

TEESSIDE PENSION BOARD

Date: Monday 31st March, 2025
Time: 2.00 pm
Venue: Spencer Room, Middlesbrough Town Hall

AGENDA

1. Welcome and Fire Evacuation Procedure

In the event the fire alarm sounds attendees will be advised to evacuate the building via the nearest fire exit and assemble at the Bottle of Notes opposite MIMA.

2. Apologies for Absence

3. Declarations of Interest

To receive any declarations of interest.

4. Minutes - Teesside Pension Board - 26 February 2025 3 - 6

5. Draft Minutes - Teesside Pension Fund Committee - 11 December 2024 7 - 18

6. Teesside Pension Fund Committee - 12 March 2025 - Discussion

7. Draft Pension Fund Business Plan 2025/28 19 - 66

8. Teesside Pension Board Annual Report 2024/25 67 - 74

9. Update on Work Plan Items 75 - 120

10. XPS Administration Report 121 - 144

11. Any other urgent items which in the opinion of the Chair, may be considered

Town Hall
Middlesbrough
Friday 21 March 2025

MEMBERSHIP

P Thompson (Chair), J Stubbs, J Bell and Cllrs M Dunbar, C Massey (Deputy Chair) and N Walker

Assistance in accessing information

Should you have any queries on accessing the Agenda and associated information please contact Claire Jones/Susan Lightwing, 01642 729112/01642 729712, claire_jones@middlesbrough.gov.uk/susan_lightwing@middlesbrough.gov.uk

TEESSIDE PENSION BOARD

A meeting of the Teesside Pension Board was held on Wednesday 26 February 2025.

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

OFFICERS: N Orton, W Brown and C Jones

APOLOGIES FOR ABSENCE: Councillors J Stubbs and N Walker

23/21 WELCOME AND FIRE EVACUATION PROCEDURE

The Chair welcomed all attendees to the meeting and explained the fire evacuation procedures.

23/22 DECLARATIONS OF INTEREST

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

23/23 MINUTES - TEESSIDE PENSION BOARD - 25 NOVEMBER 2024

The minutes of the meeting of the Teesside Pension Board held on 25 November 2024 were taken as read and approved as a correct record

23/24 MINUTES - TEESSIDE PENSION FUND COMMITTEE - 25 SEPTEMBER 2024

A copy of the minutes of the meeting of the Teesside Pension Fund Committee held on 25 September 2024 was submitted for information.

NOTED

23/25 TEESSIDE PENSION FUND COMMITTEE - 11 DECEMBER 2024

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 11 December 2024.

It was noted that the investment activity report had been presented; the cash level of the fund had increased and that the fund had disinvested from passive equity funds.

The EY Audit Reports for the years ending 2022 and 2023 had been presented. The new Auditors, Mazars were currently working on the 2024 report.

The LGPS National Knowledge Assessment outcome was presented, with the Committee agreeing that a training budget should be made available for Committee and Board members.

A presentation was delivered by the Actuary on the valuation of the fund, with further attendance expected at the March Committee meeting to discuss contribution levels.

The Government Consultation on Local Government Pension Schemes and making them 'fir for future' was presented, with discussion around a potential pool/ fund consolidation and the potential of this leading to greater investment in UK assets.

Updates were provided to the Committee from Border to Coast, CBRE and XPS.

Exempt reports were presented on the management of unlisted LGPS assets and the transfer from LGPS funds to pool companies.

AGREED that the information provided was received and noted.

23/26

UPDATE ON WORK PLAN ITEMS

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

The items scheduled for consideration in the work plan for the meeting were Pension Board Conflicts of Interest and an Update on the Code of Practice Review.

Pension Board Conflicts

The Pension Regulator's General Code of Practice explained the legal requirement scheme managers of public service pension schemes had to meet certain requirements in respect of conflicts of interest relating to a pensions board, specifically around registers of interest and the board's terms of reference.

In practice, conflicts of interest were unlikely to occur but nonetheless it was important to be aware of the possibility of conflict and, if in doubt, to declare and discuss any potential conflict in advance of a meeting.

As present, no actual conflicts of interest had been identified in respect of the Board. Consideration was given as to whether a 'nil return' statement should be posted on the Council's website to ensure compliance with the publication requirement.

Update on the Code of Practice Review

The Pensions Regulator (TPR) was the UK regulator of workplace pension schemes. It had a wide range of responsibilities in relation to regulating trust-based (private sector) pension schemes and played a more limited but still very significant, role in regulating public service pension schemes such as the Local Government Pension Scheme (LGPS).

As reported to the 8 July 2024 Board meeting, the Fund carried out an initial assessment to determine its level of compliance with the Code, with the aid of a spreadsheet-based assessment tool developed by Hymans Robertson (the Fund's actuary). That initial assessment showed that, from the 14 chapters of the General Code of Practice that were analysed in the report, five showed full compliance and the remaining nine showed levels of compliance between around 57% and 93%. A task list was produced showing what steps needed to be taken to reach full compliance with the Code and was shared with the board.

Agreed as follows that:

- The information provided was received and noted.
- The workplan would continue to be provided to future board meetings.
- The Code of Practice checklist would be provided to future board meetings as required.

23/27

GOVERNMENT CONSULTATION - LGPS (ENGLAND AND WALES) FIT FOR THE FUTURE

A report of the Director of Finance and Transformation was presented to inform Members of the consultation issued by the Government intended to make the Local Government Pension Scheme (LGPS) in England and Wales 'fit for the future', outline some key points from that consultation and how the Teesside Fund could be impacted by the eventual outcome.

The government confirmed on 4 September 2024 that it would carry out a pensions review to boost investment, increase saver returns and tackle waste in the pensions system. The Chancellor appointed the Minister for Pensions to lead the review and focussed on defined contribution workplace schemes and the Local Government Pension Scheme.

The Government issued a 'call for evidence' which focussed on;

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

There was a three-week deadline for responses. The Head of Pensions Governance and Investments worked with colleagues in Border to Coast and its Partner Funds to produce a response that emphasised:

- The benefits of scale provided by the Fund's participation in Border to Coast
- The extent to which the Fund already invests in the UK

On 14 November 2024 the Chancellor of the Exchequer announced the publication of the interim report of the Pensions Investment Review. This was followed by the publication of a set of documents including a consultation "Local Government Pension Scheme (England and Wales): Fit for the future" which closed on 16 January 2025.

As well as responses to the consultation, the documents also asked each of the LGPS pools to prepare a proposal setting out how it would meet the requirements and timescales set out in the consultation. This proposal had to be submitted by 1 March 2025. Border to Coast had worked on this document with its Partner Funds. The document would confirm that Border to Coast was well placed to meet the Government's expectations, would emphasise the key role of partnership in achieving success and also highlighted some of the potential risks inherent in achieving the consultation's ambitions.

Further updates on the consultation outcome and how they would impact on the Fund, on Border to Coast and on the wider LGPS would be provided to future meetings.

AGREED that the information provided was received and noted.

23/28

XPS ADMINISTRATION REPORT

The XPS Client Relationship Manager joined the meeting remotely to provide an overview of administration services provided to the Teesside Pension Fund by XPS Administration.

The report provided information on the following:

- Headlines
- Errors and Complaints
- Member Engagement
- Membership
- Data Quality
- Regulations and Guidance

The highlights of the report included;

- Membership continued to steadily increase (total membership 83,670 members).
- SLA 99.90%

AGREED that the information provided was received and noted.

23/29

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

The Head of Pensions, Governance and Investments informed the Board that he would be leaving the Local Authority and recruitment had commenced for the post. The Chair thanked the Head of Pensions, Governance and Investments on behalf of the Board for his work.

The Head of Pensions, Governance and Investments advised the Board the Project Plan for Tyne and Wear Pension Fund administration would be added to the agenda for the March meeting, to ensure the Board had reassurance on the changes to the administration.

TEESSIDE PENSION FUND COMMITTEE

A meeting of the Teesside Pension Fund Committee was held on Wednesday 11 December 2024.

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

ALSO IN ATTENDANCE: W Bourne (Independent Adviser), P Moon (Independent Adviser)
D Knight (Border to Coast), T Manuel (Border to Coast)
A Owen (CBRE), R Quinn (CBRE), G Rutter (CBRE)
M Rutter (Ernst Young),
J Baillie (Hymans Robertson)
L Pelmeear (XPS)

OFFICERS: N Orton, C Jones and D Middleton

APOLOGIES FOR ABSENCE: Councillors D Branson, T Furness and S Hill

24/39 **WELCOME AND FIRE EVACUATION PROCEDURE**

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

24/40 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item / Nature of Business
Councillor Beall	Non-Pecuniary	Member of Teesside Pension Fund
Councillor Coupe	Non-Pecuniary	Non-Executive Director of Border to Coast Pensions Partnership LTD.
Councillor Ewan	Non-Pecuniary	Member of Teesside Pension Fund
Councillor Rostron	Non-Pecuniary	Member of Teesside Pension Fund

24/41 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 25 SEPTEMBER 2024**

The minutes of the meeting of the Teesside Pension Fund Committee held on 25 September 2024 were taken as read and approved as a correct record.

24/42 **FINAL AUDIT RESULTS REPORTS - YEAR ENDING 31 MARCH 2022 AND YEAR ENDING 31 MARCH 2023**

A report was presented by Ernst & Young (EY) which summarised the audit conclusion in relation to the audit of Teesside Pension Fund for 2021/22. The audit was designed to express an opinion on the 2021/22 financial statements and addressed current statutory and regulatory requirements. The report contained the findings of EY, related to the areas of audit emphasis, their views on Teesside Pension Fund’s accounting policies and judgements and material internal control findings.

The report identified key areas of focus for the audit of the Pension Fund’s financial statements, and set out the Auditor’s observations and conclusions, including their views on areas which might be conservative, and where there was potential risk and exposure. The consideration of these matters, and any others identified, were summarised in the “Areas of Audit Focus” section of the report.

The following Areas of Audit Focus were discussed for the 2021/22 report:

- Misstatements due to fraud or error (fraud risk)
As reported in the Outline Audit Planning Report, audit planning procedures identified a large unexpected increase in investment income which increased from £13.7m in 2020/21 to £176.4m in 2021/22. Initial enquiries of management identified this as erroneous and EY recognised a significant risk in relation to investment income. This matter had been corrected within the financial statements, and Auditors were satisfied it arose as a result of error rather than fraud.

As at 31 March 2022, the Pension Fund's financial statements included a £26.5m investment in a start-up challenger bank. Management asserted that the valuation at 31 March 2022, which significantly exceeded the Pension Fund's share of the net assets of the bank at that date, was reasonable and reflected the anticipated future profitability of the bank. It was noted that at 31 March 2022, the bank was still going through licensing and was not yet actively trading. However, the financial statements for the year ended 31 March 2023 included a significant impairment of this investment to reflect changes in management's expectations for recoverability of the Pension Fund's investment. It was the view of Auditors that the Pension Fund should also have impaired its investment. As at 31 March 2022, Auditors were reporting an uncorrected misstatement of £19.9m in relation to this investment.

- Valuation of pooled investment vehicles
The agreement of investment valuations to third party confirmations from investment managers identified a number of errors in the recording of investment valuations, including incorrectly recording investments denominated in foreign currencies without converting amounts to sterling and omission of purchases made in the final quarter of the year. The net impact of these misstatements overstated investment assets by net £35.8m, which management had corrected the financial statements for. However, the size of the gross misstatement, overstatements of investments assets by £71.4m and understatement of investment assets by £35.6m, indicated that controls over the recording of investment valuations were not operating effectively. In addition, without impacting the overall valuation of investment assets, Auditors identified £52.5m of classification errors between the categories of investments disclosed within the notes to the financial statements. Management have corrected the financial statements for these classification misstatements. Following correction of the majority of identified misstatements, Auditors were satisfied that the valuation of pooled investment vehicles was not materially misstated.
- Valuation of private market investments
Additional audit procedures over private market investments identified that one of the Fund's external investment managers had provided valuations to the Pension Fund which were based on historic cost, rather than market value which was required for reporting in the Pension Fund's financial statements. The Pension Fund had not identified as part of their review processes that valuations were not being provided on the correct basis. As a result of the incorrect valuation methodology being used by the fund manager, investment assets were understated by £7.7m. Management had opted not to correct the financial statements for this matter.
- Valuation of directly held property
The analysis of the valuation of the Pension Fund's property assets as at 31 March 2022 identified 12 individual property valuations which were considered to exhibit indicators of having a higher risk of misstatement. Factors indicative of a higher risk of misstatement included: changes in valuations from the prior year; valuations which were out-of-line with similar assets; assets with a high proportion of tenants on expiring leases; and assets whose tenants were more exposed to adverse financial impacts of the Covid-19 pandemic. These 12 assets covered 41% of the total balance by value and EY Real Estate specialists were asked to review the valuations of these assets. The EY Real Estate specialists concluded that, other than a clearly trivial variance on one property, all valuations were within a reasonable range. There were no other observations to report in relation to directly held property. EY were therefore satisfied that directly held property was not materially misstated.

The conclusions of the 2022/23 report were:

- Valuation of pooled investment vehicles

Pooled Investment Vehicles reported in the financial statements were £10.1 million lower than confirmations received from fund managers. Of this, £8.1 million relates information from fund managers not being available until after the financial statements were prepared. The two investments totalling £7.3 million were noted as being incorrectly classified as level 3 instead of level 1 related to Pooled Property Investments. Movements between audited financial statements and the year-end valuations were not significantly different to wider market indices. No control observations were noted from the review of investment manager control report.

- Valuation of private market investments

It was identified that for two investments totalling £18.6 million, fund managers provided valuations on cost rather than on a revaluation basis. This understated the investments reported by £7.3 million. The Fund held investments in a limited company with a reported value of £40.1 million. It was noted that the Fund had continued to value this at the cost of the investment, rather than revaluing its investment at 31 March 2023. The value reported was in excess of the Fund's share of the net book value of the company by £30.3 million (£9.8 million total). This had been adjusted by management. Movements between audited financial statements and the year-end valuations were not significantly different to wider market indices.

- Valuation of directly held property

The Fund's valuer was appropriately objective, competent and capable. It was noted that the principal signatory of the valuation report had performed the valuation since 2012, in excess of suggested timings under RICS recommendations. It was identified that properties were mostly valued at the upper end of expected valuation ranges. From properties reviewed, expected valuations were not significantly different to underlying lease agreements and wider market indices and costs. No audit differences were identified.

During discussion, Members queried follow-up actions to the audit findings. The Director of Finance directed Members to Appendix C: The Management Representation Letter and advised the Committee that updates were routinely reported to Middlesbrough Council's Audit Committee. It was further advised that Mazars would complete an Audit Report of 2023/24 with an update provided on the recommendations set out in the 2022/23 report.

ORDERED that the information was received and noted.

24/43

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

A report of the Director of Finance was presented to inform Members of how the Investment Advisors' recommendations were being implemented and provided a detailed report on transactions undertaken to demonstrate the implementation of the Investment Advice recommendations and the Fund's Valuation. The treasury management of the Fund's cash balances and the Forward Investment Programme were also presented.

The Fund continued to favour growth assets over protection assets. For the period under discussion, bonds were still not considered value for the Fund and the Fund had no investment in bonds at this time.

Cash level at the end of September 2024 was 5.97%.

Investment in direct property where the property had a good covenant, yield and lease terms would continue. There were no purchases or sales in the quarter.

Investment in Alternatives, such as infrastructure and private equity, offered the Fund diversification from equities and bonds. They came with additional risks of being illiquid, traditionally they had costly management fees and investing capital could be a slow process. An amount of £34m was invested in the quarter.

Appendix A of the report detailed transactions for the period 1 July 2024 – 30 September 2024. There were net sales of £147m in the period.

As at 30 September 2024, the Fund had £326m invested with approved counterparties. This was an increase of £135m over the last quarter. Appendix B of the report showed a graph of the maturity profile of cash invested. It also showed the average rate of interest obtained on the investments for each time period.

The Fund Valuation detailed all the investments of the Fund as at 30 September 2024, and was prepared by the Fund's custodian, Northern Trust. The total value of all investments, including cash, was £5,483 million. The detailed valuation was attached to the report at Appendix C. This compared with the last reported valuation, as at 31 March 2024 of £5,524 million.

A summary analysis of the valuation showed the Fund's percentage weightings in the various asset classes as at 30 September 2024 compared with the Fund's customised benchmark.

As at 30 September 2024, the Fund's equity weighting was 57.49% compared to 60.26% at the end of June 2024. It has been agreed between the Investment Advisers and the Head of Pensions Governance & Investments that the Fund would disinvest from State Street (SSGA) Passive Equity Funds.

In the quarter July – September £435m was redeemed, of that, £330m was re-invested in the Border to Coast Overseas Developed Equity Fund with the remainder held as cash at the Fund. A summary of equity returns for the quarter 1 July 2024 – 30 September 2024 was set out at paragraph 8.4 of the report.

The Fund had no investments in bonds at this time, the level of cash invested was 5.97%. Discussions were held within the Committee Meeting regarding investment in bonds. Although there was no directive to invest at this time, the Advisers had since indicated the levels at which they felt investment would be appropriate. Officers were monitoring the situation, when the levels come into range, there would be further discussion with the advisers. At present, it was considered that an investment via the Border to Coast Sterling Index Linked Bond Fund would be the most appropriate vehicle.

To date the Fund had agreed 4 Local Investments:

- GB Bank – £20m initial investment called in full in September 2020. £6.5m was paid to the bank in December 2021. £13.5m paid August 2022 as the bank received regulatory approval to exit mobilisation. £4m was agreed at the September 2023 Committee and paid to GB Bank in October. £5m agreed at March 2024 Committee and paid May 2024.
- Ethical Housing Company - £5m investment of which £765k had been called.
- Waste Knot - £10m investment agreed at the June 2021 Committee, payment made in full December 2021.
- FW Capital – At the September Committee meeting, agreement was given for an investment of £20m into the Teesside Flexible Investment Fund. The money would be called down as and when investments were made.

As at 31 October 2024 total commitments to private equity, infrastructure and other debt were £1,920m, as set out at paragraph 8.8 of the report.

ORDERED that the information provided was received and noted.

24/44

EXTERNAL MANAGER REPORTS (BORDER TO COAST & STATE STREET GLOBAL ADVISORS) WITH BORDER TO COAST ESG REPORTS

A report of the Director of Finance was presented to provide Members with Quarterly investment reports in respect of funds invested externally with Border to Coast Pensions Partnership Limited ('Border to Coast') and with State Street Global Advisers ('State Street')

At 30 September 2024 the Fund had investments in the following three Border to Coast listed equity sub-funds:

- The Border to Coast UK Listed Equity Fund, which had an active UK equity portfolio aiming to produce long term returns of at least 1% above the FTSE All Share index.
- The Border to Coast Overseas Developed Markets Equity Fund, which had an active

overseas equity portfolio aiming to produce total returns of at least 1% above the total return of the benchmark (40% S&P 500, 30% FTSE Developed Europe ex UK, 20% FTSE Developed Asia Pacific ex Japan, 10% FTSE Japan).

- The Border to Coast Emerging Markets Equity Fund, which had an active emerging markets equity portfolio aiming to produce long term returns at least 1.5% above the FTSE Emerging markets indices. Part of the Fund was managed externally (for Chinese equities) by FountainCap and UBS, and part managed internally (for all emerging markets equities excluding China) by the team at Border to Coast.

For all three sub-funds, the return target was expected to be delivered over rolling three-year periods, before calculation of the management fee.

State Street had a passive global equity portfolio invested across four different region tracking indices appropriate to each region. The State Street report, shown at Appendix B showed the market value of the State Street passive equity portfolio and the proportions invested in each region at 30 September 2024. Performance figures were also shown in the report over a number of time periods and from inception.

State Street continued to include additional information with their report this Quarter, giving details of how the portfolio compared to the benchmark in terms of environmental, social and governance factors including separate sections on climate and stewardship issues.

Border to Coast had worked with its reporting providers to develop reporting which covered the Environmental Social and Governance (ESG) issues and impact of the investments it managed, together with an assessment of the carbon exposure of these investments.

Appendix C contained the latest available ESG and carbon exposure in relation to the three Border to Coast listed equity sub-funds the Fund invests in: UK Listed Equity, Overseas Developed Markets Equity and Emerging Markets Equity. Amongst other information, the reports included information on the highest and lowest ESG-rated companies within those Border to Coast sub-funds, together with an analysis of the carbon exposure of the sub funds on a number of metrics. The sub-funds' ESG position and carbon exposure was also compared to benchmarks representing the 'average' rating across the investment universe of that particular benchmark.

ORDERED that the report was received and noted.

24/45

GOVERNANCE POLICIES REVIEW

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

Most of the Pension Fund's governance policies were required to be formally updated every three years. At the last review, in December 2021, an overarching review of Local Government Pension Scheme (LGPS) governance had been expected for over a year, as a follow-on from work carried out on behalf of the Scheme Advisory Board. This review, which was expected to introduce the "Good Governance" proposals, had not yet taken place, but the governance issues fund and pool level were a key element of the Government's recently issued LGPS (England and Wales) 'Fit for the Future' consultation.

The latest consultation was expected to mean further guidance on LGPS governance, and would be published in the New Year. In addition, the Fund was due to be working with a different pensions administrator from June 2025. Consequently, this was a 'light touch' review of the Fund's governance policies, as further changes were likely to be required for some of them during 2025.

The following documents had been reviewed and updated (where necessary) based on the existing regulations and guidance:

- Governance Policy and Compliance Statement.
- Training Policy.
- Conflict of Interest Policy.
- Risk Management Policy.
- Procedures for Reporting Breaches of Law.

- Communication Policy.
- Pension Administration Strategy and Charging Policy.
- Fund Officers' Scheme of Delegation.

The documents were shown at Appendices A to H of the report.

ORDERED that:

- The information provided was received and noted.
- The revised governance policies would take immediate effect.

24/46

LGPS NATIONAL KNOWLEDGE ASSESSMENT OUTCOME

A report of the Director of Finance was presented to inform Members of the outcome of the National Knowledge Assessment recently undertaken by Teesside Pension Board and Pension Fund Committee members, and to discuss a potential training plan to address gaps in knowledge identified by the assessment.

The National Knowledge Assessment (NKA) allowed a direct insight into the knowledge and skills of their key decision makers and oversight body. Participants answered a series of questions covering a broad spectrum of topics, for which they should be familiar to effectively perform their role. Based on responses, a score was recorded for each member, and also collectively for both the Committee and Board.

The report included benchmarking against the results of all other participating Funds. The assessment would help the Fund assess and report on the Knowledge and Skills of Committee and Board members, demonstrating that they had met the requirements laid out in The Pensions Regulator's General Code of Practice.

The performance of the Board (average overall score of 76.4 %) was stronger than that of the Committee (average overall score of 53.5 %). The performance for the Committee and Board diverged the most in the Financial Markets and Product Knowledge section, when Board were 40.7 % higher than the Committee. The Committee performed most strongly in the areas of Pensions Governance and Investment Performance and Risk Management. The Board areas of strongest knowledge were Pensions Governance and Investment Performance and Risk Management.

Based on the results from the assessment, potential training sources had been prepared based on what would be most valuable to the Fund at the present time.

A discussion took place whereby the training budget was reflected on; a Member suggested that all Members offer firm commitment to the Committee because of this. It was further highlighted by the Director of Finance that there was great value in having stability on the Pension Fund and would encourage members to remain on the Committee.

ORDERED that the report was received and noted.

24/47

PRESENTATION FROM THE ACTUARY - 2025 VALUATION PREPARATION

A presentation on the 2025 Valuation Preparation was provided by the Actuary. The presentation included:

- How the Fund works.
- Role of the Actuary.
- Reasons behind a valuation.
- How a valuation is completed.
- 2022 valuation results.
- What has happened since 2022.
- Key funding decisions.

The presentation highlighted areas of what the actuary carried out for stakeholders, with the main focus on carrying out fund valuations. It was noted that there was a statutory

requirement to complete a valuation every three years with assumptions and estimations also included. The actuary also performed ongoing health checks to ensure there were enough funds set aside.

The information provided showed a funding level of 116%, with a total average employer rate of 14.8%. Funding had improved since 2022, with assets returns positive. There had been rising interest rates and high inflation with a higher expected return on the Fund's assets.

For 2025 there were key funding decisions that the Fund should make; how much should be collected in contributions, and how much in investment returns.

The Actuary highlighted the results of national assessment as a useful resource, with on-demand learning which could be revisited multiple times. It was advised that Committee Members complete modules 7: Financial Markets and Product Knowledge and 8: Actuarial Methods, Standards and Practices, and Board Members should complete modules 4: Pensions Accounting and Audit Standards and 8: Actuarial Methods, Standards and Practices.

A Member queried the timeline for the valuation preparation and how this aligned with Local Authority's budget planning. The Actuary advised that in March 2025 a comprehensive set of assumptions would be compiled, conversations with Officers would begin in June and discussions with Employers in Autumn. The Director of Finance advised that there would be an expectation that this would be available for September when most Local Authorities commenced budget planning.

ORDERED that the information was received and noted.

24/48

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

A report was presented which advised the Committee of recent changes made by Border to Coast Pensions Partnership Limited ('Border to Coast') to its Responsible Investment Policy, Corporate Governance and Voting Guidelines and Climate Change Policy.

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

- Environmental, social and governance (ESG) considerations. The policy was required to take into account the selection, non-selection, retention and realisation of assets.
- The exercise of rights, including voting rights attached to investments.

To allow a practical and consistent approach to pooled investments, Border to Coast developed a Responsible Investment (RI) Policy and a Corporate Governance and Voting Guidelines document for all its Partner Funds to approve that applied across all the investments it held on their behalf. In 2021, Border to Coast also introduced a standalone Climate Change Policy. The latest version of all three documents (as approved at the 13 December 2023 Pension Fund Committee) could be found on Border to Coast's website at the following link:

https://www.bordertocoast.org.uk/publications/?_sfm_publication_document_type=Responsible%20Investment%20Policies

Border to Coast would continue to work with its Partner Funds to develop and update its approach to Responsible Investment (including Climate Change) and Corporate Governance.

A Member raised the issue of Responsible Investment and tobacco exclusion being considered as part of the policy. Border to Coast advised that further exclusions will be considered more fully in 2025 and will bring forward tobacco as part of that discussion.

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

24/49

PRESENTATION FROM BORDER TO COAST - RESPONSIBLE INVESTMENT

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

The presentation provided information on the following:

- Listed Investments as at 30 September 2024.
- Macro outlook Q3 2024.
- Listed Investments: Performance Q3, 2024.
- Private Equity.
- Infrastructure.
- Responsible Investment Update.

ORDERED that the information provided was received and noted.

24/50

GOVERNMENT CONSULTATION - LGPS (ENGLAND AND WALES) FIT FOR THE FUTURE

A report of the Director of Finance was presented to inform Members of the consultation issued by the Government intended to make the Local Government Pension Scheme (LGPS) in England and Wales 'fit for the future', outline some key points from that consultation, how the Teesside Fund could be impacted and the timetable, and process for responding to the consultation. The report also asked Members to agree that the Head of Pensions Governance and Investments (in consultation with the Chair and Vice Chair) could draft and submit a consultation response on behalf of the Fund / the Council as administering authority for the Fund.

The Government confirmed on 4 September 2024 that it would carry out a pensions review, which it described as follows: "The Chancellor has launched a landmark pensions review to boost investment, increase saver returns and tackle waste in the pensions system. The Chancellor has appointed the Minister for Pensions to lead the review. The review will focus on defined contribution workplace schemes and the Local Government Pension Scheme."

The Government issued a 'call for evidence' which focussed on the following three topics; some questions under those topics related to defined contribution schemes, others purely related to the LGPS, and some potentially covered both:

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

In addition, the document referred to the consultation carried out by the previous Government last year and stated, "Asset pooling policy in the Local Government Pension Scheme in England & Wales (LGPS) was consulted on in 2023. In addition to the below request for evidence, the review will engage extensively on next steps with regard to LGPS consolidation, with funds, pools and representative groups including the LGA and trade unions."

There was a three-week deadline for responses. The Head of Pensions Governance and Investments had worked with colleagues in Border to Coast and its Partner Funds to produce a response that emphasised:

- The benefits of scale provided by the Fund's participation in Border to Coast.
- The extent to which the Fund already invested in the UK.

Consideration was also given as to whether potential pool or fund consolidation would of itself lead to greater investment in UK assets, as the call for evidence seemed to imply.

On 14 November 2024, Chancellor of the Exchequer Rachel Reeves announced as part of her Mansion House speech that she would be "publishing the interim report of the Pensions Investment Review. It sets out our plans to create Canadian and Australian style-"megafunds" to power growth in our economy... underpinned by a clear commitment to legislate for these changes for the first time in the Pension Scheme Bill next year." and that the Government would "legislate on measures to consolidate the Local Government Pension Scheme... and

require that the 86 Local Government Pension Scheme administering authorities consolidate all their assets into 8 pools.”

This was followed by the publication of a set of documents including a consultation “Local Government Pension Scheme (England and Wales): Fit for the future” which would close on 16 January 2025.

Some significant points from the consultation included:

- LGPS Pool companies would need to be regulated by the Financial Conduct Authority (FCA) and able to offer internal management (Border to Coast was already FCA regulated and offers internal management in some asset classes).
- Funds/Administering Authorities would need to transfer all their listed assets to their Pool by 31 March 2025 and would be expected to transfer legacy assets to the management of the Pool by 31 March 2026.
- Pool companies would be expected to be the principal source of investment advice to Funds/Administering Authorities.

During discussion, a Member suggested that it would be more inclusive if large employer stakeholders were able to contribute directly to the consultation. The Head of Pensions, Governance and Investments advised that it was an open consultation, allowing anyone to respond. However, the draft response of the Teesside Pension Fund Committee would be shared with S151 Officers in the neighbouring authorities.

ORDERED:

- That the Committee agreed that consultation responses would be drafted and submitted.
- The Committee had the opportunity to provide any suggestions in relation to the Fund’s consultation response at this meeting or, over the following weeks, through feedback to the Chair or Vice Chair.

24/51 **INVESTMENT ADVISORS' REPORTS**

The Independent Investment Advisors had provided reports on current capital market conditions to inform decision-making on short-term and longer-term asset allocation, which were attached as Appendices A and B to the submitted report.

Further commentary was provided at the meeting.

Both Advisors spoke of the United States, with the focus on what a Trump administration meant for the economy, in particular the expectation of substantial trade tariffs.

ORDERED that the information provided was received and noted.

24/52 **CBRE PROPERTY REPORT**

A report was submitted that provided an overview of the current property market and informed Members of the individual property transactions relating to the Fund.

The report included:

- Economic Commentary.
- Direct Portfolio Analysis.
- Property Portfolio Returns.
- Investment and Asset Management Updates.
- Portfolio Arrears Update.
- Lending Update.
- Existing Loan Portfolio.
- Responsible Investment Initiatives.

As of 30 November 2024, the portfolio comprised of 34 properties located throughout the UK,

with a combined value of £485.1m. This reflected an overall Net Initial Yield of 5.5%, and an Equivalent Yield of 5.88%. The portfolio comprised of principally prime and good secondary assets. High Street retail, retail warehouse and industrial comprised 94% of the Portfolio by capital value. There were 91 demises and a total net lettable area of 2,751,651 sq. ft. The portfolio had a current gross passing rent of £28,613,928 per annum against a gross market rental value of £27,578,437 per annum. The weighted average unexpired lease term was 8.9 years to the earlier of the first break or expiry and 9.6 years to expiry, ignoring break dates.

The portfolio highlight was that the Fund was negotiating a £25m Bridge Loan Facility to Verdant Regeneration Limited. The loan would aid the borrower with infrastructure and enabling works at the 176-acre site in Ilkeston, Derbyshire. On completion, the Fund's loan book would reach the current target allocation of £100m.

A member raised a query in respect of the portfolio arrears, in particular a tenant's total arrears of £108,123 (27.3% of the collectable arrears). CBRE confirmed that this was due to the reporting cycle and that some tenants preferred to pay monthly rather than quarterly. It was noted that the rent collection figure was more meaningful to the Fund.

ORDERED that the information provided was received and noted.

24/53 **XPS PENSIONS ADMINISTRATION REPORT**

A report was presented to provide an overview of administration services provided to the Teesside Pension Fund by XPS Administration.

The report provided information on the following:

- Overview.
- Membership Movement.
- Errors and Complaints.
- Membership Engagement.
- Data Quality.
- Regulations and Guidance.
- SLAs.
- Administration Team.

The report was taken as read with further commentary provided at the meeting.

ORDERED that the information provided was received and noted.

24/54 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, CAN BE CONSIDERED**

None.

24/55 **EXCLUSION OF PRESS AND PUBLIC**

ORDERED that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

24/56 **PROPERTY MANAGEMENT**

A report was presented to request that Members consider a revised approach to the management of the Pension Fund's directly held property portfolio, in the light of the requirements set out in the Government's recently issued "LGPS (England and Wales): Fit for the Future" consultation.

ORDERED that option one, as detailed in the report, was approved.

24/57 **PROCUREMENT UPDATE**

11 December 2024

A report was presented which provided Members of the Teesside Pension Fund Committee (the Committee) with an overview of administration services provided to the Teesside Pension Fund by XPS Administration.

ORDERED that the information provided was received and noted.

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7

TEESSIDE PENSION BOARD REPORT

31 MARCH 2025

DIRECTOR OF FINANCE AND TRANSFORMATION, ANDREW HUMBLE

DRAFT PENSION FUND BUSINESS PLAN 2025/28

1. PURPOSE OF THE REPORT

1.1 To present to Members of the Teesside Pension Board ('the Board') the draft annual Business Plan for the Fund, which will be presented to the next Pension Fund Committee for approval.

2. RECOMMENDATION

2.1 That Members note the Business Plan including the 2025/26 Pension Fund budget.

3. FINANCIAL IMPLICATIONS

3.1 The 2025/26 forecast income and expenditure is set out in the Business Plan, and is summarised below (expenditure in brackets):

	£ millions
Income from employers / members	134.7
Expenditure to members	(213.7)
Administration and management expenses	(13.8)
Estimated net investment income	151.0*
Net increase (decrease) in net assets available for benefits	58.2

**Assumes the Fund chooses to take £70 million in dividends from Border to Coast equity pooled funds.*

4. BACKGROUND

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

4.2 The Teesside Pension Fund Business Plan is designed to set out how the Pension Fund Committee operates, what powers are delegated and to provide information

on key issues. The Business Plan sits alongside the Fund's other governance documents, which set out the delegated powers and responsibilities of officers charged with the investment management function.

4.3 The Business Plan for 2025/28 is attached (Appendix 1). The Business Plan includes:

- The purpose of the Fund, including the Teesside Pension Fund Service Promise (see Appendix A);
- The current governance arrangements for the Fund;
- The performance targets for the Fund for 2025/26, and a summary of the performance for 2024/25 (latest available) (see Appendix B);
- The arrangements in place for managing risk and the risk register for the Fund (see Appendix C);
- Membership, investment and funding details for the Fund;
- An estimated outturn for 2024/25 and an estimate for income and expenditure for 2025/26 (see Appendix D and page 22 of Appendix 1); and
- An annual plan for key decisions and a forward work programme for 2025/26 and an outline work plan for 2027 – 2028.

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

TEL NO.: 01642 729040

Business Plan

2025 – 2028



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 2024-25, and projections for 2025-26, as well as the administration and investment expenses.

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

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

INTRODUCTION

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

The Fund currently has over 82,000 scheme members from around 150 employer bodies, including four Local (Unitary) Authorities.

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

PURPOSE OF THE FUND

Mission Statement

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

Purpose

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

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

Aims

The aims of the Fund are to:

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

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

- Seek returns on investments within reasonable risk parameters.

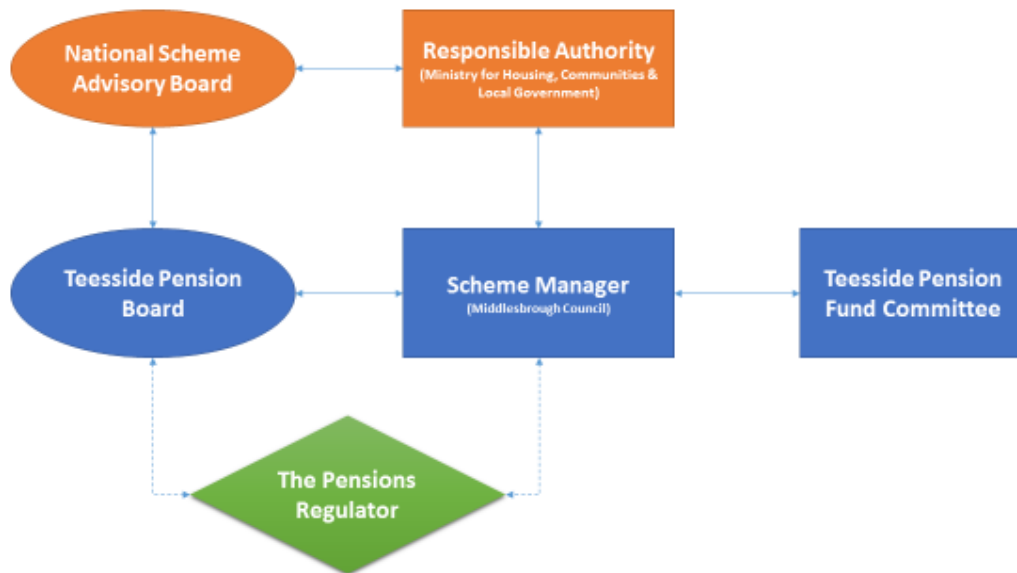
Service Promise

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

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

GOVERNANCE ARRANGEMENTS

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



Responsible Authority

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

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

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

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

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

The Local Government Pension Scheme Advisory Board – England and Wales

The Local Government Pension Scheme Advisory Board (SAB):

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

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

The Pensions Regulator

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

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

Please visit The Pensions Regulator website for more information:

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

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

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

Teesside Pension Fund Committee

The Pension Fund Committee's principal aim is to carry out the functions of Middlesbrough Council as the Scheme Manager and Administering Authority for the Teesside Pension Fund in accordance with Local Government Pension Scheme and any other relevant legislation.

In its role as the administering authority, Middlesbrough Council owes fiduciary duties to the employers and members of the Teesside Pension Fund and must not compromise this with its own particular interests. Consequently this fiduciary duty is a responsibility of the Pension Fund Committee and its members must not compromise this with their own individual interests.

The Pension Fund Committee will have the following specific roles and functions, taking account of advice from the Chief Finance Officer and the Fund's professional advisers:

- a) Ensuring the Teesside Pension Fund is managed and pension payments are made in compliance with the Local Government Pension Scheme Regulations, His Majesty's Revenue & Customs (HMRC)'s requirements for UK registered pension schemes and all other relevant statutory provisions.
- b) Ensuring robust risk management arrangements are in place.
- c) Ensuring the Council operates with due regard and in the spirit of all relevant statutory and non-statutory best practice guidance in relation to its management of the Teesside Pension Fund.
- d) Determining the Pension Fund's aims and objectives, strategies, statutory compliance statements, policies and procedures for the overall management of the Fund, including in relation to the following areas:
 - i) Governance – approving the Fund's Governance Policy and Compliance Statement for the Fund within the framework as determined by Middlesbrough Council and making recommendations to Middlesbrough Council about any changes to that framework.
 - ii) Funding Strategy – approving the Fund's Funding Strategy Statement including ongoing monitoring and management of the liabilities, ensuring appropriate funding plans are in place for all employers in the Fund, overseeing the triennial valuation and any interim valuations, and working with the actuary in determining the appropriate level of employer contributions for each employer.
 - iii) Investment strategy - approving the Fund's Investment Strategy Statement and Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite.
 - iv) Administration Strategy – approving the Fund's Administration Strategy determining how the Council will the administer the Fund including collecting payments due, calculating and paying benefits, gathering information from and providing information to scheme members and employers.

-
- v) Communications Strategy – approving the Fund's Communication Strategy, determining the methods of communications with the various stakeholders including scheme members and employers.
 - vi) Discretions – determining how the various administering authority discretions are operated for the Fund.
- e) Monitoring the implementation of these policies and strategies on an ongoing basis.
 - f) In relation to the Border to Coast Pensions Partnership ('Border to Coast'); the Asset Pooling Collaboration arrangements:
 - i) Monitoring of the performance of Border to Coast and recommending actions to the Joint Committee, The Mayor or the Mayor's Nominee (in their role as the nominated person to exercise Shareholder rights and responsibilities), Officers Groups or Border to Coast, as appropriate.
 - ii) Undertake the role of Authority in relation to the Border to Coast Inter Authority Agreement, including but not limited to:
 - Requesting variations to the Inter Authority Agreement
 - Withdrawing from the Inter Authority Agreement
 - Appointing Middlesbrough Council officers to the Officer Operations Group.
 - g) Considering the Fund's financial statements and the Fund's annual report.
 - h) Selection, appointment, dismissal and monitoring of the Fund's advisers, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension fund administrator, independent professional advisers and Additional Voluntary Contribution (AVC) provider.
 - i) Liaison with internal and external audit, including providing or agreeing recommendations in relation to areas to be covered in audit plans, considering audit reports and ensuring appropriate changes are made following receipt of audit findings
 - j) Making decisions relating to employers joining and leaving the Fund. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.
 - k) Agreeing the terms and payment of bulk transfers into and out of the Fund.
 - l) Agreeing Pension Fund business plans and monitoring progress against them.
 - m) Agreeing the Fund's Knowledge and Skills Policy for all Pension Fund Committee members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing

training plans and monitoring compliance with the policy.

- n) Agreeing the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.
- o) Receiving ongoing reports from the Chief Finance Officer, the Head of Pensions Governance and Investments and other relevant officers in relation to delegated functions.

No matters relating to Middlesbrough Council's responsibilities as an employer participating within the Teesside Pension Fund are delegated to the Pension Fund Committee.

Teesside Pension Board

The Board is responsible for assisting the Administering Authority:

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

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

Teesside Pension Officer Support

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

- Internal advice comes from the **Director of Finance**, who has Section 151 responsibilities. It is the Director who is responsible for ensuring that adequate expertise is available internally and, where the Director deems that not to be the case, they will advise when external advice should be sought. Internal expertise and advice is provided by:
 - The **Head of Legal Services** on legal matters pertaining to the Fund.
 - The **Head of Pensions Governance and Investments** on pensions, investments and LGPS governance issues.
 - The **Client Manager / Client Director** of the Fund's partners on 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**, Forvis Mazars 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. A recent Government consultation [“LGPS \(England and Wales\): Fit for the Future”](#) (outcome still pending) strongly suggests investment oversight of all the Fund’s assets (with the exception of cash) will move to the pool (Border to Coast) over the next few years.
- Initial asset transfers took place during 2018-19 which resulted in all the Fund’s UK equities being transferred to be under Border to Coast’s management. During 2021 most of the Fund’s overseas equities were also transferred from being managed passively by State Street Global Advisers to being managed by Border to Coast. During 2024-25 the passive Equity holdings with State Street were sold and partly reinvested with Border to Coast’s (internally managed) overseas equity fund. All of the Fund’s liquid assets (except cash) are now invested through Border to Coast.
- There are a number of investment assets which currently remain with the Fund to manage, either because they are unlikely to transfer to Border to Coast, e.g. cash, or because it is not practical or cost-effective to do so, such as existing private markets investments. Following the recent Government consultation it looks likely that while ownership of these private markets investments will remain with the Pension Fund

(because of the cost and complexity of transferring this), in future the investment oversight of the assets may transfer be the responsibility of Border to Coast. In addition, following a decision taken at the December 2024 Pension Fund Committee, the Fund is looking to transfer the management of its own UK Real Estate portfolio to Border to Coast, to be managed as part of Border to Coast's UK Real Estate Fund. This decision reversed an early Committee decision and was taken in the knowledge that the Government's direction of travel is now clearly towards greater asset pooling in the LGPS.

- 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 commencing 1 June 2001. This contract was extended several times with the final extension lasting until the end of May 2025. In 2024 an open procurement exercise was carried out. The successful bidder was South Tyneside Council (the administering authority for the Tyne & Wear Pension Fund) and work is underway to transfer to service and potentially some of the staff carrying out the service to the new provider. South Tyneside Council is due to start providing the administration service, under a partnership arrangement with Middlesbrough Council from 1 June 2025.
- 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 was updated in line with the production of the most recent triennial valuation and was published in 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 2022 – the final valuation report was published on 30 March 2023. The next valuation will be carried out based on assets, membership and financial conditions as at 31 March 2025 with the final report due by the end of March 2026.

Investments

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

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

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

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

Pensions Administration

Key Performance Indicators (KPIs) relating to pensions administration are 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 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 were reviewed as part of the process for retendering the pensions administration contract. Results against these KPIs are reported to each meeting of the Pension Fund Committee and the Pension Board. Revised KPIs based on the new partnership arrangement with the South Tyneside Council will be reported to the Pension Fund Committee and Pension Board starting from December 2025.

Accounting

The Fund's Annual Report and Accounts are prepared in line with the current guidelines and reported to the Teesside Pension Fund Committee. The Annual Report and Accounts are audited by the Fund's External Auditors (Forvis Mazars LLP). Forvis Mazars present their

audit findings to the Teesside Pension Fund Committee and provide their audit opinion based on the findings of the report. The target is for the External Auditors to report that the Annual Report & Accounts show a true and fair view of the transactions the Fund.

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

Governance

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

- Governance Policy and Compliance Statement
- Training Policy
- Conflicts of Interest Policy
- Risk Management Policy
- Procedures for Reporting Breaches of the Law
- Communication Policy
- Pension Administration Strategy 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.

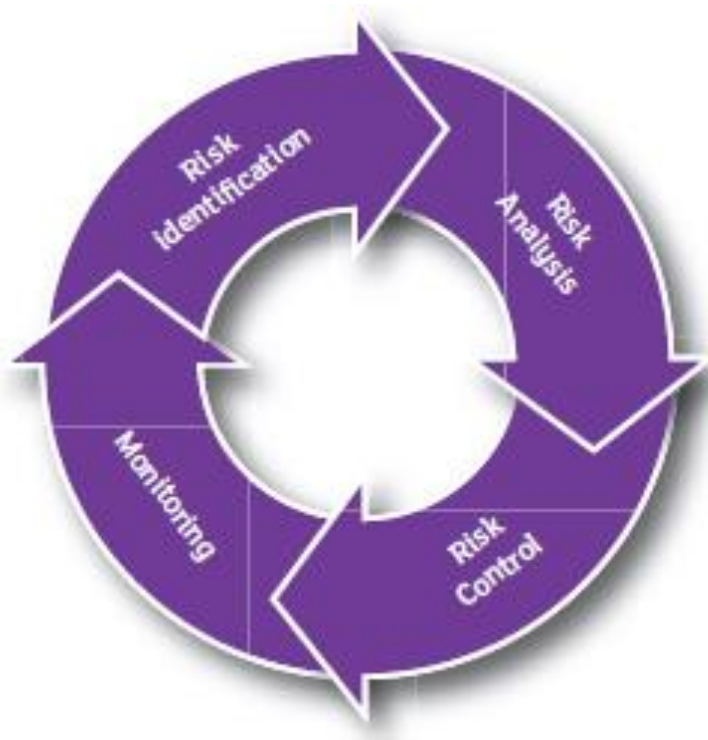
In relation to understanding and monitoring risk, the Administering Authority aims to:

- 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 at least 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 2022/23 audit £50 million) is used as the high value for the purposes of scoring the identified risks.

**TEESSIDE PENSION FUND
BUSINESS PLAN 2025 – 2028**

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

TRAINING PLAN

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

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

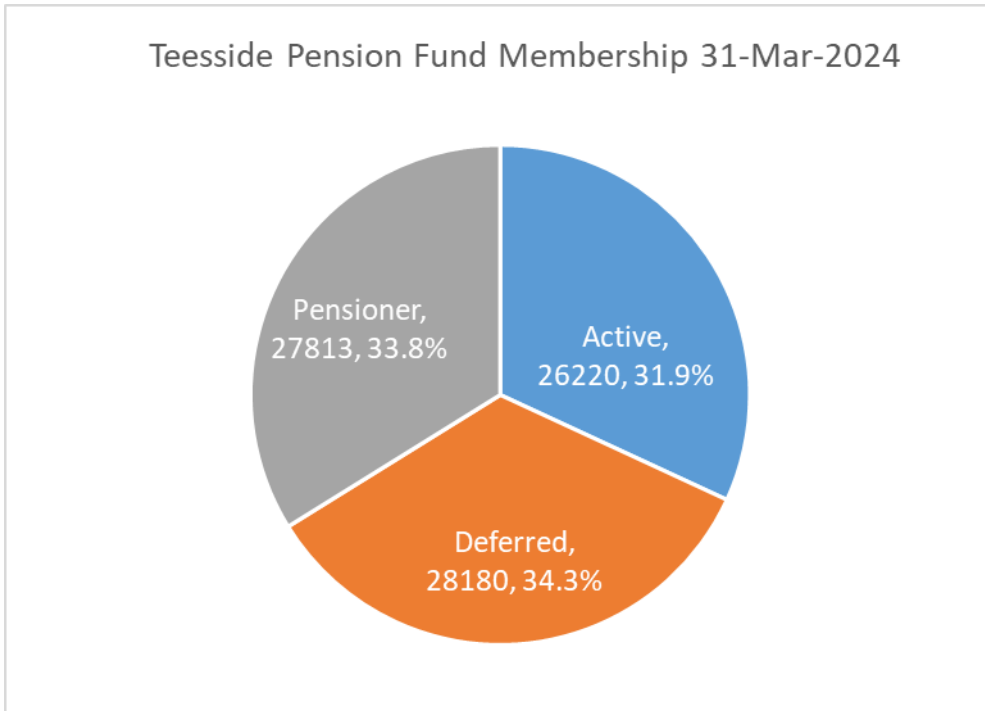
The Principles included in the Myners Review of Institutional Investment included a requirement under "Effective Decision Making" that Trustees should have sufficient expertise and be offered appropriate training.

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

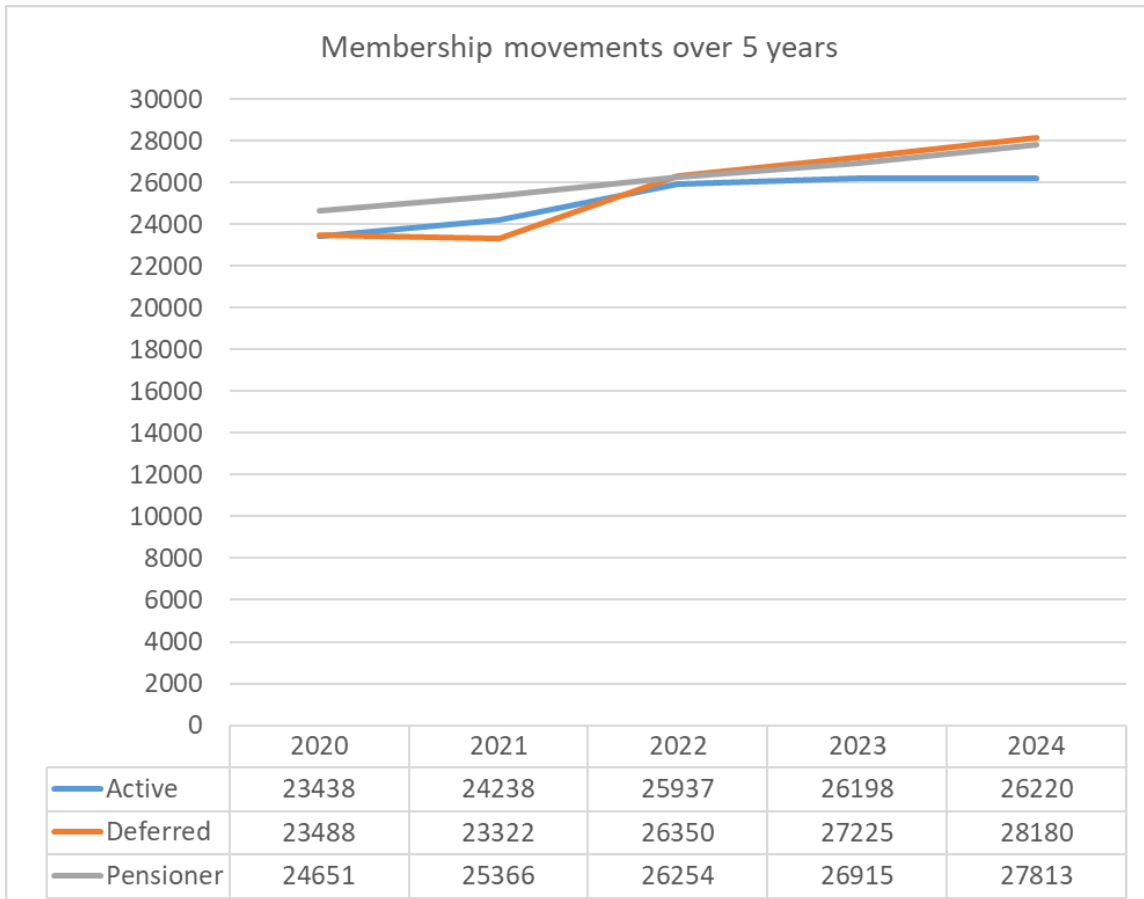
Training for Members and the staff employed by the Fund is essential as the Fund is moving to a position where its primary role will be managing two critically important outsourcing contracts / partnership arrangements with Border to Coast managing the majority of the Fund's investment assets, and XPS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

MEMBERSHIP DATA

The total scheme membership for the Fund as at 31 March 2024 was 82,213 made up of the following membership types:

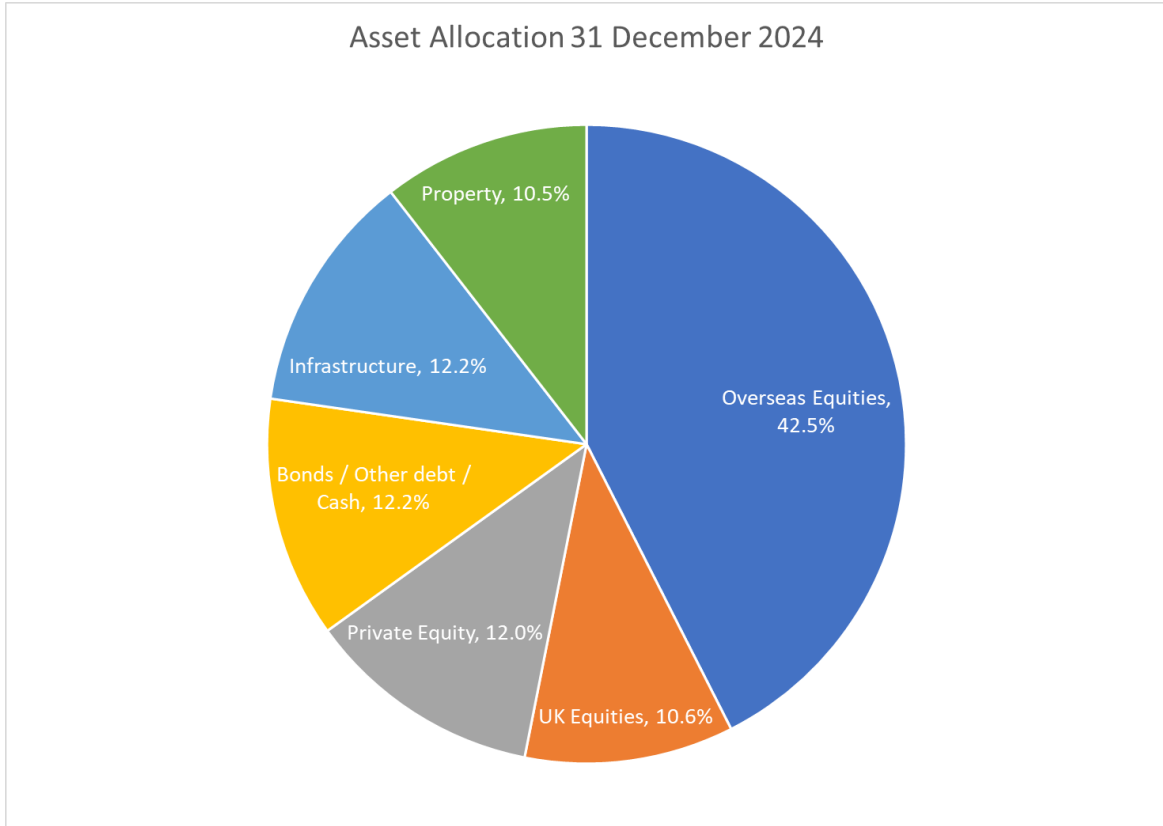


The changes to the scheme membership types over the last five years are shown below. While the total membership has increased by approx. 10,600 members over the period, the numbers of deferred members have fluctuated but increased, whereas the numbers of actives and pensioner members have increased more steadily over the period.

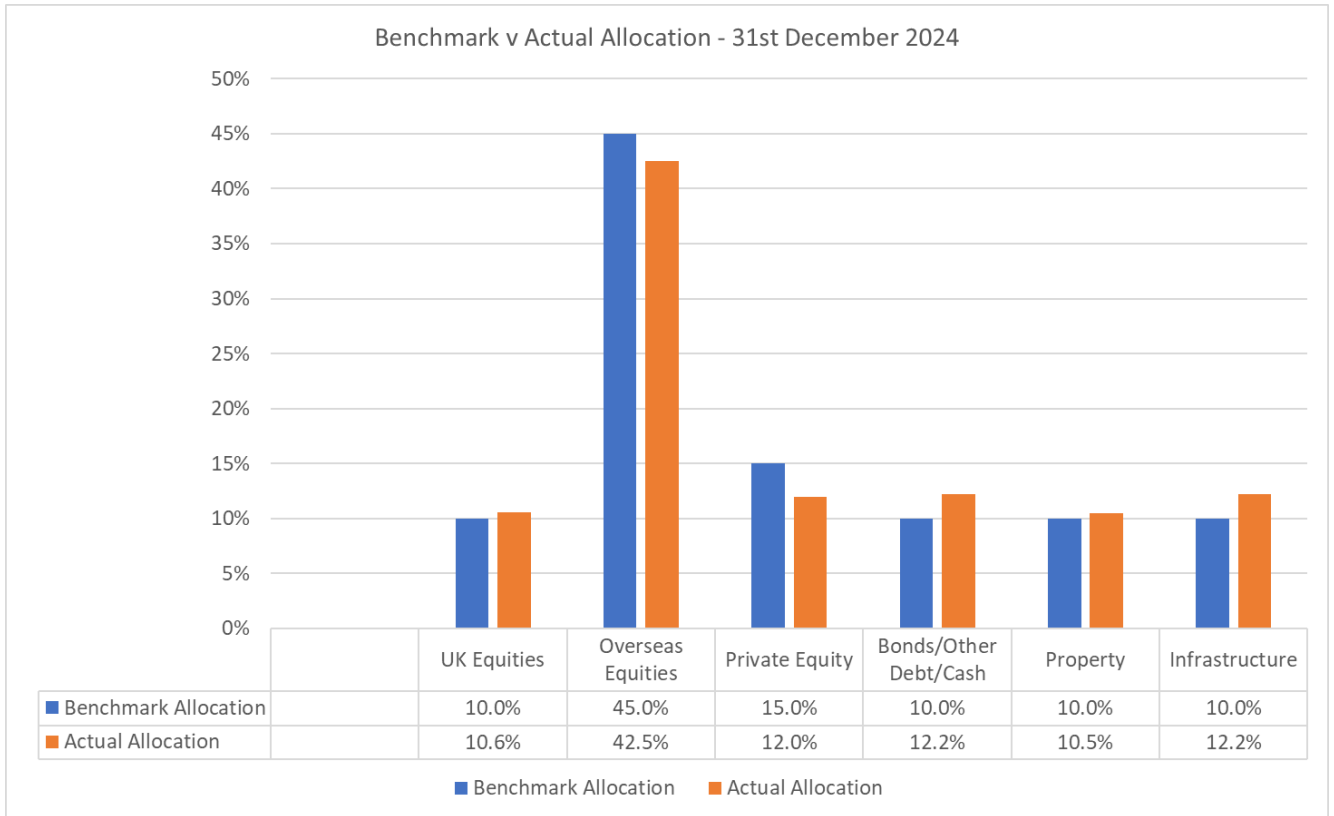


INVESTMENTS AND FUNDING

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 September 2024 meeting, and this revised benchmark was used to update the Investment Strategy Statement in December 2024. As at 31 December 2024 the actual assets compared to the revised strategic benchmark as follows:



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

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

FUND ACCOUNT, INVESTMENT AND ADMINISTRATION COSTS

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

Description	2023-24 Actual £'000s	2024-25 Forecast £'000s	2025-26 Estimate £'000s
Contributions	-116,328	-120,886	-123,302
Transfers in from other pension funds	-8,055	-5,931	-5,931
Other income	-2,060	-5,418	-5,418
Total income from members	-126,443	-132,235	-134,651
Benefits payable	182,512	194,150	197,991
Payments to and on account of leavers	12,318	15,697	15,697
Total expenditure to members	194,830	209,847	213,688
Management expenses	12,126	11,295	13,795
Total income less expenditure	80,513	88,907	92,832
Investment income	-70,293	-104,000	-151,000*
Change in Asset Market Value	-467,735	0	0
Net return on investments	-538,028	-104,000	-151,000
Net (increase) / decrease in net assets available for benefits during the year	-457,515	-15,093	-58,168

*Assumes the Fund takes £70 million dividend income from Border to Coast equity funds.

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 (July) meeting to approve the Annual Report & Accounts. These should be before the end of:

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

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

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

FORWARD PLAN FOR KEY DECISIONS

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

2025/26:

Pooling of Investment Assets:

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

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

Pension Fund Governance:

- Assess the Fund against the Scheme Advisory Board's recommended governance standards (due to become statutory guidance).
- Monitor progress against full compliance with Pensions Regulator's General Code of Practice, including best practice areas.
- Prepare UK Stewardship Code submission.

Pension Investments:

- Review / restate Fund's investment beliefs, in the context of ensuring these are appropriately understood and taken into account by Border to Coast.
- Complete the transfer of property assets to Border to Coast, subject to reasonable agreement being reached over asset values.
- 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.
- Monitor Fund's liquidity and consider whether / when to invest in fixed income.

Pension Administration:

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

- Prepare data and system functionality for compliance with Pensions Dashboard requirements and for the 31 October 2025 connection date.

Funding:

- Review and update the Funding Strategy Statement and Investment Strategy Statement if required.
- Work with actuary on production of 31 March 2025 valuation.
- Ensure data is prepared for submission to actuary for 31 March 2025 triennial valuation. Work with actuary on reviewing assumptions.
- Notify employers of required contribution rates for three year period from 1 April 2026 onwards. Ensure Committee is kept informed of progress and outcome of valuation exercise.

2026/27:

- Depending on outcome of Government consultation exercise:
- Work with Border to Coast and Partner Funds to agree process for transferring oversight of ‘legacy’ private market assets to Border to Coast.
- Consider how Border to Coast can be principal source of investment advice for the Fund.
- Review role of independent advisor in the light of expected regulation / legislation – agree how to source independent advice.

2027/28:

- Evaluate process for oversight of the Pool company – on investment performance, investment advice and ensure governance structures are appropriate.
- Re-assess compliance with Pension Regulator’s Code of Practice
- Evaluate partnership approach to delivery of pensions administration function – ensure efficiencies and opportunities are being identified and delivered.

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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
2022 Triennial Actuarial Valuation	100%	116%

Investments:

	As at 30 September 2024		
	Benchmark	Actual	Excess Return
Performance Return – 1 Year	10.8%	9.8%	-1.0%
Performance Return – 3 Year (per annum)	4.2%	6.4%	2.3%
Performance Return – 5 Year (per annum)	5.0%	7.0%	2.0%
Performance Return – 10 Year (per annum)	7.1%	8.0%	0.9%

Pensions Administration:

	As at 31 December 2021	
	Target	Actual
All new entrant processed within twenty working days of receipt of notification being received by pensions.	98.50%	100.00%
Transfer Values - To complete the process within ten working days of the date of receipt/request for payment.	98.50%	100.00%
Refund of contributions - correct refund to be paid within ten working days of the employee becoming eligible and the correct documentation being received.	98.75%	100.00%
Statements issued within ten working days - Estimate of benefits (of receipt of request) and Deferred Benefits (of receipt of all relevant information).	98.25%	99.23%
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%	88.92% (shortfall relates to missing pay information from employers)

	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%	99.54%
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 2021/22 and 2022/23 accounts. The 2023/24 accounts were 'disclaimed' by the auditor, principally owing to lack of time to complete the necessary work.
Internal Audit Opinion – Investments	Strong Control Environment	Strong Control Environment
Internal Audit Opinion – Administration	Strong Control Environment	Strong Control Environment

Governance:

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

Appendix C - Teesside Pension Fund Risk Register

Code	Title	Original Score	Current Score
TPF001	<p>INFLATION Price inflation is significantly more than anticipated: an increase in long-term CPI inflation of 0.2% a year will increase the liability valuation by 3%.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-5</p>		
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

Code	Title	Original Score	Current Score
TPF002	<p>ADVERSE ACTUARIAL VALUATION Impact of increases to employer contributions following the actuarial valuation.</p> <p>Fund & Reputation Impact-3 Employers Impact-5 Member Impact-1</p>		
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

Code	Title	Original Score	Current Score
TPF003	<p>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.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
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

Code	Title	Original Score	Current Score
TPF004	<p>POLITICAL RISK Significant volatility and negative sentiment in investment markets following the outcome of adversely perceived political changes.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>		
Current Mitigation		Future Mitigation	Responsible Officer

Increasing investment diversification will allow the Fund to be better placed to withstand this type of political instability. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.		Head of Pensions Governance and Investments
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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>Probability</p> <p>Impact</p> <p>21</p>	<p>Probability</p> <p>Impact</p> <p>14</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>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.</p>			<p>Head of Pensions Governance and Investments</p>

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
<p>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.</p>			<p>Head of Pensions Governance and Investments</p>

Code	Title	Original Score	Current Score
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
<p>This is mitigated by the Triennial Valuation and the engagement of Two Independent Investment Advisors.</p>			<p>Head of Pensions Governance and Investments</p>

Code	Title	Original Score	Current Score
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
<p>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.</p>			<p>Head of Pensions Governance and Investments</p>

Code	Title	Original Score	Current Score
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>20</p>	<p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>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.</p>			<p>Head of Pensions Governance and Investments</p>

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>15</p>	<p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>1) Fund employers will monitor own experience. 2) Triennial Actuarial valuation Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) will be long term assumptions, any employer specific assumptions above the actuaries long term assumption would lead to further review. 3) Employers are made aware of generic impact that salary increases can have upon final salary linked elements of LGPS benefits. 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>			<p>Head of Pensions Governance and Investments</p>

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>15</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>			<p>Head of Pensions Governance and Investments</p>

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 be carried out of scheme specific/employer longevity data.</p>			<p>Head of Pensions Governance and Investments</p>

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>Probability</p> <p>Impact</p> <p>15</p>	<p>Probability</p> <p>Impact</p> <p>10</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>A mechanism exists within the regulations to resolve such disputes - this should reduce the financial impact of any such event.</p>			<p>Head of Pensions Governance and Investments</p>

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>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) The asset allocation made up of equities, bonds, property, alternatives, cash etc. funds, is sufficiently diversified to limit exposure to one asset category. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal asset allocation. 3) Actuarial valuation and asset/liability study take place every three years. 4) Interim valuation data is received annually and provides an early warning of any potential problems. 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>			<p>Head of Pensions Governance and Investments</p>

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>Probability</p> <p>Impact</p> <p>15</p>	<p>Probability</p> <p>Impact</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>Probability</p> <p>Impact</p> <p>10</p>	<p>Probability</p> <p>Impact</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>Probability</p> <p>Impact</p> <p>10</p>	<p>Probability</p> <p>Impact</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

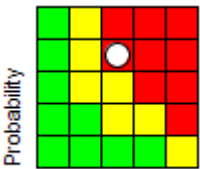
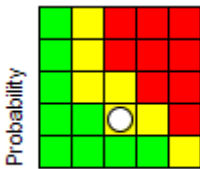
Code	Title	Original Score	Current Score
TPF028	<p>INADEQUATE POOLING INVESTMENT EXPERTISE</p> <p>Inadequate, inappropriate or incomplete investment expertise exercised over the pooled assets.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	<p>Probability</p> <p>Impact</p> <p>10</p>	<p>Probability</p> <p>Impact</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

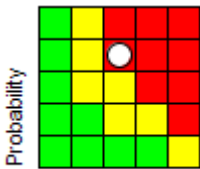
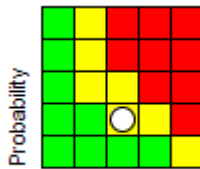
Code	Title	Original Score	Current Score
TPF029	<p>INSUFFICIENT RANGE OF POOLING ASSET CLASSES</p> <p>Insufficient range of asset classes or investment styles being available through the investment pool.</p> <p>Fund & Reputation Impact-5 Employers Impact-3 Member Impact-1</p>		
Current Mitigation		Future 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

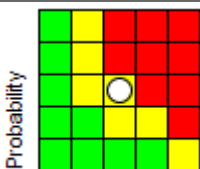
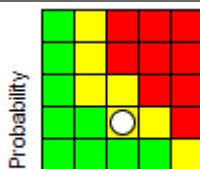
Code	Title	Original Score	Current Score
TPF031	<p>INTERNAL COMPLIANCE FAILURES</p> <p>Failure to comply with recommendations from the local pension board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator.</p> <p>Fund & Reputation Impact-5 Employers Impact-1 Member Impact-1</p>		
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>		
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>		
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>12</p>	 <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>1) Fund employers should monitor own experience. 2) Triennial Actuarial Assumptions will account for the possibility of employer(s) failure (for the purposes of IAS19/FRS102 and actuarial valuations). Any employer specific assumptions above the actuaries long-term assumption, would lead to further review. 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>12</p>	 <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>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.</p>			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>9</p>	 <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>Data protection privacy notices have been distributed by XPS Administration. The Council has established GDPR-compliant processes and procedures.</p>			Head of Pensions Governance and Investments

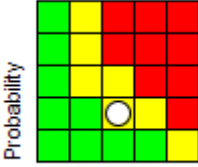

Code	Title	Original Score	Current Score
TPF023	<p>INACCURATE DATA RECORD COLLATION</p> <p>Failure to maintain proper, accurate and complete data records leading to increased errors and complaints.</p> <p>Fund & Reputation Impact-1 Employers Impact-3 Member Impact-3</p>	 <p>9</p>	 <p>6</p>
Current Mitigation		Future Mitigation	Responsible Officer
<p>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.</p>			Head of Pensions Governance and Investments

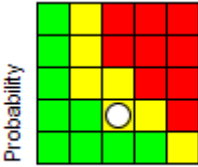
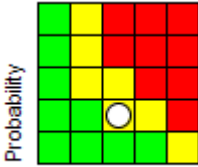
Code	Title	Original Score	Current Score
TPF024	<p>STRUCTURAL CHANGES TO EMPLOYER MEMBERSHIP</p> <p>Risk that TPF are unaware of structural changes to an employer's membership, or changes (e.g. closing to new entrants) meaning the individual employer's contribution level becomes inappropriate.</p> <p>Fund & Reputation Impact-2 Employers Impact-3 Member Impact-2</p>	<p>9</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


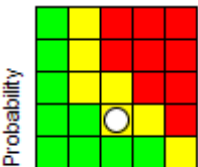
Code	Title	Original Score	Current Score
TPF032	<p>INADEQUATE POOLING DATA</p> <p>Inability to gather robust, quality or timely information from Border to Coast.</p> <p>Fund & Reputation Impact-3 Employers Impact-1 Member Impact-1</p>	<p>6</p>	<p>6</p>
Current Mitigation		Future Mitigation	Responsible 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.			

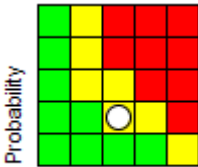
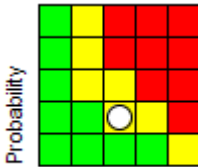
Code	Title	Original Score	Current Score
TPF033	<p>ESG REPUTATIONAL DAMAGE</p> <p>Insufficient attention to environmental, social and governance (ESG) leads to reputational damage.</p> <p>Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1</p>	<p>6</p>	<p>6</p>
Current Mitigation		Future Mitigation	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>6</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>6</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>6</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>6</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>6</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>15</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

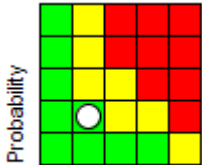
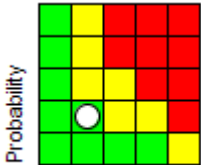
Code	Title	Original Score	Current Score
TPF042	<p>DECISION MAKING FAILURES</p> <p>Failure to take difficult decisions inhibits effective Fund management.</p> <p>Fund & Reputation Impact-5 Employers Impact-2 Member Impact-1</p>	<p>5</p>	<p>5</p>
Current Mitigation		Future Mitigation	Responsible Officer
Ongoing challenge and advice from two independent advisors			Head of Pensions Governance and Investments

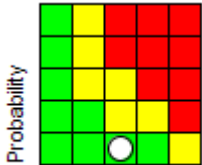
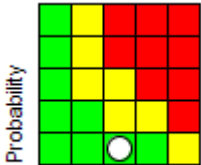
Code	Title	Original Score	Current Score
TPF043	<p>CASH INVESTMENT FRAUD</p> <p>Financial loss of cash investments from fraudulent activity.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	<p>5</p>	<p>5</p>
Current Mitigation		Future Mitigation	Responsible Officer
Approval processes and systems			Head of Pensions Governance and Investments

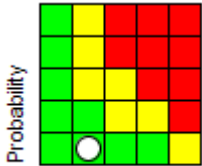
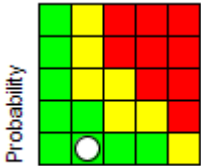
Code	Title	Original Score	Current Score
TPF027	<p>SCHEME MEMBER FRAUD</p> <p>Fraud by scheme members or their relatives (e.g. identity, death of member).</p> <p>Fund & Reputation Impact-1 Employers Impact-1 Member Impact-2</p>	<p>8</p>	<p>4</p>
Current Mitigation		Future Mitigation	Responsible Officer
XPS checking processes – e.g. mortality screening			Head of Pensions Governance and Investments

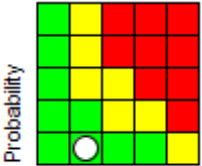
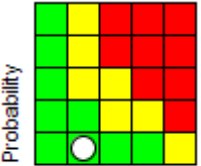
Code	Title	Original Score	Current Score
TPF040	<p>INACCURATE FUND INFORMATION</p> <p>In public domain leads to damage to reputation and loss of confidence.</p> <p>Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1</p>	<p>4</p>	<p>4</p>
Current Mitigation		Future Mitigation	Responsible Officer

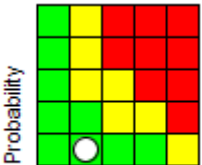
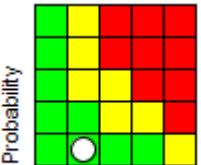
Checking and reviewing processes, internal and external audit		Head of Pensions Governance and Investments
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Code	Title	Original Score	Current Score
TPF041	LIQUIDITY SHORTFALLS Risk of illiquidity due to difficulties in realising investments and paying benefits to members as they fall due. Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1	 4 Probability Impact	 4 Probability Impact
Current Mitigation		Future Mitigation	Responsible Officer
Daily monitoring of cash position, cash-flow planning			Head of Pensions Governance and Investments

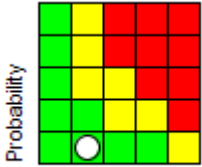
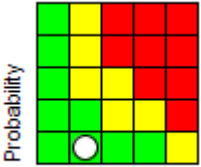
Code	Title	Original Score	Current Score
TPF044	ICT SYSTEMS FAILURE Prolonged administration ICT systems failure. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-3	 3 Probability Impact	 3 Probability Impact
Current Mitigation		Future Mitigation	Responsible Officer
Disaster recovery plans			Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF045	CONTRIBUTION COLLECTION FAILURE Failure to collect employee/er member pension contributions. Fund & Reputation Impact-1 Employers Impact-2 Member Impact-1	 2 Probability Impact	 2 Probability Impact
Current Mitigation		Future Mitigation	Responsible Officer
Ongoing monitoring of contribution collection at employer level			Head of Pensions Governance and Investments

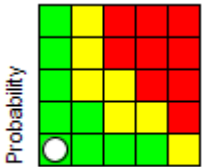
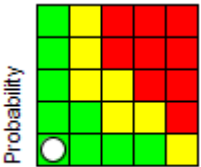
Code	Title	Original Score	Current Score
TPF046	INADEQUATE DISPUTES RESOLUTION PROCESS Failure to agree and implement an appropriate complaints and disputes resolution process. Fund & Reputation Impact-1 Employers Impact-2 Member Impact-2	 2 Probability Impact	 2 Probability Impact
Current Mitigation		Future Mitigation	Responsible Officer
Process is in place and operating effectively.			Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF047	BORDER TO COAST CESSATION Partnership disbands or fails to produce a proposal deemed sufficiently ambitious. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1	 2 Probability Impact	 2 Probability Impact

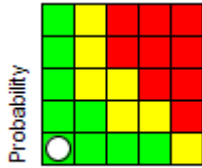
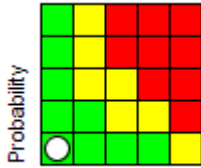
Current Mitigation	Future Mitigation	Responsible Officer
Border to Coast in place – Fund has oversight and jointly owns the company.		Head of Pensions Governance and Investments

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>		



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>		

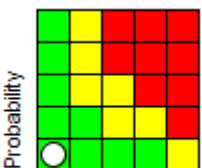

Current Mitigation	Future Mitigation	Responsible Officer
Approval processes, verification on transactions, restricted options in place re payments		Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF050	<p>EXCESSIVE ADMIN COSTS</p> <p>Excessive costs of member benefit administration leads to lack of VFM and loss of reputation.</p> <p>Fund & Reputation Impact-1 Employers Impact-1 Member Impact-1</p>		

Current Mitigation	Future Mitigation	Responsible Officer
		Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF051	<p>ERRONEOUS MEMBER BENEFIT CALCS</p> <p>Risk of incorrect calculation of members benefits.</p> <p>Fund & Reputation Impact-1 Employers Impact-1 Member Impact-2</p>		

Current Mitigation	Future Mitigation	Responsible Officer
		Head of Pensions Governance and Investments

Code	Title	Original Score	Current Score
TPF052	<p>INADEQUATE MEMBER COMMS</p> <p>Increased workload for pensions team or increased opt-outs if communications inadequate or misunderstood.</p> <p>Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1</p>		

Current Mitigation	Future Mitigation	Responsible Officer
		Head of Pensions Governance and Investments

Fund account, investment and administration - detailed analysis

	2023-24 Actual £'000s	2024-25 Forecast £'000s	2025-26 Estimate £'000s
<i>Income from members</i>			
Employers' contributions normal	-79,548	-84,067	-85,748
Employers' contributions additional	-16	-6	-6
Employers' contributions deficit recovery	-50	-70	-70
Members' contributions	-36,714	-36,743	-37,478
Transfers in from other schemes	-8,055	-5,931	-5,931
Other income	-2,060	-5,418	-5,418
	-126,443	-132,235	-134,651

	2023-24 Actual £'000s	2024-25 Forecast £'000s	2025-26 Estimate £'000s
<i>Expenditure to members</i>			
Pensions paid	150,993	162,608	165,860
Commutations and lump sum retirement benefits	27,950	29,477	30,066
Lump sum death benefits	3,569	2,065	2,065
Payments to and on account of leavers	12,318	15,697	15,697
	194,830	209,847	213,688

Appendix D

	2023-24 Actual £'000s	2024-25 Forecast £'000s	2025-26 Estimate £'000s
Management expenses:			
Administration costs	2,234	2,500	2,500
Investment management expenses			
Custody fees	19	25	25
External investment management expenses	8,671	7,500	10,000
Internal investment management expenses	579	600	600
Transaction costs	0	0	0
Total Investment management expenses	9,269	8,125	10,625
External audit cost	112	120	120
Oversight & governance costs	511	550	550
Total Management Expenses cost	12,126	11,295	13,795

	2022-23 Actual £'000s	2023-24 Forecast £'000s	2024-25 Estimate £'000s
Investment Income			
Investment income from pooled investment vehicles	-32,278	-60,000	-130,000*
Other investment income	0	0	0
Property gross rental income	-30,641	-29,000	-7,500
Property expenses	3,010	2,000	1,500
Interest on cash deposits	-10,384	-17,000	-15,000
	-70,293	-104,000	-151,000
Change in Asset Market Value	-457,515	tbc	tbc

*Assumes the Fund chooses to take £70 million in dividends from Border to Coast equity pooled funds.

Teesside Pension Board

Annual Report 2024 – 2025



1. Background

The **Teesside Pension Fund** is the Local Government Pension Scheme (LGPS) for local authority employees in the Teesside region (and employees working for other bodies that are eligible to participate). The Fund has over 80,000 members, and assets of approximately £5.58 billion (as at 31 December 2024).

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

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

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

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

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

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

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

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

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

Scheme member representative Paul Thompson of UNISON was Chair of the Board and employer representative Cllr Christopher Massey was Deputy Chair of the Board throughout the year. During the year the other two scheme member representatives on the Board were June Stubbs (UNISON) and Jeff Bell (pensioner representative) and the other two scheme employer representatives were Cllr Nicky Walker (from Middlesbrough Council) and Cllr Martin Dunbar (from Hartlepool Council).

This is the ninth Annual Report of the Board, for the period 1 April 2024 to 31 March 2025.

2. Introduction

Welcome to the ninth 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, backdated to 1 April 2020). Border to Coast was established to meet central government's requirement that local government pension schemes pool their investment assets with the aims of providing savings and improving governance. Middlesbrough Council (as administering authority for the Teesside Pension Fund) is one of the owners and customers of Border to Coast.

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

31 December 2024, 63.1% 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 2024 – 2025

Over the 11 months to the end of February 2025, global equity market performance was volatile but positive overall. The US in particular performed well, although as in the previous year US stock market growth was significantly dependant on a small range of technology stocks which have benefited from investor interest in artificial intelligence and its potential current and future applications. Market concentration in the US continues to be a factor during the period, with the largest five stocks in the S&P 500 (Apple, Nvidia, Microsoft, Amazon and Alphabet) making up nearly a quarter of its total market capitalisation. Returns in Japan were negative over the period but were positive in the UK and Europe.

The overall value of the Fund's assets improved and is on course to remain over £5 billion. Interest rates were reduced three times by the Bank of England over the year from 1 April 2024 but remain at 4.5%, similar to rates seen before the 2007/2008 global financial crisis. This has influenced market views on long-term return rates which in turn reduce the value the actuary places on the Fund's liabilities. If this position does not change imminently it makes to an improvement in funding level at the next actuarial valuation more likely.

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

Over the course of 2024/25 planned meetings were held although one was cancelled as it was inquorate.

The Board has been able to continue in its role and carry out its responsibilities to ensure effective governance. As well as continuing to receive minutes and verbal updates from Pension Fund Committee meetings (meetings which all Board members are able to attend and all Board members receive agendas for), over the course of the year the Board has considered papers or had oral reports covering the following areas:

- The Fund's annual Business Plan
- The Board's own Annual Report
- The Draft Annual Report for the Fund (containing the Fund's accounts).
- Board membership and training
- Administration reports from XPS – these include performance against service level agreement targets, information on general administration activity, statistics on appeals

cases and details of current and future issues impacting, or potentially impacting, on the administration of the Fund.

- Pensions Regulator General Code of Practice Compliance Assessment and Review
- Updates on work programme items (see below), including:
 - Internal controls and managing risks
 - Pension Dashboards
 - Pension Board conflicts of interest
 - Pension Board Statutory Responsibilities

4. Board work programme

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

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

Internal dispute resolution (IDR) arrangements play an important part in the management of a public service pension scheme. They enable someone with an interest in the scheme to ask for a matter in dispute to be resolved.

- **Reporting breaches of the law**

Certain people involved with the governance and administration of a public service pension scheme must report certain breaches of the law to us.”¹

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

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

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

(2024/25 activities are shown in *italics* above)

Appendix – Board membership and meeting attendance

Membership

Paul Thompson – Chair	Scheme member representative (UNISON)
Jeff Bell	Scheme member representative (retired members)
June Stubbs	Scheme member representative (UNISON)
Christopher Massey – Deputy Chair	Employer representative (Councillor, Redcar & Cleveland Council)
Martin Dunbar	Employer Representative (Councillor, Hartlepool Council)
Nicky Walker	Employer representative (Councillor, Middlesbrough Council)

Meeting attendance:

	8 April 2024	8 July 2024	25 November 2024	26 February 2025	31 March 2025
	Inquorate				
P Thompson	✓	✓	✓	✓	
J Bell	✓	✓	✓	✓	
J Stubbs	x	✓	x	x	
C Massey	x	✓	x	✓	
M Dunbar	x	x	x	x	
N Walker	x	x	✓	x	

TEESSIDE PENSION BOARD REPORT

31 MARCH 2025

DIRECTOR OF FINANCE AND TRANSFORMATION– ANDREW HUMBLE

Update on Work Plan Items

1. PURPOSE OF THE REPORT

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

2. RECOMMENDATION

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

3. FINANCIAL IMPLICATIONS

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

4. BACKGROUND

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

5 MANAGING RISKS AND INTERNAL CONTROLS

5.1 The Pensions Regulator's recently General Code of Practice gives the following very broad definition of Internal Controls:

"Internal controls refer to all the following:

- the arrangements and procedures to be followed in the administration and management of the scheme
- the systems and arrangements for monitoring that administration and management, and
- arrangements and procedures to be followed for the safe custody and security of the assets of the scheme."

This paper will focus on the Pension Fund's internal controls in relation to managing risks.

5.2 The Fund's Risk Management Policy (attached at Appendix B) 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.

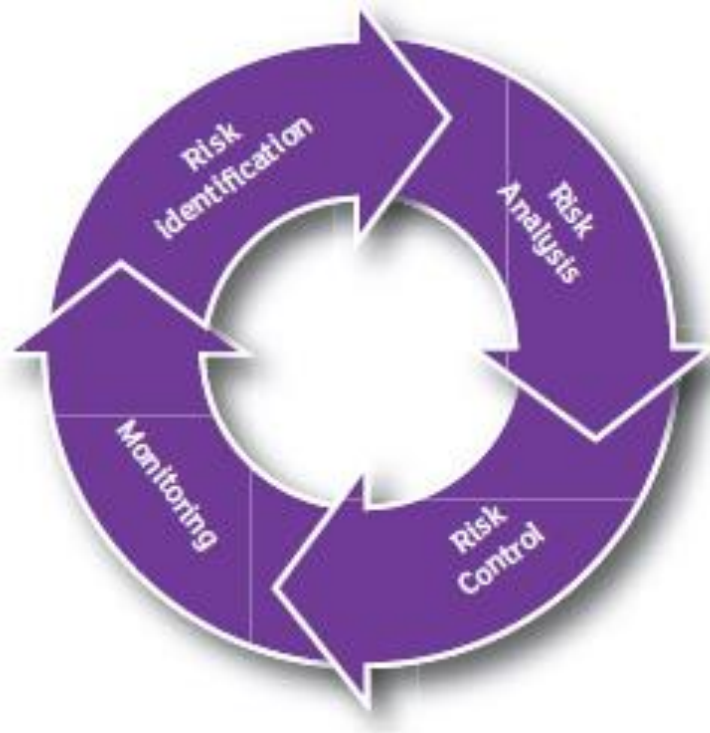
5.3 Effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, the Fund can:

- 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.

5.4 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.
- 5.5 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 as they relate to managing risk for public service pension schemes.
- 5.6 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 (appended to the Pension Fund Business Plan – a separate item on the agenda), including any changes to the internal controls, will be provided at least annually to the Pension Fund Committee. The Pension Fund Committee will be provided with updates on a quarterly basis in relation to any changes to risks and any newly identified risks and a formal review will be carried out at least twice a year.

As a matter of course, the Teesside Pension Board will be provided with the same information as is provided to the Pension Fund Committee and they will be able to provide comment and input to the management of risks.

In order to identify whether the objectives of this policy are being met, the Administering Authority will review the delivery of the requirements of this Policy on an annual basis taking into consideration any feedback from the Teesside Pension Board.

The risks identified are of significant importance to the Pension Fund. Where a risk is identified that could be of significance to the Council it will be included in the Risk Register.

Risk Matrix

The risk matrix is adapted from the one used by the Council and the External Auditor’s assessment of materiality (typically 1% of the overall Fund value i.e. over £50 million) is used as the high 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

6. RISK REGISTER REVIEW

6.1 The Pension Fund’s risk register is included as an appendix to the Pension Fund Business Plan for 2025/28, which is on this meeting agenda as a separate agenda item.

7. REVIEW OF INTERNAL AND EXTERNAL AUDIT REPORTS

7.1 The Council’s internal audit function is carried out by Veritau. Typically, Veritau carries out separate audits each year on the Pension Fund’s administration and investment functions. The most recent reports in relation to these audits (both carried out during the 2024/25 financial year) are enclosed as Appendix B. Both audit reports have a “Substantial Assurance” rating.

7.2 The Council's external auditor is Forvis Mazars. Forvis Mazars initially reports its findings in relation to the Pension Fund's accounts (which are a subset of the Council's accounts) to the Council's Audit Committee. For the 2023/24 accounts Forvis Mazars was not able to complete its audit before the statutory backstop date this year of 28 February 2025. Consequently, it issued a disclaimer of opinion in relation to the Pension Fund's accounts, Forvis Mazars explain "This means we are expressing no opinion on the financial statements." Nevertheless, Forvis Mazars has issued an audit completion report (enclosed as Appendix C) which has been presented to the Council's Audit Committee and subsequently circulated to the Pension Fund Committee. The report contains observations in internal control and a summary of misstatements to the financial statements that were identified and corrected during the audit.

7. NEXT STEPS

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

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

TEL NO: 01642 729024

Appendix A

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

Appendix A

		Review the outcome of actuarial reporting and valuations.
July 2026 Draft Report and Accounts	Reporting breaches of the law	Review breaches process and log. Review the complete and proper exercise of employer and administering authority discretions.
November 2026 Annual Review of Board Training		Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme
February 2027	TBC	TBC
April 2027 Annual Board Report	TBC	TBC
July 2027 Draft Report and Accounts	TBC	TBC
November 2027 Annual Review of Board Training	TBC	TBC



Pension Fund Administration
Middlesbrough Council (Teesside Pension Fund)
Internal Audit Report

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Business Unit: Finance
Responsible Officer: Director of Finance
Service Manager: Head of Pensions Governance and Investments
Date Issued: 6 August 2024
Status: Final
Reference: F1120/003

	P1	P2	P3
Actions	0	0	1
Overall Audit Opinion	Substantial Assurance		

Summary and Overall Conclusions

Introduction

Teesside Pension Fund (TPF) is financed through contributions from employers and employees, based upon a percentage of pensionable pay, and supplemented by earnings from fund investments. The TPF's assets, after payment of benefits, are invested as directed by the Pension Fund Committee.

The day-to-day running of the TPF is delegated to the Director of Finance of Middlesbrough Council who is responsible for implementing the strategies and policies set by the Pension Fund Committee. The Director delegates responsibility to the Head of Pensions, Governance and Investments who oversees two groups. The Pensions Administration Team is responsible for the calculation and payment of pension benefits and for looking after employer interests in the TPF. This function is currently outsourced and is delivered by XPS Administration.

The Pensions Governance and Investments Team manages the investment of the TPF in conjunction with the advice of TPF's external investment advisors and provides support to the Pension Fund Committee and Teesside Pension Board (TPB). The TPB assists Middlesbrough Council, as the Administering Authority, to:

- a) secure compliance with the regulations, any other legislation relating to the governance and administration of the scheme, and requirements imposed by the Pension Regulator in relation to the scheme; and
- b) to ensure the effective and efficient governance and administration of the TPF.

The 2023/24 XPS Administration service delivery report confirmed that as of Q4 total membership was 82,213, broken down as follows:

- 26,220 Actives
- 28,180 Deferred
- 24,384 Pensioners
- 3,429 Widow/Dependent.

Every three years the TPF has a health check known as the valuation. The latest health check was undertaken in 2022 and confirmed that the TPF had a surplus of £684m relative to the liabilities, meaning that the funding level (the value of assets divided by the liabilities) was 116%.

Objectives and Scope of the Audit

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- Pensions Administration is operated in accordance with relevant legislation and agreed processes, and that support and guidance is provided to employers to ensure the quality of returns.
- Payments of pension made using Altair LGPS platform are accurate, timely, agree to supporting documentation held and are appropriately authorised.
- Bank account changes are verified and there is evidence of the checks made to minimise the risk of payments to a fraudulent bank account.

Key Findings

We were provided with evidence and explanations to confirm that pension administration is being operated in accordance with relevant legislation and that processes ensure any changes in legislation are identified and acted upon promptly. We confirmed that TPF pension administrators are notified of legislation changes by the Local Government Association and using the Perspective platform ¹. In 2023-24, three statutory instruments were successfully processed by the Technical Manager, changes were defined and implemented, and relevant administration teams and other stakeholders were informed of the changes in a timely manner.

The TPF Governance policy and the Communication policy were last reviewed in December 2021 which is within the stated 3-year review period. The TPF Pensions Administration Strategy states that it should be reviewed annually by the administering authority; however, the last review to take place was in December 2021.

Pension administrators have provided support and guidance to all scheme employers with details of data quality expectations and advice on how to address errors before submitting. Timescales are also provided to ensure that employers are aware of when they must submit the information by. A communication plan was issued to employers on 20th February 2024 instructing them on the scheme communication, timeline and data quality expectations for end of year submissions. Contact details for further advice and an opportunity to attend a drop-in session and virtual training were also provided. A review of the TPF board minutes confirmed that all employers had submitted their data within the required 15th May timescale.

A review of the Employer Contributions Spreadsheet, where the pension administration team records contributions from scheme employers, has shown that it is updated and maintained as income is received on a monthly schedule. Reconciliations are undertaken each month between the Employer Contributions Spreadsheet, Business World and TPF bank account. The process includes a report which

¹ Perspective is a platform containing timeline regulations and pensions related materials covering the Local Government Pension Scheme Regulations.

notifies staff of any discrepancies requiring attention. At the time that this audit report was issued we had not received confirmation as to whether there are any current unresolved discrepancies relating to employer contributions for 2023/24.

Each year, pension payments to members are increased in line with inflation. A review of this process has confirmed that a provisional pension increase is run ahead of the rise to identify errors before the increase is made live. Pensions are paid out to members as part of the monthly payroll run and are reconciled each month by headcount and checks that new leavers and starters are correct as per the Movement Summary report.

Newly retired members are provided with a pensions option form and the monthly payments are calculated and signed off by the new retiree then balanced against the payroll. Where there have been errors in the calculation, the administration team identifies and corrects them promptly.

Processes are in place to identify overpayments to members and to leavers. Net deduction plans are set up where necessary with the member to recoup overpayments.

The pension administration team use the Lexis Nexis system to check that requests for changes to members' bank details are genuine. Further documentation is also required as evidence. Staff have access to up-to-date guidance to use Lexis Nexus. Testing confirmed that Lexis Nexus checks are used in all cases where relevant. The only exceptions were for overseas bank accounts and power of attorney requests where different processes apply. The testing confirmed that the required processes were also complied with for each case we reviewed. Where a Lexis Nexus scan fails, further evidence is requested from the member and the change is not processed until all security checks have been passed.

The process of making bank detail changes includes a separation of duties between making the checks and processing the new data. Testing has shown that bank change requests are processed as promptly as possible to ensure they are relevant for the next payroll run. requests which are received after the cut-off date are deferred to the next month's payroll run.

Overall Conclusions

A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

1 The Administration Strategy has not been reviewed annually.

Issue/Control Weakness

A key governance document has not been reviewed within the required timescales.

Risk

Policies and procedures fail to provide adequate and up to date guidance for staff involved in pensions administration.

Findings

Under the Local Government Pension Scheme Regulations 2013 Middlesbrough Council, the Administering Authority to the TPF, is required to draw up a statement(s) of policy concerning communications with members and Scheme employers, and a governance policy which sets out the procedures for the governance of the TPF. The regulations also provide the conditions and regulatory guidance surrounding the production and implementation of an Administration Strategy. The TPF publishes its communications policy and its governance policy on its website. The Administration Strategy is available via the Teesside Pension Fund Committee’s meeting minutes. All three documents were last reviewed by the Teesside Pension Fund Committee in December 2021 along with the training policy, the conflict of interest policy, the risk management policy, the procedures for reporting breaches of law and the fund officer’s scheme of delegation.

The Administration Strategy states that it should be reviewed annually but we have not seen any evidence that this has been undertaken since December 2021. At this committee meeting, it was stated that, as a charging policy and other changes had been made to the strategy, it would be sent out to employers for consultation and would be resubmitted to the committee for review if any substantial changes had been made. As this has not happened, it is possible that the consultation process did not result in any substantial amendments to the strategy. We have reviewed this document and we have not found any information that is out of date. However, it is important that the strategy is reviewed in line with agreed review timescales in order to identify any changes in legislation or working practices that may impact on its content.

Agreed Action 1.1

The Administration Strategy will be reviewed, updated if necessary, and presented to the next Pension Fund Committee (25 September 2024) for approval.

Priority

3

Responsible Officer

Head of Pensions, Governance and Investments

Timescale

30 September 2024

Audit Opinions and Priorities for Actions

Audit Opinions

Our work is based on using a variety of audit techniques to test the operation of systems. This may include sampling and data analysis of wider populations. It cannot guarantee the elimination of fraud or error. Our opinion relates only to the objectives set out in the audit scope and is based on risks related to those objectives that we identify at the time of the audit.

Our overall audit opinion is based on 4 grades of opinion, as set out below.

Opinion Assessment of internal control

Substantial Assurance	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.
Reasonable Assurance	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

Priorities for Actions

Priority 1	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Priority 2	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Priority 3	The system objectives are not exposed to significant risk, but the issue merits attention by management.

Where information resulting from audit work is made public or is provided to a third party by the client or by Veritau then this must be done on the understanding that any third party will rely on the information at its own risk. Veritau will not owe a duty of care or assume any responsibility towards anyone other than the client in relation to the information supplied. Equally, no third party may assert any rights or bring any claims against Veritau in connection with the information. Where information is provided to a named third party, the third party will keep the information confidential.

INTERNAL AUDIT REPORT

TEESSIDE PENSION FUND INVESTMENTS

MIDDLESBROUGH COUNCIL

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	Critical	Significant	Moderate	Opportunity
Findings	0	0	2	0
Overall audit opinion	Substantial Assurance			

Status: Final

Date issued: 18th March 2025

Responsible officer: Director of Finance and Transformation

INTRODUCTION

With over 6.1 million individual members and around 18,000 participating employers, the Local Government Pension Scheme (LGPS) is one of the largest public sector pension schemes in the UK. All staff employed in local government can join the LGPS scheme.

Investment or pensions committees are the most common decision-making bodies in LGPS schemes. In 2023/24, the Teesside Pension Fund Committee met 4 times.

The Committee's responsibilities include approving the Teesside Pension Fund's investment strategy statement and setting investment targets ensuring that they are aligned with the Teesside Pension Fund's risk appetite; monitoring the performance of Border to Coast; and selecting, dismissing, and monitoring the Teesside Pension Fund's advisors; including investment consultants.

The Teesside Pension Fund's Calls and Distributions (also called the Drawdown) process, is the ongoing recording of the investments, made by Teesside Pension Fund, in other companies. The process also tracks the transactions between the Teesside Pension Fund and the investment companies such as capital, payments, and the eventual settlement with the companies that Teesside Pension Fund has invested in once the investment period has come to an end.

The Teesside Pension Fund's risk register highlights various risks, including those relating to investments underperformance, and inability to gather robust, quality, or timely data from Border to Coast. The risk register is presented to the Committee at least annually, normally presented to the to the March Committee each year.

OBJECTIVES AND SCOPE

The purpose of this audit was to provide assurance to management that procedures and controls within the system will ensure that:

- ▲ Calls and Distributions are undertaken in accordance with agreed processes and are appropriately authorised.
- ▲ Teesside Pension Fund's risk register entries relating to investment risks are regularly monitored, updated, and reported to the Pension Fund Committee in line with agreed processes.

KEY FINDINGS

Our work confirmed that the Calls and Distributions process is being undertaken in accordance with agreed processes and that that transactions are being authorised appropriately. We reviewed the roles performed by both the Pensions and the Governance teams and the process for management to sign off transactions.

We reviewed transactions from across the 2024-25 financial year and we confirmed that there is sufficient evidence to support all stages of the Calls and Distributions process, including the authorisation of the required initiator and approver. We noted an instance where an asset was being managed by the Head of Pension and Investments who would normally approve all transactions. Evidence was provided to show that this had been identified and a countersignature was obtained from the Deputy Head of Pensions, in order to demonstrate independent oversight of this transaction.

We reviewed the processes in place for ensuring the Fund's risk register entries are regularly monitored, updated, and reported to the Pension Fund Committee in line with agreed processes. Currently, the Fund's risk register is reported annually to the Pension Fund Committee and undergoes a review shortly before this takes place. This means that any in-year activities which may impact on the content of the register may not be reflected in a timely manner. The register is included in the agenda meeting pack, as an appendix to a larger document, and is therefore not an easily accessed document. Also, the Pension Fund Committee meeting minutes do not demonstrate that the register has been actively reviewed and considered during these meetings. A more regular reporting schedule, with the register having a more prominent place on meeting agendas would assist in demonstrating a more robust approach to monitoring risks.

Currently there is no regular liaison between the Head of Pensions and Investments and the Council's Risk and Insurance Manager in terms of identifying risk-related issues that may impact on both the Fund's risk register and the Council's strategic risk register.

OVERALL CONCLUSIONS

Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified. Our overall opinion of the controls within the system at the time of the audit was that they provided Substantial Assurance.

1 Review of the Fund's risk register

Moderate**Control weakness.**

The Fund's risk register is currently only reviewed and updated once a year, prior to being presented to the Pension Fund Committee.

What is the risk?

The risk register is not updated in a timely manner meaning that new and emerging risks are not identified and mitigated promptly.

Findings

Currently, the Fund's risk register is reviewed by the Head of Pensions and Investments prior to its annual presentation to the Pension Fund Committee, usually in March. As the report is not updated on a more regular basis, any in-year activities that impact on risk management and mitigation may not be accurately reflected within the report in a timely manner.

The risk register is not a standing item on the committee agenda, and it is appended to a larger report that is presented to the committee. Meeting minutes do not demonstrate that the risk register has been actively reviewed. A more regular reporting schedule, with the register having a more prominent place on meeting agendas would assist in demonstrating a more robust approach to monitoring risks.

Agreed action

The risk register will be presented at each quarterly Pension Fund Committee meeting, with any emerging or high risks highlighted for discussion.

Responsible officer: Head of Pensions, Governance and Investments**Timescale:** 30th June 2025

2 Lack of co-ordination on risks between the Council and the Fund

Moderate

Control weakness.

Lack of co-ordination between the TPF risk register and the Council’s risk register owners regarding joint risks.

What is the risk?

Risks that relate to both the Council and the Fund are not effectively managed and mitigated.

Findings

The Head of Pensions and Investments is responsible for updating the Fund’s risk register. The Council also has its own strategic risk register. There is currently no liaison between the Head of Pensions and Investments and the Council’s Risk and Insurance Manager for risk related issues that impact on both registers.

The Council’s Risk and Insurance Officer has highlighted his willingness to be involved in a bi-annual review of the Fund’s register to ensure that any issues impacting on both registers can be managed in a more co-ordinated manner moving forwards.

Agreed action

A meeting with the Council’s Risk and Insurance Officer will be arranged to discuss setting up bi-annual meetings to review the Fund’s risk register.

Responsible officer: Head of Pensions, Governance and Investments

Timescale: 30th June 2025

Agreed action

To have bi-annual meetings with the Council’s Risk and Insurance Officer to review the Fund’s risk register.

Responsible officer: Head of Pensions, Governance and Investments

Timescale: 30th June 2025

Audit opinions

Audit work is based on sampling transactions to test the operation of systems. It cannot guarantee the elimination of fraud or error. Our opinion is based on the risks we identify at the time of the audit. Our overall audit opinion is based on four grades of opinion, as set out below.

Opinion	Assessment of internal control
Substantial assurance	Overall, good management of risk with few weaknesses identified. An effective control environment is in operation but there is scope for further improvement in the areas identified.
Reasonable assurance	Overall, satisfactory management of risk with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made.
Limited assurance	Overall, poor management of risk with significant control weaknesses in key areas and major improvements required before an effective control environment will be in operation.
No assurance	Overall, there is a fundamental failure in control and risks are not being effectively managed. A number of key areas require substantial improvement to protect the system from error and abuse.

Finding ratings

Critical	A fundamental system weakness, which presents unacceptable risk to the system objectives and requires urgent attention by management.
Significant	A significant system weakness, whose impact or frequency presents risks to the system objectives, which needs to be addressed by management.
Moderate	The system objectives are not exposed to significant risk, but the issue merits attention by management.
Opportunity	There is an opportunity for improvement in efficiency or outcomes but the system objectives are not exposed to risk.

Where information resulting from audit work is made public or is provided to a third party by the client or by Veritau then this must be done on the understanding that any third party will rely on the information at its own risk. Veritau will not owe a duty of care or assume any responsibility towards anyone other than the client in relation to the information supplied. Equally, no third party may assert any rights or bring any claims against Veritau in connection with the information. Where information is provided to a named third party, the third party will keep the information confidential.

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Audit Completion Report

Teesside Pension Fund – year ended 31 March 2024

February 2025

Contents

- 01 Executive summary
- 02 Audit approach
- 03 Significant findings

Appendices

- A Draft management representation letter
- B Draft audit report
- C Confirmation of our independence

Our reports are prepared in the context of the 'Statement of Responsibilities of auditors and audited bodies' and the 'Appointing Person Terms of Appointment' issued by Public Sector Audit Appointments Limited. Reports and letters prepared by appointed auditors and addressed to the Council are prepared for the sole use of the Council and we take no responsibility to any member or officer in their individual capacity or to any third party.



01

Executive Summary

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Executive summary

The scope of our audit and implications of the backstop arrangements

Our audit of the financial statements

The detailed scope of our work as your appointed auditor for 2023/24 is set out in the National Audit Office's (NAO) Code of Audit Practice ('the Code'). Our responsibilities and powers are derived from the Local Audit and Accountability Act 2014 ("the 2014 Act") and, as outlined in our Audit Strategy Memorandum, our audit has been conducted in accordance with International Standards on Auditing (UK) ("auditing standards") and means we focus on audit risks that we have assessed as resulting in a higher risk of material misstatement.

The scope of our work, including identified significant audit risks, and other key judgement areas, was outlined in our Audit Strategy Memorandum, which we presented to you on 25 July 2025. The government has introduced measures intended to resolve the local government financial reporting backlog. Amendments to the Accounts and Audit Regulations require the Council to publish its audited 2023/24 financial statements and accompanying information on or before 28 February 2025. In accordance with the Code, we are required to provide our audit report in sufficient time to enable the Council to meet these responsibilities, whether the audit is completed or not.

Auditing standards require auditors to consider whether they have obtained sufficient appropriate assurance that the financial statements present a true and fair view and have been prepared, in all material respects, in line with the Code of Practice on Local Authority Accounting. Where the auditor determines they have been unable to obtain sufficient appropriate assurance, they must consider the implications of this on their audit report.

As a result of the backstop arrangements, we have determined that there is insufficient time to complete our audit procedures so as to obtain sufficient appropriate evidence, and, in our view, the effects of the resulting lack of assurance is both pervasive and material to the financial statements as a whole. As a result, we intend to issue a disclaimer of opinion on the Pension Fund's financial statements. We have included our proposed audit report in Appendix B.

When an opinion is disclaimed the auditor does not express an opinion on the financial statements and, consequently, no assurance is provided on the financial statements. Members will note that the form and content of this report differs substantially from the report which they will have seen in previous years. We provide more details on this in section 3.

Internal control recommendations and misstatements

Despite our intention to issue a disclaimer of opinion, where matters come to our attention through the course of our audit, we may be required to report these to you. Section 3 sets out any internal control recommendations we have made and any misstatements identified in the draft financial statements and how these have been addressed by management.

Wider powers

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

02

Audit Approach

Audit Approach

Changes since we issued our Audit Strategy Memorandum

Section 1 of this report explains the implications of the backstop arrangements introduced by the recent amendments to the Accounts and Audit Regulations and confirms that we intend to issue a disclaimer of opinion on the Fund's financial statements. As a result, we have not completed our planned procedures to respond to the significant and enhanced risks which we previously reported to you.

Materiality

We are required to determine materiality and report this to you, irrespective of whether we are disclaiming our opinion.

Our provisional materiality at the planning stage of the audit was set at £54.735m using a benchmark of 1% of net assets available to pay benefits. We set a provisional specific materiality for the Fund Account of £18.761m at the planning stage of the audit using a benchmark of benefits payable.

We received a revised set of draft accounts on 10 January 2025, updated to reflect amendments from the audited accounts presented to audit committee in December 2024. Our provisional materiality was updated to £55.290m with no change made to provisional specific materiality for the Fund Account.

Based on the financial statement figures and other qualitative factors, performance materiality was set at £27.645m; the trivial threshold was set at £1.659m and the final specific performance materiality for the Fund Accounts was £9.126m.

Summary of Risks

There have been no changes to the risks identified which we communicated in our Audit Strategy Memorandum, issued on 24 July 2024.

Whilst we planned our audit to address the risks of material misstatement we identified at the planning stage, we will not have completed our work in advance of the backstop date and as such do not provide any assurance over individual areas of the financial statements or the financial statements as a whole, nor do we provide assurance over any of the identified risks. These risks are summarised below.

Significant risks

We identified the following significant risks:

- management override of controls; and
- valuation of unquoted (Level 3) investments.

Enhanced risks / areas of significant management judgement

We did not identify any enhanced risks or areas of significant management judgement.

Although we are unable to provide any assurance over the areas of risks we have identified, where matters have come to our attention during the course of the audit that we consider to be important to bring to your attention, we have included these in section 3 of this report.

03

Significant findings

Significant findings

Background and modification of the audit opinion

As we outlined earlier in this report, as a result of the backstop arrangements, we have not been able to complete sufficient audit procedures to enable us to provide an unmodified opinion on the Fund's financial statements. As we have determined that the pervasive effects, or potential pervasive effects on the financial statements of the lack of sufficient appropriate assurance are both pervasive and material, we will be issuing a disclaimer of opinion. This means we are expressing no opinion on the financial statements.

Appendix B sets out our draft audit report which explains the basis of our disclaimer of opinion being the introduction of the backstop arrangements which require the Council to publish its audited 2024/25 financial statements by 28 February 2025.

Members will note that the draft audit report does not report on other matters that would usually appear in an unmodified audit report. These include:

- the use of the going concern assumption in the preparation of the financial statements; and
- the consistency of the other information presented with the financial statements.

Although we are disclaiming our audit opinion, auditing standards require us to report matters to you that have come to our attention during the course of our audit, which we include in this section of this report.

Wider responsibilities

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

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

We have not exercised any of these powers as part of our 2023/24 audit.

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

Significant matters discussed with management

As part of our audit, we sought and obtained information from management in relation to actual or suspected non-compliance with laws and regulations, and any actual or suspected fraud which could materially impact

upon the financial statements.

Based on our review of the information received, we have no matters to report in relation to fraud and the Fund's compliance with laws and regulations. We have not undertaken any further work in these areas and do not provide any assurance that the financial statements are free from material error.

Significant difficulties during the audit

During the course of the audit we did not encounter any significant difficulties and we have had the full co-operation of management.

Our observations on internal control

As part of our planning procedures, we obtained an understanding of the Pension Fund's internal control environment and control activities relevant to the preparation of the financial statements, which was sufficient to plan our audit and to determine the nature, timing and extent of our audit procedures. Although our audit was not designed to express an opinion on the effectiveness of the Pension Fund's internal controls, we are required to evaluate any deficiencies in internal control that come to our attention, even though we intend to issue a disclaimer of opinion.

A deficiency in internal control exists if:

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

The purpose of our audit, as originally planned before the backstop arrangements came into force, was to express an opinion on the financial statements. The matters reported in this section of our report are limited to those deficiencies and other control recommendations that we have identified through the audit procedures we were able to complete before the backstop date. If we had performed more extensive procedures on internal control, we might have identified more deficiencies to report or concluded that some of the reported deficiencies need not in fact have been reported. Our comments in this section should not be regarded as a comprehensive record of all deficiencies that may exist or improvements that could be made.

Significant deficiencies in internal control

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

The significant deficiencies in the Pension Fund's internal controls that we have identified as at the date of this report are set out on the following pages.

Other observations on internal control

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

We do not have any other internal control observations to bring to your attention as at the date of this report.

Whether internal control observations merit attention by the Audit Committee and/or management is a matter of professional judgment, taking into account the risk of misstatement that may arise in the financial statements as a result of those observations.

Our observations on internal control

Significant deficiencies in internal control

Deficiencies identified in 2022/23

In the 2022/23 audit completion report presented to the December 2024 audit committee, the predecessor auditor identified internal control recommendations in the following areas:

- Recording of assets valuations
- Reconciliation to custodian reports
- Review of submissions to the Actuary
- Production of financial statements
- Support for sensitivity disclosures
- Retention of Fund Membership Data

We have discussed these matters with management, who have had limited time to make changes since the report was presented at the last audit committee. We understand that work is currently ongoing to respond to identified internal control recommendations and these will be implemented for the 2024/25 accounts.

Deficiencies identified in 2023/24

In our view, the deficiencies in internal control set out in this section result in a potential for financial loss, damage to reputation, or a loss of information. This may have implications for the achievement of business strategic objectives. Our recommendations should be considered for immediate action.

Description of deficiency

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

We note from discussion with the Pension Fund that members are asked to declare their interests at the beginning of all Pension Fund committee meetings and are appraised at induction training for potential conflicts of interest.

Potential effects

Committee members may vote on agenda items in which they have an undeclared personal interest, leading to potential conflicts of interest.

Recommendation

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

Management response

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

Summary of amendments to the financial statements

The Interim Director of Finance (s151 Officer) authorised the Council's draft financial statements for issue on 24 September 2024.

Although we intend to issue a disclaimer of opinion, we still report any amendments which management have made to the draft financial statements, identified either through the audit procedures that we have undertaken, or separately by management.

This information is provided to the Audit Committee for information and to support it to discharge its responsibilities. It is important for members to note that, given we are issuing a disclaimer of opinion, we provide no assurance over the material accuracy of the amendments that have been made to the draft financial statements which are summarised in this section.

Amendments to the financial statements

Management has processed the amendments set out in the table below:

Details of amendment	Fund Account		Net Assets Statement	
	Dr (£ '000)	Cr (£ '000)	Dr (£ '000)	Cr (£ '000)
Dr: Change in Market Value of Investments	39,164			
Cr: Pooled investments – Private Equity				20,621
Cr: Pooled Investments – Private Infrastructure				18,288
Cr: Pooled investments – Climate Opportunities				255
Being an amendment to reflect the valuation of private market investments with fund manager, Border to Coast Pensions Partnership (BCPP) at 31 March 2024.				
Aggregate effect of amendments	39,164	0	0	39,164

Unadjusted misstatements

When we issue a disclaimer of opinion as a result of the backstop arrangements, auditing standards require us to consider whether we are aware of any matter that would have otherwise required a modification to our opinion. Such matters may include, for example, material misstatements that have been identified which have not been amended by management in the final financial statements. We confirm that no such matters have come to our attention.

Summary of misstatements

Disclosure misstatements

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

1. Amendments to 2022/23 figures disclosed in the revised draft accounts following completion of the 2022/23 audit

The misstatements included within this section reflect differences between the prior year comparator figures in the revised draft accounts (received January 2025) following the completion of the 2022/23 audit in December 2024.

- **Fund Account:** relates to profits and losses on disposal of investments and changes in market values of investments and net assets of the scheme at 31 March 2023.
- **Note 4 - Critical Judgement, Sensitivities and Accounting Estimates:** relates to the value of unquoted investments at 31 March 2024.
- **Note 7 - Benefits Payable:** relates to a misclassification of benefits paid by the administering authority, scheduled bodies and admission bodies.
- **Note 11 - Management Expenses:** relates to a restatement of oversight and governance costs.
- **Note 13 - Investment Assets – transactions costs disclosure:** restatement of disclosure for transaction costs incurred on purchases and sales transactions in 2022/23.
- **Note 13 - Investment Assets – investments more than 5% of asset class or security disclosure:** relates to changes in values to various investments within the note, reflecting amendments from audit work performed by the predecessor auditor.
- **Note 13 – Investment Assets - geographical analysis of investments disclosure:** relates to a change in presentation of the note to represent UK and overseas geographical areas.
- **Note 13 – Investment Assets – pooled investment vehicles and properties:** relates to changes to the underlying values of investment asset classes disclosed in the main section of the investment assets note.
- **Note 14 - Financial Instruments - net gains and losses on financial instruments:** relates to net gains/losses on financial instruments during 2022/23.
- **Note 14 - Financial Instruments - fair value of financial instruments:** relates to changes in market values of pooled investments, loans, directly held private equity, and sundry creditors.
- **Note 14 - Financial Instruments - valuation of financial instruments carried at fair value at 31 March 2023:** relates to changes in the market values for investments disclosed in the main investment assets disclosure note and to reflect any changes to the classification of investment assets.
- **Note 14 - Financial Instruments - reconciliation of fair value measurements within level 3 during 2022-23:** relates to changes to purchases and unrealised gains/losses across private equity, directly held private equity, infrastructure and other debt investments.
- **Note 14 - Financial Instruments - price risk:** relates to the simplification of the price risk associated with managed and unitised funds, and to separately disclose the values and price risk associated with directly held private equity investments.
- **Note 14 - Financial Instruments - currency risk:** relates to the removal of references to currency risk associated with investments denominated in Japan/Asia Pacific and to reflect changes in the values of investments denominated in Euros and US dollars.
- **Note 18 - Additional Voluntary Contributions:** relates to changes in the values of balances invested in profits & deposit accounts and unit linked accounts.
- **Note 21 - Senior Employee's Remuneration:** relates to the value of short-term benefits and post-employment benefits.

Summary of misstatements

Disclosure misstatements

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

2. Amendments to 2023/24 figures disclosed in the revised draft accounts following completion of the 2022/23 audit

The amendments included within this section reflect any changes made by management to the current year figures in the revised draft accounts (received January 2025) following the completion of the 2022/23 audit in December 2024 i.e., to update the 23/24 figure to reflect any amendments to figures amended for 2022/23.

- **Introduction:** relates to amendments to the membership of the Fund disclosure to match figures disclosed in previous years of accounts.
- **Fund Account:** reflects amendment to profits and losses on disposal of investments and changes in the market value of investments, the net assets of the scheme, and the value of investment assets.
- **Note 1 - Basis of Preparation:** minor disclosure amendment to reflect a change in the value of net assets of the fund at 31 March 2024 (arising following identified misstatements in 2022/23 audited accounts).
- **Note 4 - Critical Judgements, Sensitivities and Accounting Estimates:** minor disclosure amendment to reflect a change in the value of liquid assets available to pay benefits (arising due to impairment of investment asset in 2022/23).
- **Note 5 - Assumptions made about the Future and Other Major Sources of Estimation Uncertainty:** amended to reflect changes to the value of level 3 investments at 31 March 2024 (amended following completion of audit procedures and identified misstatements in the 22/23 audited accounts).
- **Note 7 - Benefits Payable:** relates to a misclassification of benefits paid by the administering authority, scheduled bodies and admission bodies (updated to be comparable to prior year disclosures).
- **Note 13 - Investment Assets - reconciliation of movement in investments:** updated to reflect amendments to the changes in market values for pooled investment vehicles, pooled property investments and directly held private equity (to reflect misstatements identified in investment assets balances identified in 22/23 and the corresponding change in market value).
- **Note 13 - Investment Assets - geographical analysis of investments:** updated to reflect a change in presentation of the note to represent UK and overseas geographical areas.
- **Note 13 - Investment Assets - quoted equities:** updated to correct disclosure of overseas quoted equities held at 31 March 2024.
- **Note 13 - Investment Assets - pooled investment vehicles and properties:** relates to changes to the underlying values of investment asset classes disclosed in the main section of the investment assets note.
- **Note 14 - Financial Instruments - net gains and losses on financial instruments:** updated to reflect amendments to the changes in market values for pooled investment vehicles, pooled property investments and directly held private equity (to reflect misstatements identified in investment assets balances identified in 22/23 and the corresponding change in market value).
- **Note 14 - Financial Instruments - fair value of financial instruments:** updated to separately disclose directly held private equity and loans balances, and to reflect amendments made to the values of investment assets following identification of misstatements by the predecessor auditor.
- **Note 14 - Financial Instruments - valuation of financial instruments carried at fair value at 31 March 2024:** updated to reflect the reclassification of investment assets between level 1 and 3 of the fair value hierarchy.
- **Note 14 - Financial Instruments - reconciliation of fair value measurements within level 3 during 2023-24:** updated to separately disclose directly held private equity, and to update purchases, sales and unrealised gains/losses made on various classes of investment.
- **Note 14 - Financial Instruments - price risk:** updated to simplify disclosure of price risk associated with managed and unitised funds, and to separately disclose the values and price risk associated with directly held private equity investments.
- **Note 14 - Financial Instruments - currency risk:** relates to the removal of references to currency risk associated with investments denominated in Japan/Asia Pacific and to reflect changes in the values of investments denominated in Euros and US dollars.

Summary of misstatements

Disclosure misstatements

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

3. Amendments to 2023/24 figures disclosed in the revised draft accounts arising from current year audit procedures

The amendments included within this section reflect any changes made by management to the current year figures in the revised draft accounts (received January 2025) following the completion of audit procedures in the current year.

- **Introduction - Membership:** relates to amendments to the membership of the Fund disclosure to match figures disclosed in previous years of accounts.
- **Fund Account:** amended to correct one casting error, and to reflect correct heads disclosed in the CIPFA Code of Practice.
- **Note 1 - Basis of Preparation:** amendment made to disclosures relating to the going concern assumption and to reflect 'operational existence for the foreseeable future'.
- **Note 2 - Accounting Standards issued but not yet adopted:** disclosure narrative added to note to make clear expected impact on accounts.
- **Note 3 - Significant Accounting Policies:** various disclosure amendments added/removed to reflect significant financial statements areas within the accounts and management's accounting treatment.
- **Note 5 - Assumptions made about the Future and Other Major Sources of Estimation Uncertainty:** disclosure updated to clarify the estimation uncertainty associated with pooled investment vehicles and freehold/leasehold properties
- **Note 5 - Assumptions made about the Future and Other Major Sources of Estimation Uncertainty:** disclosure updated to reflect changes to the value of private market investments with Border to Coast Pensions Partnership (BCPP) at 31 March 2024 (associated with the adjusted misstatement disclosed earlier in this report).
- **Note 7 - Benefits Payable:** disclosure amended to reflect 2022/23 benefits paid figures for the split between administering authority, scheduled bodies and admission bodies to agree to underlying working papers.
- **Note 13 - Investment Assets - reconciliation of movement in investments:** updated to reflect the impairment to the GB Bank investment in 2022/23.
- **Note 13 – Investments Assets – PIVs and properties disclosure:** updated to amend disclosures for the market values of private equity, infrastructure and other alternatives investments with Border to Coast Pensions Partnership at 31 March 2024 (associated with the adjusted misstatement disclosed earlier in this report).
- **Note 13 - Investment assets – disclosures:** multiple disclosures removed as not required by the CIPFA Code of Practice.
- **Note 14 - Financial Instruments – net gains/losses on financial instruments:** updated to reflect the restated change in market value of investments in the Fund Account.
- **Note 14 - Financial Instruments – net gains/losses on financial instruments:** updated to reflect the amendment to the change in market value of investments with Border to Coast Pensions Partnership (BCPP) at 31 March 2024 (associated with the adjusted misstatement disclosed earlier in this report).
- **Note 14 - Financial Instruments - fair value of financial instruments:** updated to correct internal inconsistencies with Note 13, and to remove references to assets/liabilities not held at fair value.
- **Note 14 - Financial Instruments - fair value of financial instruments:** updated to amend the value of pooled investments held with Border to Coast Pensions Partnership (BCPP) at 31 March 2024 (associated with the adjusted misstatement disclosed earlier in this report).
- **Note 14 - Financial Instruments - valuation of financial instruments:** updated to amend the financial assets at fair value through profit and loss disclosure for investments held with Border to Coast Pensions Partnership (BCPP) at 31 March 2024 (associated with the adjusted misstatement disclosed earlier in this report).
- **Note 14 - Financial Instruments - valuation of financial instruments carried at fair value at 31 March 2024:** updated to amend the value of level 3 investments held with Border to Coast Pensions Partnership (BCPP) at 31 March 2024 (associated with the adjusted misstatement disclosed earlier in this report).

Summary of misstatements

Disclosure misstatements

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

3. Amendments to 2023/24 figures disclosed in the revised draft accounts arising from current year audit procedures

Continued from previous slide

- **Note 14 - Financial Instruments - reconciliation of fair value measurements within level 3 during 2023-24:** updated to correct a miscalculation of total value of decrease in investments at 31 March 2023.
- **Note 14 - Financial Instruments - reconciliation of fair value measurements within level 3 during 2023-24:** updated to amend the value of level 3 private equity, infrastructure and other alternatives investments held with Border to Coast Pensions Partnership (BCPP) at 31 March 2024 (associated with the adjusted misstatements disclosed earlier in this report).
- **Note 14 - Financial Instruments - reconciliation of fair value measurements within level 3 during 2023-24:** updated to correct a miscalculation of total value of decrease in investments at 31 March 2023.
- **Note 14 - Financial Instruments – interest rate risk:** revised to reflect change to the base rate used for the period to 31 March 2024.
- **Note 14 - Financial Instruments – price risk sensitivity analysis:** updated to correct the values for other alternatives held with Border to Coast Pensions Partnership (BCPP) at 31 March 2024 (associated with the adjusted misstatements disclosed earlier in this report).
- **Note 15 - Actuarial Valuation:** updated to separate the funding arrangement and actuarial present value of promised retirement benefits and to add additional disclosures for the assumptions at the triennial date.
- **Note 15 - Actuarial Valuation:** update to include a disclosure for the Virgin Media case.
- **Note 18 - Additional Voluntary Contributions:** relates to changes in the values of balances invested in profits & deposit accounts and unit linked accounts at 31 March 2023 (updated to agree to provider statements from Prudential)
- **Note 19 – Related Party Transactions:** disclosure note updated to include additional details for members, and any related party transactions involving Middlesbrough Council as the administering authority.
- **Note 20 – External Audit Costs:** disclosure amended to include audit costs associated with IAS19 assurance in previous years.
- Minor trivial disclosure amendments, including spelling, punctuation and grammar.

Appendices

A: Draft management representation letter

B: Draft audit report

C: Confirmation of our independence

Appendix A: Draft management representation letter

Mark Kirkham
Partner
Forvis Mazars
5th Floor
3 Wellington Place
Leeds
LS1 4AP

[Date]

Dear Mark,

Teesside Pension Fund - Audit for Year Ended 31 March 2024

This representation letter is provided in connection with your audit of the financial statements of Teesside Pension Fund (the Fund) for the year ended 31 March 2024. I note that you intend to issue a disclaimer of opinion in respect of your audit. I understand I am still required to provide the representations set out in this letter so you can complete your audit in accordance with relevant auditing standards.

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

My responsibility to provide and disclose relevant information

I have provided you with:

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

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

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

Accounting records

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

Accounting policies

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

Appendix A: Draft management representation letter

Accounting estimates, including those measured at current or fair value

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

Contingencies

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

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

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

There are no contingent gains which should be disclosed.

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

Laws and regulations

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

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

Fraud and error

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

I have disclosed to you:

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

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

Related party transactions

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

Appendix A: Draft management representation letter

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

Impairment review

To the best of my knowledge, there is nothing to indicate that there is a permanent reduction in the recoverable amount of the property, plant and equipment and investment assets below their carrying value at the balance sheet date. An impairment review is therefore not considered necessary.

Charges on assets

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

Future commitments

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

Service Concession Arrangements

I am not aware of any material contract variations, payment deductions or additional service charges in 2023/24 in relation to the Fund's service concession arrangements that you have not been made aware of.

Subsequent events

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

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

Going concern

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

Specific Representation of Level 3 investments

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

Yours faithfully,

Andrew Humble
Director of Finance

[Date]

Appendix B: Draft audit report

Independent auditor's report to the Members of Middlesbrough Council

Report on the audit of the financial statements

Disclaimer of opinion on the financial statements of Teesside Pension Fund

We were appointed to audit the financial statements of Teesside Pension Fund ('the Pension Fund') for the year ended 31 March 2024, which comprise the Fund Account, the Net Assets Statement, and notes to the financial statements, including a summary of material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations require the Council to publish its Accountability Statements, which include the Pension Fund's financial statements, and auditor's opinion for the year ended 31 March 2024, by 28 February 2025 ('the backstop date').

The backstop date introduced by the Amendment Regulations has impeded our ability to obtain sufficient appropriate evidence for the valuation of level 3 investments, which forms part of Investment Assets in the Net Assets Statement, and the associated change in market value of investments in the Fund Account. We are therefore unable to form an opinion on the financial statements as there has been insufficient time to perform all necessary audit procedures.

Responsibilities of the Director Finance for the financial statements

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Director of Finance is also responsible for such internal control as the Director of Finance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Director of Finance is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis, unless the Council is informed of the intention for dissolution of the Pension Fund without transfer of services or function to another entity. The Director of Finance is responsible for assessing each year whether or not it is appropriate for the Pension Fund to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct our audit in accordance with International Standards on Auditing (UK), the Code of Audit Practice, the Local Audit and Accountability Act 2014 and applicable law, and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council, as administering authority for the Pension Fund, in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Appendix B: Draft audit report

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

Use of the audit report

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

[Signature]

Mark Kirkham
Partner
For and on behalf of Forvis Mazars LLP

5th Floor
3 Wellington Place
Leeds
LS1 4AP

[Date]

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Appendix C: Confirmation of our independence

As part of our ongoing risk assessment we monitor our relationships with you to identify any new actual or perceived threats to our independence within the regulatory or professional requirements governing us as your auditors.

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

Contact

Forvis Mazars

Mark Kirkham

Partner

Tel: 0113 294 2000

Mark.kirkham@mazars.com

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Forvis Mazars LLP is the UK firm of Forvis Mazars Global, a leading global professional services network. Forvis Mazars LLP is a limited liability partnership registered in England and Wales with registered number OC308299 and with its registered office at 30 Old Bailey, London, EC4M 7AU. Registered to carry on audit work in the UK by the Institute of Chartered Accountants in England and Wales. Details about our audit registration can be viewed at www.auditregister.org.uk under reference number C001139861. VAT number: GB 839 8356 73

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 10

TEESSIDE PENSION BOARD REPORT

31 MARCH 2025

DIRECTOR OF FINANCE AND TRANSFORMATION– 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 (Head of Public Sector Relations, XPS Administration)

TEL. NO.: (01642) 030643

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Seaside Pension Fund

Performance Delivery Report
Quarter 4 - 2024 / 2025



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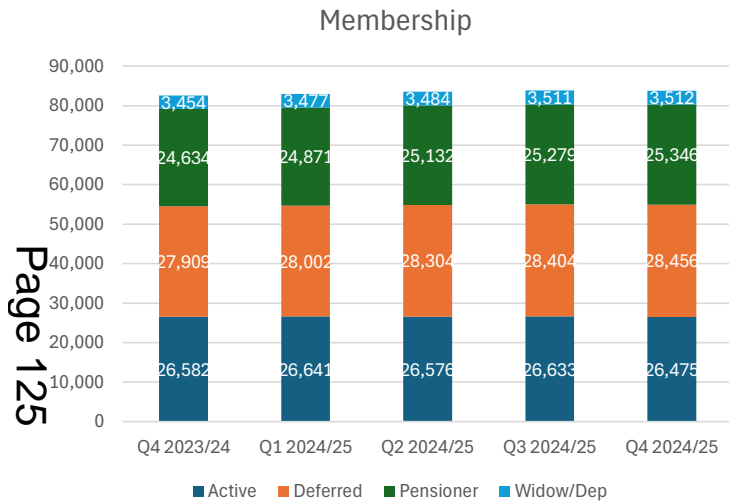
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Data Quality	12-13
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Items requiring a decision or attention are marked in the report with this logo

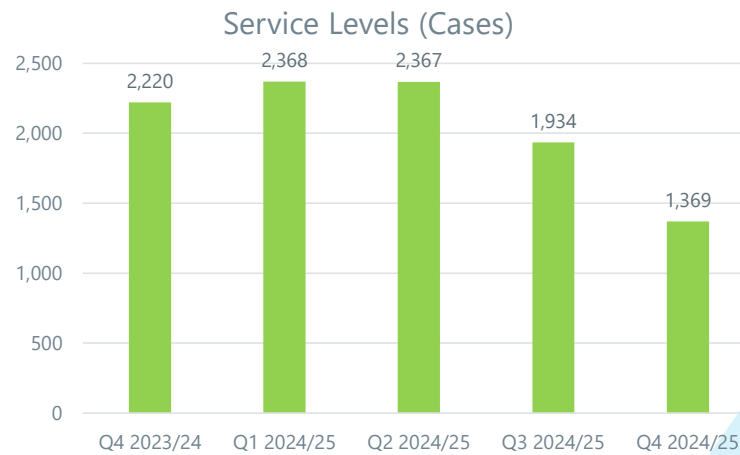
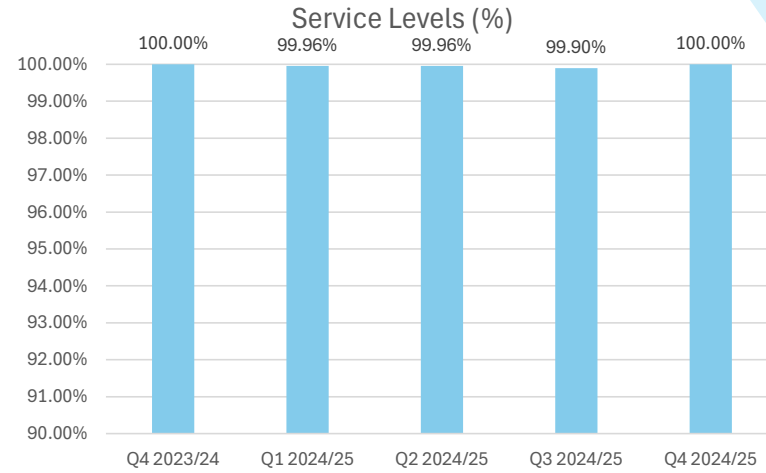


Highlights

Membership numbers



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Headlines

Membership

- Membership continues to steadily increase

Scheme and Legislative

- DFE Guarantee for Further Education Providers
- LGPS Death Grants to be subject to IHT from April 2027
- Extension of New Fair Deal to FE colleges
- LGPS 'Fit for the Future' consultation launched
- ONS confirms CPI average to September 2024 as being 1.7%
 - Used to uprate active, deferred and pensioner accounts



Key items

- SLA: 100%
- Total membership is 83,789 members

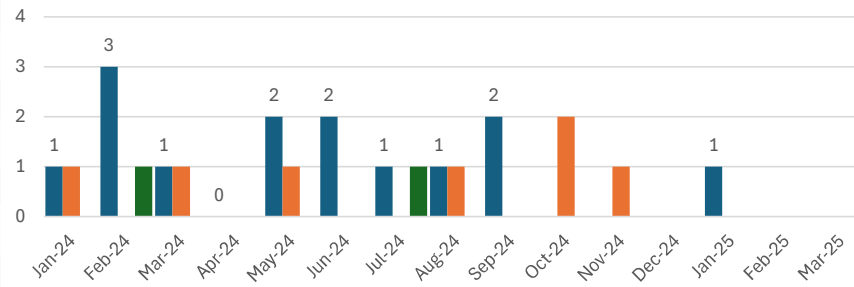
Errors and complaints



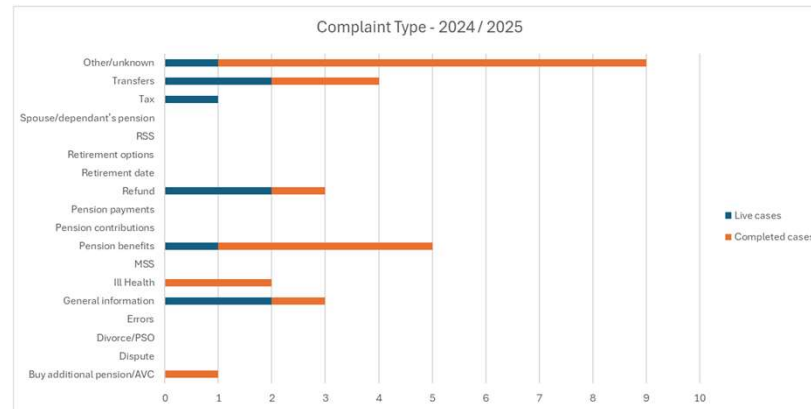
Complaint type	Live cases	Completed cases	Total
Buy additional pension/AVC	0	1	1
Dispute	0	0	0
Divorce/PSO	0	0	0
Errors	0	0	0
General information	2	1	3
Ill Health	0	2	2
MSS	0	0	0
Pension benefits	1	4	5
Pension contributions	0	0	0
Pension payments	0	0	0
Refund	2	1	3
Retirement date	0	0	0
Retirement options	0	0	0
RSS	0	0	0
Spouse/dependant's pension	0	0	0
Tax	1	0	1
Transfers	2	2	4
Other/unknown	1	8	9
Total	9	19	28

Open IDR Description	Open Ombudsman Cases
General Dispute (General Dispute) – Stage 1	Mistake made in retirement quote
General Dispute (General Dispute) – Stage 2	

Number of Complaints by Month



Complaint Type - 2024 / 2025



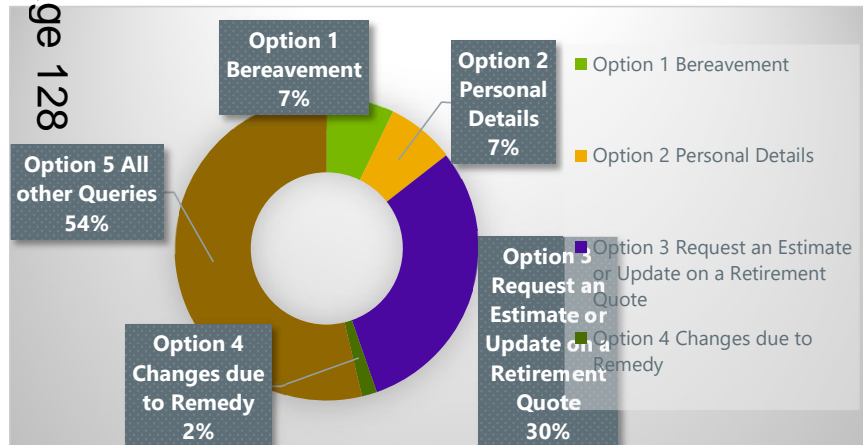
Member engagement – telephony



Telephone calls (Q4 (January & February)

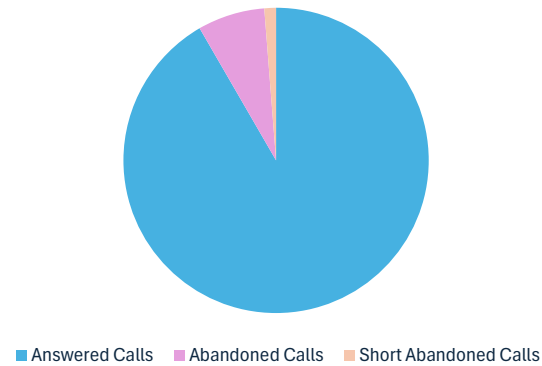
Total Calls	Answered Calls	Abandoned Calls	Short Abandoned Calls	Missed Calls
3197	2930	228	39	0
Average wait time (M/S)	Average duration (M/S)	Average abandon time (M/S)		
02:18	10:09	02:37		

Breakdown of Member Selection:

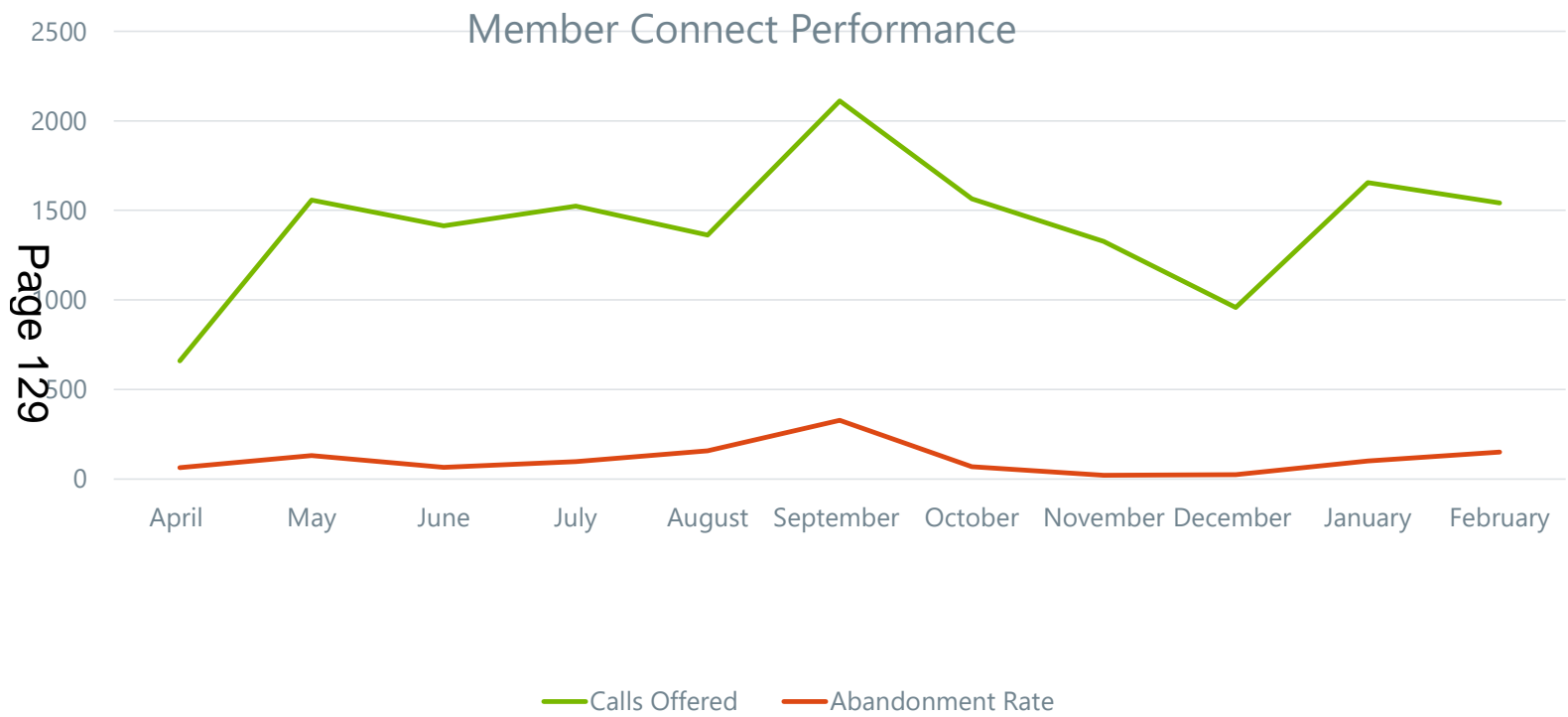


Performance Summary:

Q4 - January & February



Member Connect Performance 2024 / 2025



Member engagement – telephony



Summary of Performance

January	February
<p>January</p> <ul style="list-style-type: none">• Large increase in calls for January compared to the previous month, here doesn't appear to be a known driver for this increase• Call trends due to Updates and General requests• Hunt Group in place for any queries we are unable to answer:• 331 calls were referred to the Administration Team 98.79 of these being answered	<p>February</p> <ul style="list-style-type: none">• Small decrease in calls for February compared to previous month with wait time increasing slightly by 7 seconds.• Call trends typically IFA chasers, updates and general requests• Hunt group continues to be supported by the Administration Team for more complex queries.• 306 calls were referred to the Administration Team 98.04% of these being answered <p>Overall</p> <ul style="list-style-type: none">• Two-way feedback still in place to provide any feedback or changes to processes.• Administration team finish at 16:30 on a Friday which means any calls which need a referral between 16:30 – 17:00 are tasked as a callback.

Member engagement

Teesside Pension Fund Website Traffic

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PMO Requested from Michael 27/1/2025
Paul Mudd, 2025-01-27T15:36:15.599

Member engagement – Member Self Service



Status	Not Registered	Registered	Total	% Uptake
Active	18,571	5,256	23,827	22.06%
Deferred	17,550	2,103	19,653	10.70%
Pensioner	18,691	3,008	21,699	13.86%
Widows/Dependants	3,397	33	3,430	0.96%
	58,209	10,400	68,609	15.16%

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Age Group	Not Registered	Registered
Under 22	97.21%	2.79%
Aged 23-25	92.16%	7.84%
Aged 26-30	87.70%	12.30%
Aged 31-35	86.34%	13.66%
Aged 36-40	83.38%	16.62%
Aged 41-45	80.51%	19.49%
Aged 46-50	80.05%	19.95%
Aged 51-55	70.74%	29.26%
Aged 56-60	64.06%	35.94%
Aged 61-65	66.95%	33.05%
Aged 65+	78.00%	22.00%

Registered MSS Users by Age



Membership

Membership	Period Ending 30/06/2024	Period Ending 30/09/2024	Period Ending 31/12/2024	Period Ending 31/03/2025
Active Members				
Total at period start	26,582	26,641	26,576	26,633
New Starters	758	898	606	155
New Leavers	500	733	418	213
Retirements	191	223	126	96
Death	8	7	5	4
Total at period End	26,641	26,576	26,633	26,475
Deferred Members				
Total at period start	27,909	28,002	28,304	28,404
New Deferred	337	569	371	184
New Leavers	60	77	76	59
Retirements	177	183	185	71
Death	7	7	10	2
Total at period End	28,002	28,304	28,404	28,456
Pensioner Members				
Total at period start	28,088	28,348	28,616	28,790
New Retirements	368	406	311	167
New Dependents	61	60	64	25
Notified (need further details)	2	15	11	20
Death/cessation	167	183	190	104
Total at period End	28,348	28,616	28,790	28,858
Total membership at period end	82,991	83,496	83,827	83,789



Data Quality



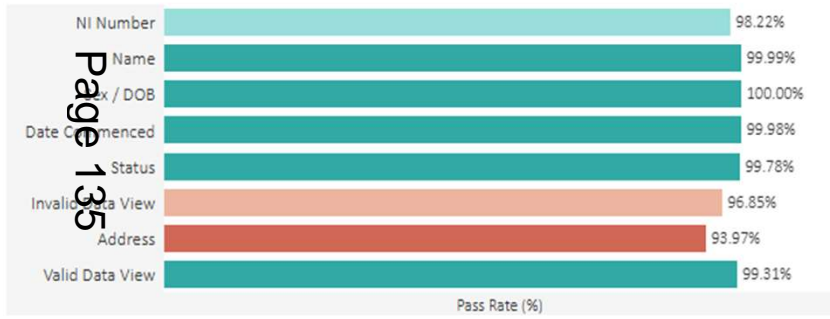
110,657
Members Tested

100,422
Members Passed
All Tests

90.8%
Pass Rate %

95.9%
TPR Pass Rate %

Pass Rate % by Test Category



TPR Pass Rate % by Test Category



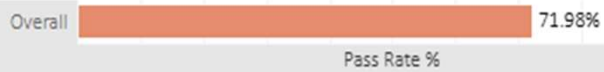
Data Quality



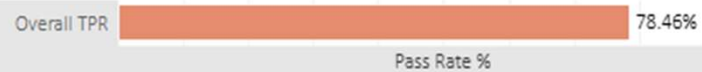
151,664 86,033 42,493 71.98% 78.46%

Member Records Members Tested Members Failed Pass Rate % TPR Pass Rate %

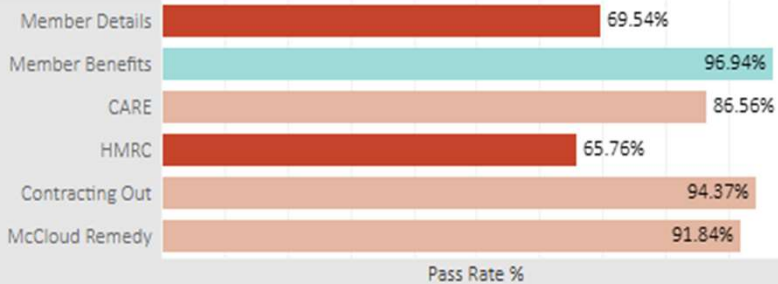
Grand Total | Pass Rate %



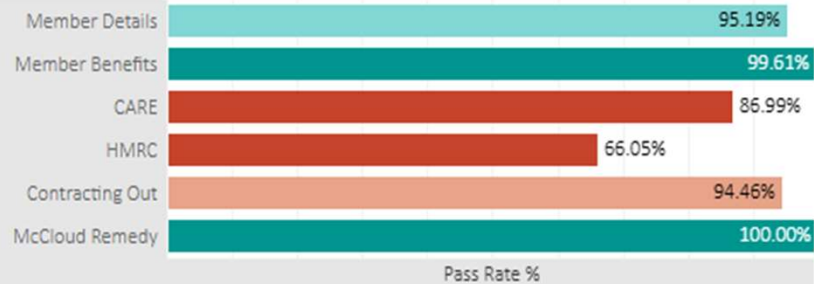
Grand Total | TPR Pass Rate %



Grand Total | Pass Rate % by Test Category



Grand Total | TPR Pass Rate % by Test Category



Regulations and Guidance

The King's Speech 2024 - Following the general election on 4 July 2024, the State Opening of Parliament took place on 17 July 2024 and the King's Speech set out the Government's plans and priorities for the first parliamentary session. Of potential interest is the Bill on Audit Reform and Corporate Governance. This could be a potential vehicle for separation of pension fund from host authority audit in England, as is already the case for LGPS funds in Scotland and Wales. The Board called for this in a letter to MHCLG in August 2022. The idea was supported by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Institute of Chartered Accountants in England and Wales (ICAEW) and the Levelling Up Select Committee in the last Parliament. The Board was previously assured that its recommendation would be taken forward once a suitable legislative vehicle had been identified.

Court of Appeal dismisses Virgin Media appeal

On 25 July 2024, the Court of Appeal dismissed the appeal in the Virgin Media Ltd v NTL case. The High Court had previously ruled that:

- amendment of pension scheme rules in respect of Section 9(2B) rights were void unless the scheme actuary certified that the scheme still met the contracting-out adequacy test
- this applied to rights built up before and after the change in rules
- all amendments are affected by the ruling, not just those that have a negative impact on section 9(2B) rights.

The appeal concerned the second bullet point only, and the Court of Appeal upheld the High Court's ruling. The ruling will apply to the LGPS and that HM Treasury is currently assessing the implications for all public service pension schemes.

Updated flexible retirement guidance On 16 August 2024, MHCLG issued updated flexible retirement guidance. This replaces the guidance dated 28 April 2016 and is effective immediately. The guidance includes a revised methodology for calculating Death Grants.



Regulations and Guidance

Pensions review – call for evidence

On 4 September 2024, the government published a call for evidence to inform the first phase of the pensions review. The review aims to boost investment, increase pension pots and tackle waste in the pensions system, focusing on defined contribution workplace schemes and the LGPS. The first phase of the review is looking at measures to accelerate asset pooling and increasing investment in 'productive finance' in the UK by LGPS funds. The LGA submitted a response on behalf of the LGPC before the call for evidence closed on 25 September 2024. The response to the call for evidence is located on the SAB website. The second stage of the pensions review is expected to look at the issue of pensions adequacy and fairness, such as the gender pensions gap.

The Local Government Pension Scheme (Information) Regulations 2024 (SI 2024/880) have been laid before Parliament and will come into force on 23 September 2024 and will be backdated to 01/10/2023:

These remove the requirement for LGPS administering authorities to include estimated calculations relating to the McCloud remedy in members' annual benefit statements for the 2023/24 scheme year.

LGPS statistics for 2023/24 published

On 24 October 2024, the Ministry for Housing, Communities and Local Government (MHCLG) published the LGPS statistics for England and Wales: 2023 to 2024. Highlights include:

- total expenditure of £17.1 billion, an increase of 11.9 per cent on 2022/23
- total income of £20.7 billion, an increase of 19.3 per cent on 2022/23
- employer contributions of £10.5 billion, an increase of 24.6 per cent on 2022/23 - this reflects early payment of employer contributions following the triennial valuation
- employee contributions of £3.0 billion, an increase of 8.3 per cent on 2022/23
- the market value of LGPS funds on 31 March 2024 was £391.5 billion, an increase of 9.0 per cent since 31 March 2023
- 99,505 retirements in 2023/24, an increase of 6.3 per cent on the number of retirements in 2022/23.

September 2024 CPI rate announced

On 16 October 2024, the Office for National Statistics announced the Consumer Price Index (CPI) rate of inflation for September 2024 as 1.7 per cent.



Regulations and Guidance



Club transfers – extension of 12-month time limit

On 24 October 2024, the Cabinet Office emailed public sector pension scheme stakeholders regarding the 12 month time limit for Club transfers. This communication stated that if administering authorities need to extend the 12 month time limit for a club transfer due to the McCloud Remedy, this is deemed as an exceptional circumstance and the deadline can be extended if both schemes agree.

LGPS 'Fit for the Future' consultation launched

The Chancellor has announced plans for further reform in the LGPS in a consultation which closes on 16 January 2025. The reforms will focus on the eight existing investment pools. The SAB is not expecting any changes to the structure of the underlying 86 funds in England and Wales as a result of this consultation.

Extension of New Fair Deal to FE colleges

HMT has confirmed in a letter to the Association of Colleges that New Fair Deal guidance applies to FE colleges that operate in the statutory sector in England from 14 November 2024. The new Fair Deal guidance provides that compulsorily transferred employees must have continued access to the same public sector pension scheme with the new employer. It was published in 2013 and applies directly to central government departments, agencies, and other parts of the public sector under the control of central government eg academies. It has been extended to FE colleges in England following the reclassification of FE colleges as public bodies in November 2022. When a Fair Deal employer undertakes an outsourcing, the new employer must continue to provide the transferred employees with access to the LGPS in their new employment (where the employees were eligible to be members of the LGPS before the transfer).

Pensions (Abolition of LTA Charge etc) (No 2) & (No 3) Regulations 2024

On 7 and 9 October 2024, the Pensions (Abolition of Lifetime Allowance Charge etc) (No 2) Regulations 2024 and the Pensions (Abolition of Lifetime Allowance Charge (No 3) Regulations 2024 were laid. Both sets of regulations will come into force on 18 November 2024 and have effect from the tax year 2024/25.

The regulations amend the Taxes Management Act 1970, the Income Tax Earnings and Pensions Act 2003, the Finance Act 2004 and secondary legislation. The changes include:

- minor corrections relating to LTA protections
- new provisions covering Transitional Tax-Free Amount Certificates (TTFAC) and the calculation to determine the value of member's benefits when paying a Trivial Commutation Lump Sum (TCLS).

Regulations and Guidance



New Pensions Minister

On 14 January 2025, Torsten Bell MP was appointed Parliamentary Under Secretary of State (Minister for Pensions) in the Department for Work and Pensions.

Emma Reynolds, who previously held this role, was appointed Economic Secretary to the Treasury.

Pension scam blog

TPR published a blog entitled 'Working together to strengthen our defences against pension scams'.

It highlights TPR's efforts to enhance intelligence to combat this type of scam.

The blog includes information on a webinar on 25 March 2025, where pension schemes can learn how to support TPR's efforts and hear updates from the Pension Scams Action Group

Wider landscape

Inquiry on AI in banking, pensions and other financial services

The Treasury Committee has launched an inquiry into the use of artificial intelligence (AI) in banking, pensions and other financial services.

This inquiry aims to understand the potential benefits and risks, including its impact on employment, financial stability and consumer protection. The Committee is seeking input from various stakeholders, with a deadline of 17 March 2025

Confirmation of annual revaluation, earnings and pensions increase On 11 February 2025,

HMT Treasury (HMT) published a written ministerial statement confirming the rates of annual revaluation, earnings and pensions increase due to apply from April 2025.

The statement confirms:

- Public service pensions will increase on 7 April 2025 by 1.7%, in line with the Consumer Prices Index for the year up to September 2024

This will become the measure to increase all pensions, in payment, along with active and deferred pension.

Appendix 1 - Service Level Reports



The table below shows our performance against the Service Level Agreement during the reporting period plus historic Service Levels to show a full 12 months for comparison.

Period	Cases completed	Cases completed within target	Cases completed outside target	%age within target
April	805	805	0	100%
May	718	718	0	100%
June	845	844	1	100%
Quarter 1 2024/25	2,368	2,367	1	100%
July	776	776	0	100%
August	776	775	1	100%
September	815	815	0	100%
Quarter 2 2024/25	2,367	2,366	1	100%
October	860	859	1	100%
November	516	515	1	100%
December	558	558	0	100%
Quarter 3 2024/25	1,934	1,932	2	100%
January	688	688	0	100%
February	681	681	0	100%
Quarter 4 2024/25	1,369	1,369	0	100%

Appendix 1 - Service Level Reports



Key Performance Requirements (KPRs)

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	Jan-25				Feb-25			
				ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Within Target	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Within Target
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	2.67	154	154	100.00%	3.11	147	147
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100.00%	6.43	42	42	100.00%	6.13	22	22
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%	100.00%	4.81	16	16	100.00%	5.00	24	24
Method Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.00%	4.72	357	357	100.00%	4.75	363	363
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100.00%	N/A	N/A	N/A	100.00%	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	45,535	98.75%	N/A	N/A	N/A	N/A	N/A	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%	100.00%	3.79	119	119	100.00%	3.71	125	125
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100.00%	100.00%	N/A	N/A	N/A	100.00%	N/A	N/A	N/A
All calculations and payments are correct.	Monthly		98.75%	100.00%	N/A	N/A	N/A	100.00%	N/A	N/A	N/A

Appendix 3 – Administration Team

Key contacts

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Award-winning

Pensions advisory

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2022 25th Anniversary
WINNER
Actuarial/Pensions Consultancy of the Year
XPS Pensions Group

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2021
WINNER
Actuarial/Pensions Consultancy of the Year
XPS Pensions Group

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2019
WINNER
Actuarial/Pensions Consultancy of the Year
XPS Pensions Group

Investment consulting

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2023
WINNER
Pituitary Evaluator of the Year
XPS Pensions Group

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2022 25th Anniversary
WINNER
Investment Consultancy of the Year
XPS Pensions Group

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2021
WINNER
Investment Consultancy of the Year
XPS Pensions Group

Administration

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2023
WINNER
Third Party Administrator of the Year
XPS Pensions Group

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2022 25th Anniversary
WINNER
Third Party Administrator of the Year
XPS Pensions Group

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2020
WINNER
Third Party Administrator of the Year
XPS Pensions Group

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2019
WINNER
Third Party Administrator of the Year
XPS Pensions Group



Technology

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2022 25th Anniversary
HIGHLY COMMENDED
Technology Innovation of the Year
XPS Pensions Group

Pensions 2023
Winner
TECHNOLOGY SERVICES OF THE YEAR
XPS Pensions Group

Culture and Sustainability

THE SUNDAY TIMES Best Places to Work 2023
BIG DATA ANALYTICS

PROFESSIONAL PENSIONS UK PENSIONS AWARDS 2023
WINNER
Sustainability & Inclusion Excellence Award
XPS Pensions Group

Business Culture Awards 2020
Gold Overall Winner

UK EMPLOYEE EXPERIENCE AWARDS 2023
GOLD AWARD WINNER
Employee Engagement

UK STEWARDSHIP CODE

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