

TEESSIDE PENSION FUND
Administered by Middlesbrough Council

AGENDA ITEM 7

PENSION FUND COMMITTEE REPORT

18 JUNE 2025

DIRECTOR OF FINANCE AND TRANSFORMATION – Andrew Humble

GOVERNMENT FIT FOR THE FUTURE CONSULTATION

1. PURPOSE OF THE REPORT

1.1 To advise Members of the response to the Government's Fit for the Future consultation.

2. RECOMMENDATION

2.1 That Members note the report.

3. FINANCIAL IMPLICATIONS

3.1 There are no financial implications resulting from this report.

4. BACKGROUND

4.1 The new 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.”

A call for evidence relating to defined contribution schemes and the LGPS was issued that covered:

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

Within the document reference was made to Asset pooling:

“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.”

4.2 Following this the Government issued the “Fit for the Future” consultation in November 2024.

4.3 The Head of Pensions Governance and Investments submitted a response on behalf of the Fund, they also worked with Border to Coast and partner funds to agree a collective response.

5. GOVERNMENT RESPONSE TO CONSULTATION

5.1 The Government published its response to the consultation at the end of May 2025, (Appendix A). Headline changes for the Fund include:

- Administering Authorities, (AA), will delegate implementation of their investment strategy to the pool, and will take their principal investment advice from them.
- AAs will be required to transfer management of all assets to the pool.
- A strategy for Local Investments will be included in the Investment Strategy Statement and reported on in the annual report. Pools will carry out due diligence, decide whether to invest and manage the investments.
- Requirement for an independent governance review every three years.

5.2 Border to Coast, as part of their 2030 strategy, are working on developing new capabilities to deliver the requirements of the consultation relating to:

- Advisory Services
- Management of legacy assets
- Local Investment

6. GOVERNMENT RESPONSE RE POOLING COMPANIES

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

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

6.3 Within the Border to Coast 2030 Strategy there are three strands:
1) delivering its current remit as efficiently and effectively as possible,
2) developing additional capabilities to further support Partner Funds, and
3) enabling Partner Funds to take advantage of, and manage potential risks of, additional scale opportunities.

6.4 Strand 3 – “enabling Partner Funds to take advantage of, and manage potential risks of, additional scale opportunities” covered the possibility of additional funds joining the partnership. Border to Coast and Partner Fund officers are engaging with several potential additional partners. The 21 funds from Access and Brunel have until September 2025 to have “in principal” agreed which Pool they will join.

7. NEXT STEPS

- 7.1 Officers will continue to work with Border to Coast on the development of new capabilities to meet the requirements of the Government's consultation response. Officers will also be involved in ongoing discussions with regards to additional funds joining Border to Coast.

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