

**TEESSIDE PENSION BOARD**

A meeting of the Teesside Pension Board was held on Monday 8 July 2024.

**PRESENT:** P Thompson (Chair), J Bell, Cllr M Dunbar, Cllr C Massey and J Stubbs

**ALSO IN ATTENDANCE:** L Pelmeare (XPS)

**OFFICERS:** C Jones, S Lightwing and N Orton

**APOLOGIES FOR ABSENCE:** Cllr N Walker

24/1 **WELCOME AND FIRE EVACUATION PROCEDURE**

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

24/2 **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 |

24/3 **MINUTES - TEESSIDE PENSION BOARD - 8 APRIL 2024**

The minutes of the meeting of the Teesside Pension Board held on 8 April 2024 were taken as read and approved as a correct record.

24/4 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 13 MARCH 2024**

A copy of the minutes of the meeting of the Teesside Pension Fund Committee held on 13 March 2024 was submitted for information.

**NOTED**

24/5 **TEESSIDE PENSION FUND COMMITTEE - 12 JUNE 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 12 June 2024.

It was noted that the total value of all investments as at 31<sup>st</sup> March 2024 was £5,468 million, higher than that of the December 2023 despite selling shares.

An update was provided on the latest local investment which had been made with FW Capital. The Fund had recently provided a loan of £19 million to enable FW Capital to invest in companies in Teesside through lending money or buying shares in them.

The Border to Coast update was discussed, noting the UK fund had delivered performance of 0.5% a year above benchmark, below its long-term target, and the overseas fund had delivered performance of 1.64% above benchmark, above its long-term target.

The Border to Coast 2030 Strategy was discussed. This considered how Border to Coast would evolve as a centre of investment expertise to help deliver the propositions and services needed to support Partner Funds to pay pensions in a cost effective and sustainable manner.

Investment Advisor reports were noted, advising of a further discussion on investment in bonds at the next meeting.

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

24/6

#### **PENSIONS REGULATOR GENERAL CODE OF PRACTICE COMPLIANCE ASSESSMENT**

The Head of Pensions, Governance and Investments presented the Pensions Regular General Code of Practice Compliance Assessment report. The purpose of the report was to provide the Members of the Teesside Pension Board with an assessment of the Fund's current level of compliance with the Pensions Regulator's recently published General Code of Practice, together with a plan for addressing any gaps identified.

The General Code of Practice was divided into sections:

- The governing body
- Funding and Investment
- Administration
- Communications and disclosure.

A set of actions required to gain full compliance were set out under the relevant headings, together with a suggested timescale for completion were noted.

**AGREED** as follows that:

- The Board noted the report.
- Updates would be provided to future Board (and Pension Fund Committee) meetings to track progress on completion of these tasks and the Fund's compliance with the General Code of Practice.

24/7

#### **UPDATE ON WORK PLAN ITEMS**

The Head of Pensions, Governance and Investments presented Members of the Teesside Pension Board (the Board) with information on items scheduled in the work plan for consideration at the current meeting.

At its meeting on 19 July 2021 the Board agreed an updated work plan for the coming months and years which set out areas for the Board to discuss or consider at subsequent meetings. These were typically areas that the Pensions Regulator and/or the Scheme Advisory Board (SAB) had identified as important for Local Pension Boards to consider.

The Board noted that the current Work Plan was due to come to an end at the end of the calendar year. The Board were asked for suggestions on any new items they would like adding to the plan, or previous items they were particularly interested in revisiting.

**AGREED** as follows that:

1. The information provided was received and noted.
2. The Head of Pensions, Governance and Investments would draft a revised Work Plan, taking into account any Board suggestions or comments, for approval at the 25 November 2025 Board meeting.

24/8

#### **DRAFT ANNUAL PENSION FUND ACCOUNTS 2023/2024**

The Head of Pensions, Governance and Investments presented a report to present Members of the Teesside Pension Board with the 2023/24 draft unaudited accounts for the Teesside Pension Fund and to provide an update on the revised format required for the Pension Fund Annual Report.

It was noted that the overall financial performance of the Fund for the year to 31 March 2024 was very positive. The Fund's value rose to £5.477 billion, an increase over the year of approximately £413 million, over 8%. This increase in value was mainly a result of equity market performance, which was positive for the year as a whole.

The Fund was two years into the current triennial valuation cycle. The Fund's asset value as at 31 March 2025 would be used by the Fund actuary when calculating the three-yearly valuation of the Fund. The value of the Fund's assets was currently increasing broadly in line with the actuary's expectations at the last valuation. Although welcome news, it was important to recognise the long-term nature of the Fund and the volatility of many of its assets meant that the actuary would look beyond just the immediate value of the assets when carrying out the valuation. In addition, the size of the Fund's liabilities (the cost of paying current and future benefits) was just as important when carrying out the valuation and setting employer contribution rates. Factors such as the actuary's view of future inflation rates, future investment returns and life expectancy expectations would play a key part in the actuary's valuation calculations.

Total membership of the Fund had increased, with total membership at the year-end now standing at 82,213 an increase of 1,875 over last year. The number of active members had remained broadly similar, increasing by 22 or 0.08% over the year, and increased by 11.9% over the past four years. The number of pensioners had increased by 898 or 3.3% over the year, and increased by 12.8% over the past four years. The number of deferred members has increased by 955 or 3.5% over the year, and increased by 20% over the past four years. Some of the increase in the number of deferred members in the four-year figure was because in the count of deferred members those individuals who have left employment but not yet had their benefits fully processed were now being recognised.

The Pension Fund Accounts presented were in draft form and, whilst the main numbers and outcomes were not expected to change, changes might be needed as further review took place. A draft would be presented to the Pension Fund Committee later this month. In addition, the audit process was not complete and further changes might be required as a consequence of this.

The Pension Fund Annual Report was currently being prepared so as to comply as far as possible with the new guidance. A final draft would be presented to the 25 September Pension Fund Committee for approval and to the 25 November Board for noting before publication by 1 December 2024.

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

24/9

## **XPS ADMINISTRATION REPORT**

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

The report included:

- Membership movement
- Membership self service
- Pensions regulator data scores
- Customer service
- Completed cases.

It was highlighted that there had been an increase of just over 19% to pensions over the last three years.

XPS was currently working towards the statutory deadline for the issue of Annual Benefits Statements as well as the introduction of the Pensions Dashboard.

The Chair asked whether the provision of pension estimates could be speeded up and the Client Relationship Manager agreed to look at that issue.

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

24/10 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED**

None.