

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 13

PENSION FUND COMMITTEE REPORT

24 SEPTEMBER 2025

DIRECTOR OF FINANCE – ANDREW HUMBLE

Draft Annual Pension Fund Report and Accounts 2024/25

1. PURPOSE OF THE REPORT

- 1.1 To present Members with the 2024/25 draft Annual Report and Accounts for the Teesside Pension Fund.

2. RECOMMENDATION

- 2.1 That Members note the 2024/25 draft Annual Report and Accounts (Appendix A).

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. Attached to this report is the draft unaudited Report and Accounts for the year ended 31 March 2025.

5. PERFORMANCE SUMMARY

- 5.1 The overall financial performance of the Fund for the year to 31 March 2025 was broadly neutral. The Fund's value rose slightly to £5.577 billion, an increase over the year of approximately £87 million. Investment performance was muted but positive for all asset classes.
- 5.3 The membership of the Fund continues to increase, 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 increased by 121 or 0.5% over the year and increased by 8.7% over the past four years. The number of pensioners increased by 1,072 or 3.9% over the year and increased by 13.9% over the past four years. The number of deferred members has increased by 312 or 1.1% over the year and increased by 22.2% over the past four years.
- 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 actuary carried out the Fund's latest triennial valuation, which looked at the Fund's assets and liabilities as at 31 March 2022. Overall, the Fund's funding level was 116%.

5.6 XPS who were the pensions administrator for the period covered by the Annual Report have not provided any performance information for inclusion in the Annual Report.

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 each needs to disclose in order to comply with the requirements of these standards.

6.2 Although the Fund is "actuarially" fully funded the employers will have different outcomes to their valuations on an FRS / IAS accountancy basis because of the way the figures in the reports are calculated and the different assumptions that are used. 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 Annual Report and Accounts presented here are in draft form and, whilst the main numbers and outcomes are not expected to change in any significant way, changes may be needed as further review takes place. Some highlighted text from the previous year exist in this draft where further input is required. In addition, the audit process for the Council's accounts (which include the Pension Fund accounts this Report is based on) is not complete and further changes may be required because of this. When complete the Annual Report and Accounts will be published on the Pension Fund's website.

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