

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

PENSION FUND COMMITTEE REPORT

23 JULY 2025

DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE

Draft Annual Pension Fund Accounts 2024/25

1. PURPOSE OF THE REPORT

- 1.1 To present Members of the Teesside Pension Fund Committee (the Committee) with the 2024/25 draft unaudited accounts for the Teesside Pension Fund.

2. RECOMMENDATION

- 2.1 That the Committee note the 2024/25 draft unaudited accounts (Appendix A). The Pension Fund accounts are pages 114-148 of the report.

3. FINANCIAL IMPLICATIONS

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

4. BACKGROUND

- 4.1 The terms of reference for the Teesside Pension Fund Committee require the Annual Report and Accounts to be considered by Members. The Pension Fund accounts are prepared alongside, and form part of the Council's accounts, as the Pension Fund is not a separate legal entity. Attached to this report are the draft unaudited Pension Fund accounts for the year ended 31 March 2025.
- 4.2 The draft accounts for 2024/25 have been certified as a true and fair view of the Council's financial position by the Director of Finance and Transformation as S151 Officer, and were opened for public inspection on 1 July 2025, for a period of 30 working days. This establishes a formal right of the taxpayer to inspect the accounts and any relevant supporting documents.
- 4.3 A notice setting out the inspection period and how enquires may be made accompanies the draft accounts on the website. The inspection window concludes on 11 August 2025 in line with the Accounts and Audit Regulations requirements. Any enquiries from members of the public will be responded to and resolved in a timely manner and reported to Members as appropriate.

5. PERFORMANCE SUMMARY

- 5.1 The overall financial performance of the Fund for the year to 31 March 2025 was positive. The Fund's value rose to £5.58 billion, an increase over the year of approximately £87 million.
- 5.2 The Fund is three years into the current triennial valuation cycle. The Fund's asset value as at 31 March 2025 will be used by the Fund actuary when calculating the three-yearly valuation of the Fund. It is important to recognise the long-term nature of the Fund and the volatility of many of its assets mean that the actuary will 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) is 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 will play a key part in the actuary's valuation calculations.
- 5.3 Total membership of the Fund has increased, with total membership at the year-end now standing at 83,718 an increase of 1,505 over last year. The number of active members has remained broadly similar, increasing by just 121 or 0.46% over the year. The number of pensioners increased by 1,072 or 3.9% over the year. The number of deferred members has increased by 312 or 1.1% over the year.
- 5.4 Every three years the Fund actuary, carries out a full actuarial valuation of the Fund. The purpose is to calculate how much employers in the scheme need to contribute going forward to ensure that the Fund's liabilities, the pensions due to current and future pensioners, will be covered. Unlike all the other major public sector schemes the Local Government Scheme is a funded scheme. That means there is a pool of investments producing income which meet a significant part of the liabilities.
- 5.5 The last actuarial valuation of the Fund was as at 31 March 2022, with the final report published at the end of March 2023. The actuary calculates to what extent the Fund's assets meet its liabilities. This is presented as a funding level. The aim of the Fund is to be 100% funded, and at the latest valuation the actuary was able to declare a funding level of 116%. The 31 March 2025 valuation is underway, the final report is due to be published in March 2026 and any changes required to employer contribution rates due to come into force from April 2026.

6. FRS / IAS REPORTS

- 6.1 Financial Reporting Standards (FRS) and International Accounting Standards (IAS) require employers to disclose in their accounts their share of the assets and liabilities in the Pension scheme. The Fund's actuary, Hymans Robertson, offers to produce reports for the employers in the Teesside Pension Fund containing the figures which some of those employers need to disclose in order to comply with the requirements of these standards.

- 6.2 Although the Fund is “actuarially” fully funded the employers may have FRS / IAS deficits because of the way the figures in the reports are calculated. It should be noted that the FRS / IAS calculations have no impact on the actual Funding Level of the Fund or the Employers within it.

7. INTERNATIONAL FINANCE REPORTING STANDARDS (IFRS)

- 7.1 The Council adopted International Finance Reporting Standards (IFRS) from 1 April 2010. The Pension Fund, accounts comply with the reporting standards.

8. NEXT STEPS

- 8.1 The Pension Fund Accounts presented here are in draft form and, whilst the main numbers and outcomes are not expected to change, changes may be needed as further review takes place. In addition, the audit process is not complete and further changes may be required as a consequence of this.

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