aidans Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
361	Egglescliffe Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
372	St Mary's CE Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	Eden Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
252	Stranton Academy Trust (Stranton)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	Falcon Education Academies	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
206	Freebrough Academy (Falcon)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
208	Thornaby Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
410	Falcon Education Academies Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	Ironstone Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
284	Normanby Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
285	Nunthorpe Primary Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
345	Ormesby Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
346	Zetland Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
358	Riverdale Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)		
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
	Ironstone Academy Trust (continued)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
377	Overfields Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	Lingfield Education Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
270	Hemlington Hall Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
414	Lingfield Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	Nicholas Postgate Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
323	Sacred Heart SCV Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
327	St Hilda's Catholic Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
371	Nicholas Postgate Catholic Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	Northern Education Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
207	Northern Education Trust (North Shore Academy)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
244	Northern Education Trust (Dyke House Academy)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
260	Northern Education Trust (Frederick Natrass Primary Academy)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
261	Northern Education Trust (The Oak Tree Academy)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
271	Northern Education Trust (Norton Primary Academy)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
273	Northern Education Trust (The Grangefield Academy)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
312	Northern Education Trust (Manor Community Academy)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
386	Badger Hill Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
387	Whitecliffe Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
388	Freebrough Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%

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Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)		
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
	Outwood Grange Academy Trust	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
224	Eston Park Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
232	Gilbrook Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
262	Outwood Academy Acklam	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
287	Hillsview Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
297	Outwood Academy Bydales	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
322	Outwood Academy - Ormesby	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
347	Outwood Academy Bishopsgarth	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
357	Outwood Academy Redcar	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
389	Outwood Academy Normanby	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
411	Outwood Academy Riverside	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
	The Enquire Learning Trust (TLET)	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
249	Hardwick Green Primary Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
268	Rose Wood Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
272	Yarm Primary School	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
277	Easterside Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
289	Harrow Gate Primary Academy	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%
325	Enquire Learning Trust Central	19.7%	-2.2%	-2.2%	-2.2%	17.5%	17.5%	17.5%

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Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)		
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
	Beamish Museum	19.2%	-3.5%	-3.5%	-3.5%	15.7%	15.7%	15.7%
	Beyond Housing	19.6%	3.8%	3.8%	3.8%	23.4%	23.4%	23.4%
	Business and Enterprise North East	31.9%	-7.4% plus £93,000	-7.4% plus £93,000	-7.4% plus £93,000	24.5% plus £93,000	24.5% plus £93,000	24.5% plus £93,000
	Care Quality Commission	19.5%	-1.6%	-1.6%	-1.6%	17.9%	17.9%	17.9%
	SLM (RCBC)	20.2%	-6.9%	-6.9%	-6.9%	13.3%	13.3%	13.3%
241	SLM Community Leis Char Trust	20.2%	-6.9%	-6.9%	-6.9%	13.3%	13.3%	13.3%
242	SLM Food & Beverage Ltd	20.2%	-6.9%	-6.9%	-6.9%	13.3%	13.3%	13.3%
243	SLM Fitness & Health Limited	20.2%	-6.9%	-6.9%	-6.9%	13.3%	13.3%	13.3%
	Tascor (Reliance Secure Task Management Services Pool)	19.3%	-1.3%	-1.3%	-1.3%	18.0%	18.0%	18.0%
	Thirteen Group	25.4%	-2.6%	-2.6%	-2.6%	22.8%	22.8%	22.8%
60	Future Regeneration of Grangetown	32.6%				32.6%	32.6%	32.6%
170	Liberata UK Ltd	41.8%	-41.8%	-41.8%	-41.8%	0.0%	0.0%	0.0%
177	Tees Active Limited	24.1%	-5.9%	-5.9%	-5.9%	18.2%	18.2%	18.2%
246	One IT Solutions Ltd	18.7%				18.7%	18.7%	18.7%
266	Mellors Catering Services Ltd	17.9%				17.9%	17.9%	17.9%
288	Creative Management Serv Ltd	20.9%	8.5% plus £4,000	8.5% plus £4,000	8.5% plus £4,000	29.4% plus £4,000	29.4% plus £4,000	29.4% plus £4,000
295	Mellors Catering - CENTRAL	17.9%				17.9%	17.9%	17.9%
313	Mellors Catering - Dormanstown	28.0%				28.0%	28.0%	28.0%
328	Tees Valley Combined Authority	18.1%	-1.5%	-1.5%	-1.5%	16.6%	16.6%	16.6%
335	Onsite Building Trust	28.3%				28.3%	28.3%	28.3%
336	NMRN Operations	28.1%				28.1%	28.1%	28.1%

Employer code	Employer name	Primary rate (% of pay)	Secondary rate (% of pay plus monetary amount)			Total contributions (primary rate plus secondary rate)		
			2023/24	2024/25	2025/26	2023/24	2024/25	2025/26
341	ONE IT SERVICES LTD - PORTER	14.0%	1.9%	1.9%	1.9%	15.9%	15.9%	15.9%
353	Caterlink RCBC	28.2%				28.2%	28.2%	28.2%
355	Caterlink St Oswalds	27.9%				27.9%	27.9%	27.9%
364	South Tees Development Corp	17.3%	-1.0%	-1.0%	-1.0%	16.3%	16.3%	16.3%
370	Care and Custody Health Ltd	19.4%				19.4%	19.4%	19.4%
381	Churchills Outwood Grange	20.6%				20.6%	20.6%	20.6%
382	Churchills Collaborative Trust	27.1%	5.9%	5.9%	5.9%	33.0%	33.0%	33.0%
392	Mitie Cleveland Fire	25.7%	£1,000	£1,000	£1,000	25.7% plus £1,000	25.7% plus £1,000	25.7% plus £1,000
399	Bulloughs Cleaning	39.3%	-21.4%	-21.4%	-21.4%	17.9%	17.9%	17.9%
409	Middlesbrough and Stockton Mind	28.7%				28.7%	28.7%	28.7%
412	Redcar & Eston CIC	18.6%	-0.7%	-0.7%	-0.7%	17.9%	17.9%	17.9%
417	Mellors Riverdale	18.6%				18.6%	18.6%	18.6%
418	Mellors Skelton	40.6%	£27,000	£27,000	£27,000	40.6% plus £27,000	40.6% plus £27,000	40.6% plus £27,000
421	Caterlink - NPCAT	18.9%				18.9%	18.9%	18.9%
423	Park Holmes	32.9%				32.9%	32.9%	32.9%
425	Hutchinsons Catering (AET)	38.9%	£31,000	£32,000	£33,000	38.9% plus £31,000	38.9% plus £32,000	38.9% plus £33,000
426	Hutchisons Catering (Extol)	38.9%	£8,000	£8,000	£9,000	38.9% plus £8,000	38.9% plus £8,000	38.9% plus £9,000
427	Mellors (Dales)	18.9%				18.9%	18.9%	18.9%

Further comments to the Rates and Adjustments Certificate

- Contributions expressed as a percentage of payroll should be paid into the Fund at a frequency in accordance with the requirements of the Regulations
- Further sums should be paid to the Fund to meet the costs of any early retirements and/or augmentations using methods and factors issued by us from time to time or as otherwise agreed.

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The certified contribution rates represent the minimum level of contributions to be paid. Employing authorities may pay further amounts at any time and future periodic contributions may be adjusted on a basis approved by the Fund Actuary.

The monetary contributions set out in the certificate above can be prepaid in advance with appropriate adjustments for interest as and when agreed with the Administering Authority. Under these circumstances a revised Rates and Adjustments certificate may be issued reflecting any advance payments.



Julie Baillie FFA

30 March 2023

For and on behalf of Hymans Robertson LLP



Steven Law FFA

Section 13 Dashboard

Section 13 dashboard

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Metric	Unit	2022 valuation
2022 funding position – local funding basis		
Funding level (assets/liabilities)	%	116%
Funding level (change since previous valuation)	%	1% increase
Asset value used at the valuation	£m	5,036
Value of liabilities (including McCloud liability)	£m	4,351
Surplus (deficit)	£m	684
Discount rate – past service	% pa	4.25%
Discount rate – future service	% pa	Past service and future service are consistently valued with the same underlying assumptions, methodologies and models regarding future expected levels of inflation, interest rates and investment returns.
Assumed pension increase (CPI)	% pa	2.7%
Method of derivation of discount rate, plus any changes since previous valuation		There is a 75% likelihood that the Fund's assets will return at least 4.25% over the 20 years following the 2022 valuation date. This is different to the methodology used for the 2019 valuation which was using a 75% likelihood that the Fund's assets will return at least 4.45% over the 25 years following the 2019 valuation date.

Section 13 dashboard

Metric	Unit	2022 valuation
Assumed life expectancy at age 65		
Life expectancy for current pensioners – men age 65	years	20.9
Life expectancy for current pensioners – women age 65	years	23.9
Life expectancy for future pensioners – men age 45	years	21.9
Life expectancy for future pensioners – women age 45	years	25.5
Past service funding position – SAB basis (for comparison purposes only)		
Market value of assets	£m	5,036
Value of liabilities	£m	4,029
Funding level on SAB basis (assets/liabilities)	%	125%
Funding level on SAB basis (change since last valuation)	%	7% increase

Section 13 dashboard

Metric	Unit	2022 valuation	2019 valuation
Contribution rates payable			
Primary contribution rate	% of pay	19.7%	17.2%
Secondary contribution rate (cash amounts in each year in line with CIPFA guidance)			
1 st year of rates and adjustments certificate	£m	-27.846	-13.341
2 nd year of rates and adjustments certificate	£m	-27.249	-13.340
3 rd year of rates and adjustments certificate	£m	-25.155	-13.303
Giving total expected contributions			
1 st year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	76.360	61.585
2 nd year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	80.852	63.908
3 rd year of rates and adjustments certificate (£ figure based on assumed payroll)	£m	86.986	66.340
Assumed payroll (cash amounts in each year)			
1 st year of rates and adjustments certificate	£m	529.787	434.500
2 nd year of rates and adjustments certificate	£m	549.586	448.000
3 rd year of rates and adjustments certificate	£m	570.124	461.900
3 year average total employer contribution rate	% of pay	14.8%	14.2%
Average employee contribution	% of pay	6.3%	6.4%
Employee contribution rate (£ figure based on assumed payroll of £529.787m)	£m pa	33.401	27.900

Section 13 dashboard

Metric	Unit	2022 valuation	2019 valuation
Deficit recovery and surplus spreading plan			
Latest deficit recovery period end date, where this methodology is used by the fund's actuarial advisor	Year	Methodology not used	Not available
Earliest surplus spreading period end date, where this methodology is used by the fund's actuarial advisor	Year	Methodology not used	Not available
The time horizon end date, where this methodology is used by the fund's actuarial advisor	Year	2042	Not available
The funding plan's likelihood of success, where this methodology is used by the fund's actuarial advisor	%	77%	Not available
Percentage of liabilities relating to employers with deficit recovery periods of longer than 20 years	%	0%	0%
Additional information			
Percentage of total liabilities that are in respect of Tier 3 employers	%	24%	21%
Included climate change analysis/comments in the 2022 valuation report		Yes	
Value of McCloud liability in the 2022 valuation report (on local funding basis)	£m	10.6	

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 10

TEESSIDE PENSION BOARD REPORT

17 APRIL 2023

INTERIM SECTION 151 OFFICER – ANDREW HUMBLE

XPS ADMINISTRATION REPORT

1. PURPOSE OF THE REPORT

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

2. RECOMMENDATIONS

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

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications for the Fund.

4. BACKGROUND

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

CONTACT OFFICER: Graeme Hall (Operations Manager, XPS Administration)

TEL. NO.: (01642) 030643

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Teesside Pension Fund

Performance Delivery Report

2022-2023

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01 Overview

Regulations and Guidance

New LGPS Minister

Lee Rowley MP was appointed Parliamentary Under Secretary of State in the Department for Levelling Up, Housing and Communities on 7 September 2022. It has now been confirmed that he has taken over ministerial responsibility for the LGPS.

SAB statement on employer contributions

At its meeting on 10 October 2022, the SAB discussed emerging results from the current round of triennial local fund valuations. The Board understands and recognises the extremely challenging position for local government finance. However, it asks administering authorities and other Scheme employers to have regard to the desirability of long-term stability in pension contributions when considering whether reductions in employer contributions are desirable as a result of an improved funding position. The SAB statement on employer contributions gives more detail about the Board's discussions and the reasons behind making the statement. The statement can be found at https://lgpsboard.org/images/Other/October2022_SAB_statement_on_employer_contributions.pdf

HMRC Tax consultation under McCloud remedy

On 24 November 2022, HMRC launched a consultation on how pension tax will apply to members protected by the McCloud remedy. On 06/01/2023 the LGA published their response to HMRC's consultation on how pensions tax will apply to members protected by the McCloud remedy. The response is mostly technical but does comment on the timing of the consultation in terms of the lateness in confirming policy in this area and consulting over the festive period. The response can be found at https://lgpslibrary.org/assets/cons/nonscheme/20221124_McCloud_tax_CR.pdf

Autumn Statement 2022

The Chancellor of the Exchequer delivered his Autumn Statement to Parliament on 17 November 2022. Pensions policies rumoured in advance of the statement such as changes to tax relief and the removal or suspension of the State Pension triple lock did not emerge. The statement confirmed.

- The State Pension triple lock was maintained and working age benefits will increase in line with inflation in April 2023. Next year's increase will be 10.1 percent.
- No changes to the Annual or Lifetime Allowance Thresholds

The Pensions Dashboards Regulations 2022

On 21 November 2022, the Department for Work and Pensions made The Pensions Dashboards Regulations 2022 – the Regulations. They came into force on 12 December 2022. The Regulations set out requirements for relevant occupational pension schemes to connect to pensions dashboards, and what organisations must do to provide a qualifying pensions dashboard service.

Chancellor announces the 'Edinburgh Reforms'

On 9 December, the Chancellor of the Exchequer announced a set of reforms to drive growth and competitiveness in the financial services sector. In the statement, the Chancellor also confirmed that the Government will consult on:

- new guidance to the LGPS on asset pooling in early 2023
- requiring LGPS funds to ensure they are considering investment opportunities in illiquid assets such as venture and growth capital, as part of a diversified investment strategy.

TPS McCloud remedy and the LGPS

The implementation of the McCloud remedy in the Teachers' Pension Scheme (TPS) means that some teachers will be retrospectively eligible for the LGPS for the period from 1 April 2015 to 31 March 2022. The Department for Education (DfE) is in the process of identifying affected members. Officials from DfE will, in some cases, need to confirm the employment status of members during the remedy period with their employer. They plan to start this process in January 2023 and will be contacting relevant schools.

Treasury Direction - McCloud

On 14 December 2022, HM Treasury (HMT) made the Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022. They came into force on 19 December 2022 and apply to England, Northern Ireland, Scotland and Wales. The Directions set out how certain powers in the Public Service Pensions and Judicial Offices Act 2022 must be exercised. The Act gives relevant government departments powers to rectify McCloud discrimination. For the L G P S, the Directions apply to the following powers in the Act:

- Section 82: an administering authority's power to pay compensation
- Section 83: the power to make regulations compensating members by paying additional LGPS benefits
- Section 84(1)(a): the power to make regulations setting out how interest should be calculated and paid on amounts due to the McCloud remedy, and
- Section 84(1)(B): the power to make regulations setting out the process to follow for paying amounts due to the McCloud remedy.

The making of the Directions now allows relevant departments to start consulting on regulations exercising these powers

Maintaining LDI resilience

On 30 November 2022, T P R published a statement on maintaining liability-driven investment (L D I) resilience. The statement is aimed at defined benefit trustees and advisers. It sets out recommended actions in light of recent events in the gilt markets. The statement can be found at <https://www.thepensionsregulator.gov.uk/en/document-library/statements/maintaining-liability-driven-investment-resilience>

2023/24 employee contribution bands

Bands effective from 1 April 2023 have been released. These are calculated by increasing the 2022/23 employee contribution bands by the September 2022 CPI figure of 10.1 per cent and then rounding down the result to the nearest £100. These will be circulated to employers in due course

Consultation on changes to the SAB's cost management process (C M P)

On 30 January 2023, the Department for Levelling Up, Housing and Communities launched a consultation on changes to the Scheme Advisory Board's (SAB) CMP. The consultation closes on 24 March 2023. The consultation can be found at <https://www.gov.uk/government/consultations/local-government-pension-scheme-changes-to-the-scheme-advisory-board-cost-management-process>

Automatic enrolment trigger remains the same

On 26 January 2023, DWP published its review of the automatic enrolment thresholds for 2023/24. 6 The Pensions Act 2008 requires DWP to annually review various thresholds relevant for automatic enrolment rules. The earnings trigger remains at £10,000 for 2023/24.

Update on McCloud data issues guidance

The LGA are currently working on guidance to assist administering authorities with McCloud data issues. The guidance will set out what options administering authorities in England and Wales may consider if they are unable to collect the data needed to implement the McCloud remedy. It will cover both missing data and data the authority is not confident is accurate. The Scheme Advisory Board (England and Wales) hope to publish the guidance by the end of February 2023.

Confirmation of annual revaluation, earnings and pensions increase

On 20 February 2023, H M Treasury (HMT) published a written ministerial statement confirming the rates of annual revaluation, earnings and pensions increase (PI) due to apply in April 2023 on 10.1%.

Consultation on the annual revaluation date change

On 10 February 2023, the Department for Levelling Up, Housing and Communities (D LUHC) published a consultation and draft regulations on changing the annual revaluation date in the L G P S. If laid, the regulations will take effect from 31 March 2023. The consultation documents along with the LGAs response can be found at <https://www.lgpsregs.org/schemeregs/consultations.php>. The proposed change in the revaluation date seeks to bring in line the inflationary increases between the opening value of pension benefits and the annual CARE revaluation to remove the imbalance. Previously due to low inflation levels this imbalance has been low however due to this years unprecedented September CPI of 10.1% and imbalance of 7% this would see many more pension scheme members breach the Annual Allowance under current regulations.

GAD 2022 data request

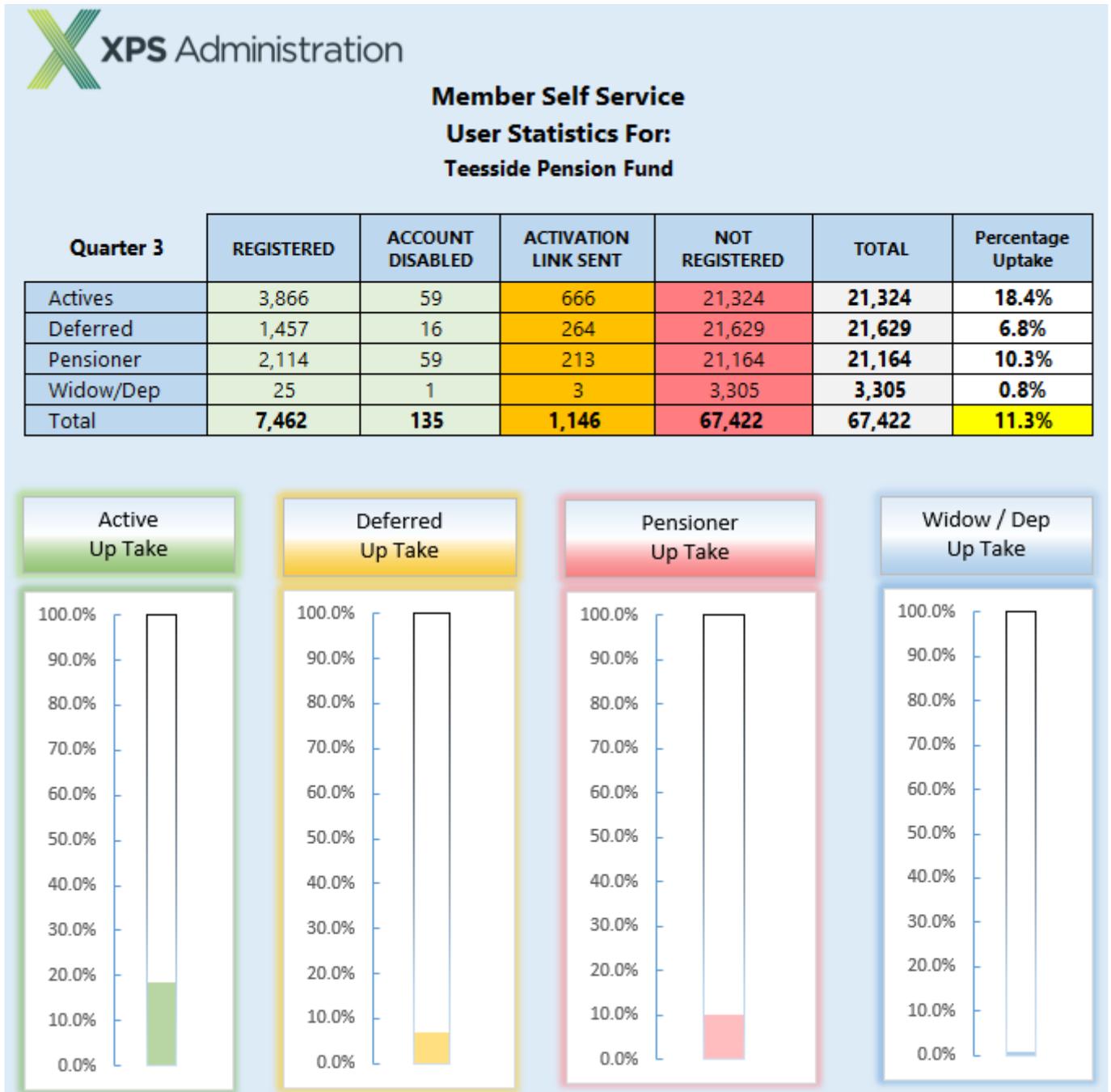
GAD confirms it will be requesting valuation data as at 31 March 2022. This is primarily for the Section 13 exercise, but also to assist with other projects including D LUHC and SAB policy work. GAD will send a formal request to all administering authorities in the next few months.

02 Membership Movement

	Actives		Deferred		Pensioner		Widow/Dependent	
Q3 2022/23	25,868	▲	27,002	▲	23,468	▲	3,311	▲
Q2 2022/23	25,713	▼	26,686	▲	23,317	▲	3,321	▼
Q1 2022/23	25,990	▲	26,487	▲	23,128	▲	3,338	▲
Q4 2021/22	25,609	▲	26,240	▲	22,918	▲	3,309	▲
Q3 2021/22	24,729	▼	26,165	▲	22,710	▲	3,240	▲

03 Member Self Service

Below is an overview on the activity and registration of the Member Self Service System:



04 Pension Regulator Data Scores

Common Data

Data Item	Teesside Pension Fund		
	Max Population	Total Fails	% OK
NINo	81,071	182	99.78%
Surname	81,071	0	100.00%
Forename / Inits	81,071	0	100.00%
Sex	81,071	0	100.00%
Title	81,071	164	99.80%
DoB Present	81,071	0	100.00%
Dob Consistent	81,071	0	100.00%
DJS	81,071	0	100.00%
Status	81,071	0	100.00%
Last Status Event	81,071	663	99.18%
Status Date	81,071	1,804	97.77%
No Address	81,071	427	99.47%
No Postcode	81,071	587	99.28%
Address (All)	81,071	4,887	93.97%
Postcode (All)	81,071	4,946	93.90%
Common Data Score	81,071	3,317	95.91%
Members with Multiple Fails	81,071	485	99.40%

Scheme Specific Data

In readiness for the pensions dashboard, there is a minimum requirement pension schemes must be able to demonstrate against as required and defined by the Pensions Regulator. This standard is available to XPS through a product used by our central team and we are currently undertaking a data mapping exercise in order to be able to carry out the necessary tests. Once this work has been completed, we will be able to report a data score in accordance with the Pensions Regulator standards.

Public sector pension schemes need to be able to connect to the Dashboard by October 2024, so in advance of this, the scheme data must be tested and where necessary, brought up to the requisite standards required

Customer Service

Since December 2016, XPS Administration, Middlesbrough have included a customer satisfaction survey with the retirement options documentation.

A summary of the main points are as follows:

Issued	Returned	%
16,162	3,066	18.97

Question	Previous Response*	Current Response*
1. It was easy to see what benefits were available to me	4.27	4.26
2. The information provided was clear and easy to understand	4.19	4.19
3. Overall, the Pensions Unit provides a good service	4.29	4.29
4. The retirement process is straight forward	4.04	4.04
5. My query was answered promptly	4.45	4.45
6. The response I received was easy to understand	4.44	4.43
7. Do you feel you know enough about your employers retirement process	76.68%	76.75%
8. Please provide any reasons for your scores (from 18/05/17)		
9. What one thing could improve our service		
10. Did you know about the www.teespen.org.uk website? (from 18/05/17)	47.75%	46.21%
11. Did you use the website to research the retirement process? (from 18/05/17)	27.59%	26.45%
12. Have you heard of Member Self Service (MSS)? (from 18/05/17)	23.80%	22.25%

*scoring is out 5, with 5 being strongly agree and 1 being strongly disagree

Service Development

Following the agreement of the Pensions Committee to fund enhancements to the Pensions Administration Services at their meeting of 7th March 2018, XPS Administration, Middlesbrough has looked to recruit into the roles required to provide this enhanced service.

Additional funds were only drawn down when roles were filled to undertake the additional services. This has so far led to:

Initial Planning

To help with the creation of the teams that will assist with the additional services two new posts were created to covering Governance & Communications plus Systems & Payroll. These were filled by Paul Mudd and Neale Watson respectively on 11th July 2018. Their roles were then to look at how XPS could then provide the agreed services to the Fund.

Employer Liaison

Following the resignation of the original Team Leader, a replacement has been appointed into the role.

The team are currently working on Year End files from the Teesside Pension Fund employers and commencing the role out of the collation of pension contributions on a monthly basis.

Next steps will be to work with the Fund to determine how to undertake employer covenant.

Communications

The new website was launched to Scheme Members and Employers on the 5th May 2021 which is underpinned with a raft of analytical data which serves to tell us limited information about the audience. This allows us to target news and important items to pages we now know people are viewing and searching for. The following chart provides an overview of the information we have collected.



We can learn a lot from this data, and we will of course be trying to increase footfall to the site by strategically linking the site with participating employers.

As well as these above analytics, we are testing the website regularly to prove its structural and technical integrity. This ensures that people see exactly what we want them to see, regardless of what browser or device they use. We can test these levels and do so several times per week to ensure the web coding is robust and modern. It all helps with the overall Member and Employer experience and allows web indexation to be that much better. This promotes the website in something like a google search.

Next Steps

XPS are currently reviewing processes to enable a move to monthly contribution postings which should lead to greater efficiencies, and more up to date information on member records. The initial stage is currently underway and we have a number of employers who have agreed to undertake the initial rollout. This will help ensure starters, leavers and variations are provided in a timely manner and current data is held to speed up the calculation process.

The next steps will include the recruitment of at least one further member of staff to assist with the processing of the data.

Performance

Following discussions with both the Pension Board and Committee, XPS Administration are investigating a way to report the time between a member being entitled to a benefit and it being finalized (e.g. time between date of leaving and deferred benefit statement being issued or pension being brought into payment).

XPS Administration are therefore investigating whether sufficient reporting tools already exist within the pension administration system or whether bespoke reports are required to be developed (either internally or via the administration software providers).

The Pension Committee will be kept updated on the progress to provide this information.

Employer Liaison

Employers & Members

Interest in employer and member training has increased and the EL team have been delivering sessions in person on both the Scheme and Pensions Tax along with our Employer Health Checks. Feedback has been excellent and we are currently in the process of arranging more sessions in the future. The Year End Submission documentation was sent early to all employers at the beginning of February and confirms the submission deadline of 15/05/2023. In addition to the standard guides a virtual drop in session is proposed if uptake is positive, in order to offer clarification and training on the submission requirements.

I-Connect

Our Employer Services solution, i-Connect simplifies, data interactions between employers and the Teesside Pension Fund within a highly secure environment. Using data taken directly from the payroll system, i-Connect automatically identifies new joiners, opt-outs, and leavers, seamlessly generating an extract for submission.

Reducing the cost and risk associated with processing pension data, i-Connect automates the submission of data to the Teesside Pension Fund in a single solution, improving the flow of data and minimizing manual intervention. All employers were contacted in early January to offer our I-Connect service.

The response has been positive with over 15 payroll providers responding covering multiple employers including Middlesbrough and Redcar and Cleveland Councils. We are currently arranging an onboarding schedule and should have our first payrolls live by early March.

Late Payment Analysis

This table shows analysis of contributions received from participating employers.

We do chase these on a monthly basis and an e-mail has been sent to regular offenders asking them to explain why contributions are being paid across late. Health Checks have been initiated with these employers.

Date	Late Payments	Expected Payments	% Late	<10 Days Late	>10 Days Late
Dec-21	5	144	3.00%	2	3
Jan-22	10	146	7.00%	1	9
Feb-22	9	146	6.00%	2	7
Mar-22	8	146	5.00%	0	8
Apr-22	9	146	6.00%	1	8
May-22	4	146	3.00%	4	0
Jun-22	3	142	2.00%	2	1
Jul-22	2	142	1.00%	0	2
Aug-22	4	140	3.00%	1	3
Sep-22	2	140	1.00%	0	2
Oct-22	8	139	6.00%	8	0
Nov-22	2	140	1.00%	1	1
Dec-22	3	140	2.00%	3	0

05 Completed Cases Overview

2022/23

Teesside Pension Fund	Cases completed	Cases completed within target	Cases completed outside target	Cases: % within target
LG Team – Admin Manager Mathew Spurrell				
April	392	392	0	100%
May	346	346	0	100%
June	434	434	0	100%
Quarter 1	1,172	1,172	0	100%
July	458	458	0	100%
August	590	590	0	100%
September	426	426	0	100%
Quarter 2	1,474	1,474	0	100%
October	728	728	0	100%
November	701	698	3	100%
December	475	475	0	100%
Quarter 3	1,904	1,901	3	100%
January	480	480	0	100%
February	715	715	0	100%
March				
Quarter 4	1,195	1,195		100%
Year - Total	5,745	5,742	3	100%

06 Completed Cases by Month

October 2022

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	6.17	347	0	347	347
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	7	32	0	32	32
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	22	0	22	22
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	327	0	327	327
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	0%	N/A	N/A	N/A		
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

November 2022

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.03	309	0	309	309
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	9	33	0	33	33
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	39	0	39	39
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	99.1%	7	320	3	320	317
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	0%	N/A	N/A	N/A		
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

December 2022

Standard Reference No.	KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Day	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (day)	Number of Cases	Over target	TOTAL (case)	Within Target	Comments
F64	All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.48	186	0	186	186	
F65	Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	7	28	0	28	28	
F67	Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	17	0	17	17	
F68 & F72	Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	244	0	244	244	
F78	Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A			
F83	Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	0%	N/A	N/A	N/A			
F86	Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A			
F87	Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A			
F88	All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A			

January 2023

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target	Comments
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.67	159	0	159	159	
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	5	29	0	29	29	
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	26	0	26	26	
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	295	0	295	295	
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A			
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	0%	N/A	N/A	N/A			
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A			
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A			
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A			

February 2023

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target	Comments
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.58	180	0	180	180	
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	6	29	0	29	29	
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	26	0	26	26	
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	480	0	480	480	
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A			
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	100%	N/A	N/A	N/A			
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A			
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A			
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A			

07 Complaints

Full Name	Description	Date received	Date completed	Comment
Retired Member	Delay in allocating the 2nd leaver notification meant payroll was missed.	22/7/2022	2/8/2022	Interest paid, original delay caused by incorrect L/F received

Graeme Hall
Operations Manager
01642 030643

XPS Pensions Group, XPS Pensions, XPS Group, XPS Administration, XPS Investment and XPS Transactions are the trading names of Xafinity Consulting Ltd, Punter Southall Ltd and Punter Southall Investment Consulting Ltd.

XPS Administration is the trading name of PS Administration Ltd.

Registration

Xafinity Consulting Ltd, Registered No. 2459442. Registered office: Phoenix House, 1 Station Hill, Reading RG1 1NB. Punter Southall Investment Consulting Ltd Registered No. 6242672, Punter Southall Ltd Registered No. 03842603, PS Administration Ltd Registered No. 9428346. All registered at: 11 Strand, London WC2N 5HR. All companies registered in England and Wales.

Authorisation

Punter Southall Investment Consulting Ltd (FCA Register number 528774) and Xafinity Consulting Ltd (FCA Register number 194270) are both authorised and regulated by the Financial Conduct Authority (FCA) for investment business.

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