

# TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 10

## PENSION FUND COMMITTEE REPORT

24 SEPTEMBER 2025

DIRECTOR OF FINANCE AND TRANSFORMATION – Andrew Humble

### POOL GOVERNANCE

#### 1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the Border to Coast Pension Partnership governance arrangements and potential changes to governance in response to the Government's Fit for the Future consultation.

#### 2. RECOMMENDATION

- 2.1 That the Pensions Committee notes this paper.

#### 3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications resulting from this report.

#### 4. BACKGROUND

- 4.1 Teesside Pension Fund are one of eleven members of Border to Coast Pension Partnership which was formed in 2017 following the government requirement for LGPS Pension Funds to form pooled structure manage Pension Fund assets.
- 4.2 Under the Middlesbrough Council constitution Pension Committee has the following responsibilities;

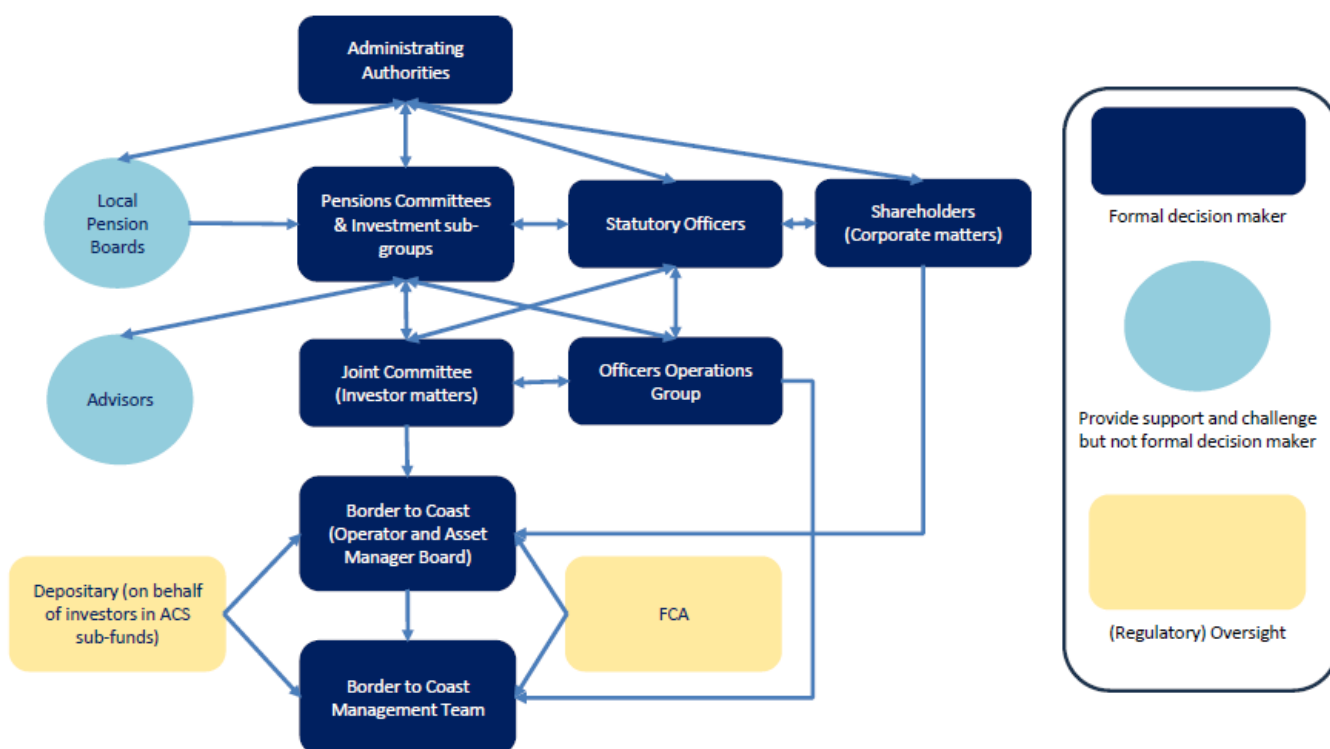
In relation to the Borders to Coast Pension Partnership; the Asset Pooling Collaboration arrangements:

- i) Monitoring of the performance of the Borders to Coast Asset Pooling Collaboration and its Operator and recommending actions to the Joint Committee, The Mayor or his Nominee (in his role as the nominated person to exercise Shareholder rights and responsibilities), Officers Groups or BCPP Ltd, as appropriate.
- ii) Undertake the role of Authority in relation to the 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.

- 4.3 As members are aware, the Government is taking forward a series of changes to the way investment pooling in the LGPS works through its “Fit for the Future” consultation. Changes include Administration Authorities delegating implementation of investment strategy to the pool and taking their principal investment advice from them. Management of all assets is also to be transferred to the pool.

## 5. GOVERNANCE OVERSIGHT OF BORDER TO COAST

- 5.1 There are various strands of governance arrangements for Border to Coast Pensions Partnership covering corporate decisions, investor matters and operational matters. The diagram below illustrates the decision-making, advisory support and regulatory oversight processes.



- 5.2 The Corporate Governance arrangements for Border to Coast Pensions Partnership are laid out in the Articles of Association, Inter-Authority Agreement, Shareholder Agreement and Partnership Agreement. These set out the constitution for the partnership including rights, roles and responsibilities of each of the parties. Any changes to these agreements require shareholder approval
- 5.3 Administering Authorities exercise corporate governance through its shareholder, which for Teesside is the Chair based on recommendations by Pension Committee. Note for all other Partner Funds in the Border to Coast Pension Partnership the Shareholder is either the Section 151 Officer or Head of Pensions. Changes to corporate governance arrangements have been infrequent although the current expansion of the Pool will require some amendments.

- 5.4 Joint Committee is responsible for oversight of performance of Border to Coast Pension Partnership as a whole and of individual sub funds and to receive reports from Border to Coast Pension Partnership Board with advice from the Officer Operations Group. Joint Committee facilitate the adoption of relevant contracts and policies by Border to Coast and Administering Authorities. Policies such as Responsible Investment, Voting Policy and Conflicts of Interest will be considered by the Joint Committee. Joint Committee also consider the range of sub funds offered by Border to Coast. Teesside are represented on Joint Committee by the Chair.
- 5.5 Border to Coast Pension Partnership is overseen by its Board which includes two Non-Executive Directors nominated by Partner Funds one of which is Councillor David Coupe from Teesside Pension Fund.

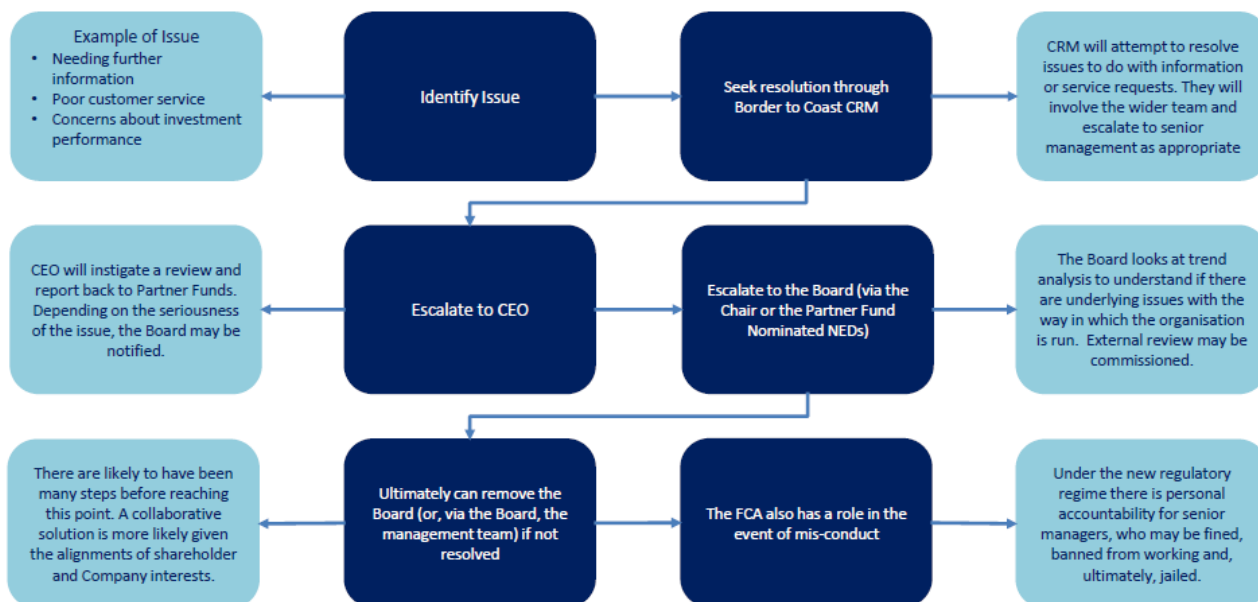
## **6. MEETINGS AND REPORTING**

- 6.1 Oversight of Border to Coast is exercised through the regular reporting and meeting arrangements between Border to Coast and its Partner Funds. Operational issues are discussed at Officers Operations Group with officer representatives of each Partner Fund and Border to Coast. There are sub groups of this forum to explore investment issues and responsible investment. This forum gives an opportunity for Partner Funds to collaborate in developing their pensions service and holding Border to Coast to account.
- 6.2 The Chief Executive of Border to Coast Pension Partnership holds regular meetings with Statutory Officers of the Partner Funds drawn largely from Section 151 Officers or Finance Directors. This forum is to ensure any developments at Border to Coast are understood and supported by senior management of the Administering Authorities, particularly in relation to shareholder matters.
- 6.3 The Chair represents Teesside Pension Fund at the Joint Committee of all of the Partner Funds which receives reports covering all of the policy decisions for Border to Coast. This forum allows Partner Funds a voice in shaping the future developments of Border to Coast and setting the future direction of the organisation.
- 6.4 Investment performance is reported quarterly to Partner Funds on each sub fund through reports and webinars for Officers and then to each Partner Fund Pension Committee. These forum give the opportunity for Officers, Members and Committee Advisors to challenge the approach taken by Border to Coast and request further explanations where necessary. Each Investment type is also subject to a more detailed regular review which is reported to the Investment Officer Operation Group.
- 6.5 Border to Coast arrange strategy sessions with Partner Funds to shape the future direction of the company incorporating input from interested parties. This collaborative approach has worked well in developing the Partnership over the relatively short period and building to the scale required to deliver for the Partner Funds.

## **7. ESCALATION OF ISSUES**

- 6.1 Border to Coast Pensions Partnership has put in place an escalation process to work through any issues identified as illustrated below.

## THE ESCALATION PROCESS



- 6.2 Through the processes outlined in the diagram above any issues a Partner Fund has can be identified and resolved.

## 8. FUTURE DEVELOPMENTS

- 8.1 The “Fit for the Future” consultation has introduced a further change in the relationship between Partner Funds and the pooling companies. Pooling companies are to become the principal source of strategic investment advice to Partner Funds. Pools will determine most of the investments made by the Fund based on the Strategic Asset Allocation set by the Partner Funds.
- 8.2 The Fund will have to be clear in its Investment Strategy Statement incorporating its Strategic Asset Allocation and including Investment Belief’s and its approach to local investments. The Investment Strategy Statement will inform Border to Coast of the preferred investments of the Fund. Border to Coast will then implement the Investment Strategy deciding the investments to make.
- 8.3 It is not expected that all of the developments will be in place for 1<sup>st</sup> April 2026 but Border to Coast are building up their capabilities to be able to meet the new requirements. Many of the changes will be implemented in an incremental way building upon existing arrangements.

## **9. CONCLUSION**

- 9.1 The Fund has many levers to influence Border to Coast Pension Partnership and many forums to hold the pool to account for performance of the pool and the investments which it manages on behalf of the Fund. Teesside Pension Fund is one voice of eleven, soon to be eighteen, but Border to Coast Pension Partnership has put in place processes and procedures to listen and react to feedback from Partner Funds.
- 9.3 The collaborative approach which Border to Coast has adopted with each Partner Fund having an equal vote and say has allowed the organisation to develop whilst minimising conflicts despite differences in scale and views of the Partner Funds.
- 9.2 The relationships between the pool and partner funds are still developing and will go through further change as the reforms following the fit for the future consultation are implemented.

## **10. NEXT STEPS**

- 10.1 Future reports will update Committee on changes in pooling arrangements in response to the “Fit for the Future” consultation.

CONTACT OFFICER: Andrew Lister – Head of Pensions Governance and Investments

TEL NO.: 01642 726328

