

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 15

PENSION FUND COMMITTEE REPORT

3 FEBRUARY 2026

DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE

RISK REGISTER REVIEW

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of an additional risk that has been added to the Pension Fund Risk Register and to provide Members with an opportunity to review the Risk Register.

2. RECOMMENDATION

- 2.1 That Members note the report.

3. FINANCIAL IMPLICATIONS

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

4. BACKGROUND

- 4.1 Internal Audit have recommended that the Risk Register is presented at each quarterly Pension Fund Committee meeting, with any emerging risk or high risks highlighted for discussion.
- 4.2 There is one new risk included in the Risk Register which was suggested by the Local Pension Board meeting of the 17th November 2025 and relates to the Reform Party's comments in relation to public sector pensions. This risk has been added as TPF054 Political Risk to the Scheme.

5. NEW AND HIGH RISKS

- 5.1 Reform UK deputy leader Richard Tice said the party would look "seriously at the whole issue of defined benefit pension schemes in the public sector", which he labelled "unsustainable". "I don't think it's reasonable to sit down with unions and to say for new employees, we can do this differently," Tice said. "The private sector did this 20-25 years ago."
- 5.2 Should the LGPS become closed to new entrants as well as creating a two-tier workforce there will be an impact on the funding assumptions used by the Actuary. The strength of covenant for local authority employers relies on the scheme being open to new entrants as

well as the tax raising powers of these bodies. If closed to new entrants the assumed cashflows would have to be remodelled with lower levels of contribution payments as the Fund matures.

- 5.3 The scheme will mature more quickly with no new entrants and more of the assets will need to be liquidated to meet benefit payments to members. The mix of assets which the fund will need will change with an increase in the need for income producing assets and less scope to invest in growth assets.
- 5.4 The changes in the nature of the scheme described above are likely to put pressure on the level of employer contributions required to fund actuarially assessed liabilities. The proposals Reform are suggesting are likely to increase costs to LGPS employers, contrary to the stated aim of reducing cost pressures.
- 5.5 The impact of the Reform policy has been assessed as having an extreme impact with a potential financial impact greater than £3 million as well as potential impacts on staff morale. The likelihood is assessed as possible with the Reform Party polling better than other parties in current general election voting intention surveys.
- 5.6 This risk has been assessed as potentially having a “Catastrophic” impact with a potential financial risk of greater than £3 million. The likelihood has been assessed at “Possible” (21%-50%) due to the current “voting intention” polling of the Reform Party and this being one of the few policies they have announced.
- 5.7 The other major risks and their current assessments are listed below with the full Risk Register included as an Appendix.

Risk	Impact	Likelihood
TPF001 Inflation	Major	Possible
TPF003 Global Financial Instability	Major	Likely
TPF005 Investment Class Failure	Major	Possible
TPF0010 Inadequate Pooling Transparency	Catastrophic	Unlikely
TPF0012 Pooling Investment Underperformance	Major	Possible
TPF0019 TPF Governance Skills Shortage	Major	Possible
TPF0021 Inappropriate Investment Strategy	Catastrophic	Unlikely
TPF0053 Climate Change – potential impact on the value of both assets and liabilities	Major	Possible
TPF0054 Political Risk to the Scheme	Catastrophic	Possible

6. NEXT STEPS

- 6.1 The Risk Register will continue to be presented to the Committee at least on an annual basis.

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