

# TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 9

## PENSION FUND COMMITTEE REPORT

4 MARCH 2026

CORPORATE DIRECTOR OF FINANCE – Andrew Humble

### FIT FOR THE FUTURE IMPLEMENTATION

#### 1. PURPOSE OF THE REPORT

- 1.1 To provide Members with an overview of the changes arising from the Pension Schemes Bill and the draft 2026 LGPS Regulations, with a particular focus on how they will affect the Fund's investment arrangements and its relationship with Border to Coast.

#### 2. RECOMMENDATION

- 2.1 That the Pensions Committee notes this paper.

#### 3. FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial implications resulting from this report but the changes required may create cost pressures.

#### 4. EXECUTIVE SUMMARY

- 4.1 The LGPS 'Fit for the Future' reforms formalise the requirement for administering authorities to work through a single pool and evolve the division of responsibilities between Funds and their pool companies. Under the new framework, Funds will continue to set investment strategy, but all decisions beneath this level – including portfolio construction, manager selection, rebalancing, cashflow management, and stewardship—will become the statutory responsibility of the pool. The Investment Strategy Statement (ISS) must now follow a prescribed format, include high-level objectives for returns, risk, liquidity, responsible investment and local investment, and be based on “principal strategic advice” from Border to Coast.
- 4.2 To support this new model, Border to Coast is working with Partner Funds to develop advisory and implementation capabilities that will provide Partner Funds with an end-to-end investment solution. This evolution is consistent with the direction of travel set out in the 2030 Strategy approved unanimously by Partner Funds, which sought to harness the governance premium through a holistic approach to scheme management. This Strategy anticipated the need for advisory support from the Pool, deeper alignment between strategy and implementation, and a more resilient operating model as the LGPS matures and the policy landscape evolves. Border to Coast and Partner Funds are committed to continuing

the collaborative approach to the Partnership that has driven success to date, ensuring no surprises in the future model through clear and structured engagement.

- 4.3 Alongside the pooling reforms, the Government is also introducing wider governance requirements for administering authorities—including a new Senior LGPS Officer role, the appointment of an Independent Person, strengthened training and oversight expectations, and regular Independent Governance Reviews. These matters remain the responsibility of Partner Funds but shape the environment in which the new pooling model will operate.

## 5. BACKGROUND

- 5.1 Teesside Pension Fund has participated in the Border to Coast Pensions Partnership asset pool since 2015, following a government directive to consolidate LGPS investments to achieve economies of scale, strengthen governance, and reduce costs while maintaining performance. The pool currently includes ten other authorities.
- 5.2 In November 2024, the government launched the Fit for the Future consultation on further LGPS reforms. The consultation sought to reform the LGPS by enhancing asset pooling, improving governance, and increasing investment in local economies to ensure long-term sustainability. Key goals include tackling fragmentation, achieving economies of scale, and accelerating the transfer of assets to qualified, FCA-regulated pools.
- 5.3 These reforms are being driven through a combination of primary legislation, new and amended Regulations:
- 5.3.1 The **Pension Schemes Bill** (expected to gain Royal Assent by April 2026) provides the overarching policy framework, giving Ministers new powers to set standards, issue directions, and require funds to make statutory appointments, and undertake governance reviews.
- 5.3.2 The **LGPS (Pooling, Management and Investment of Funds) Regulations 2026** evolve the investment framework. They require each administering authority to participate in a single FCA regulated pool responsible for all investment implementation (including portfolio construction, manager selection, stock selection, rebalancing, and stewardship). Funds retain responsibility for setting investment strategy, including the Strategic Asset Allocation (SAA), but must take strategic advice principally from their pool. The regulations also codify new requirements for the Investment Strategy Statement, including the incorporation of local investment objectives and mandatory publication and consultation standards.
- 5.3.3 The **LGPS (Amendment) Regulations 2026** are primarily concerned with governance. They introduce mandatory roles, policies and training requirements designed to increase capability, improve transparency, and ensure effective oversight. Among these measures are the creation of the Senior LGPS Officer, the appointment of an Independent Person, and the requirement for funds to maintain a Governance Strategy, Training Strategy, and Conflicts of Interest Policy. Committee members, Board members and delegated officers must meet statutory knowledge and understanding standards, to be supported by ongoing training and formally assessed.
- 5.4 These changes amount to the most significant regulatory shift in the LGPS since pooling began, and successful compliance requires an aligned governance model and operational partnership with Border to Coast.

5.5 The Government has also confirmed that the ACCESS and Brunel pools will close, with their Partner Funds required to identify alternative pooling arrangements. Seven of these administering authorities have indicated their intention to join Border to Coast, subject to due diligence and legal transition, which will significantly expand the size and scale of the partnership. An update on this has been provided separately.

## 6. GOVERNMENT GUIDANCE REQUIREMENTS

6.1 Alongside the Regulations, three pieces of guidance set detailed expectations for Funds.

6.1.1 The **Investment Strategy Statement (ISS) Guidance** prescribes the structure and content of the ISS. The Fund must articulate high-level objectives for returns, risk, liquidity, responsible investment, and local investment, and set its SAA using a template required by the guidance (see Appendix I). While the Committee retains responsibility for the ISS, it must prepare it based on advice from Border to Coast. The ISS must be consulted on with employers, members and strategic authorities, and reviewed within 18 months of each valuation.

6.1.2 The **Pooling Guidance** formalises the relationship between the Fund and its pool. It requires the Fund to use the pool as its principal strategic investment adviser. While the work of the Committees can be supported by an Independent Person for advice, external advisers (i.e. consultants) can only be used in exceptional cases. Border to Coast must be given scope to implement investment strategy using its professional judgement, in order to deliver scale benefits and operational efficiency. While the Fund is to set an objective for local investment (taking into account Local Growth Plans set by the relevant strategic authority), the pool is responsible for due diligence, implementation, monitoring and reporting of local investments. Alignment of investment strategies with AAs in the pool is encouraged.

6.1.3 The **Fund Governance Guidance** strengthens governance expectations. The Senior LGPS Officer assumes responsibility for all pension functions, including governance, investment, administration, risk management, and reporting. The Independent Person is expected to provide professional scrutiny and challenge on strategy and pool performance. The Pensions Committee must meet higher knowledge standards and demonstrate that decisions are well-informed and evidence-based. The Fund must also undertake and publish a comprehensive Independent Governance Review (IGR) at least once per valuation cycle.

## 7.0 REVISED ROLES AND RESPONSIBILITIES UNDER THE 2026 FRAMEWORK

7.1 The new framework is an evolution to the responsibilities of the Committee, the new Senior LGPS Officer, the Local Pension Board and Pools.

7.2 The **Pensions Committee** retains strategic leadership of the Fund. It continues to set investment strategy, approve the ISS and governance documents, and hold the Senior LGPS Officer and Border to Coast to account. With operational investment decisions transferring elsewhere, Committees will be positioned to be able to focus on strategic value. The Committee must demonstrate stronger knowledge and understanding and ensure that strategic decisions are consistent with statutory requirements and long-term funding needs. Further examples of the Committee's future role are given in Appendix II.

7.3 The **Senior LGPS Officer** becomes the central operational figure in the governance structure. This role provides day-to-day leadership across all pension functions, ensures the preparation of compliant strategies, oversees risk, manages suppliers, and ensures the Fund

adheres to regulatory obligations. The Senior LGPS Officer will also participate in the governance structures of the investment pool as shareholder or customer representative.

- 7.4 The **Local Pension Board** continues to assist the Fund in securing compliance and improving governance. Under the new regime, its oversight of training, policy production and regulatory compliance becomes more prominent, including reviewing adherence to the Committee’s knowledge and understanding obligations.
- 7.5 The **Independent Person** plays a new statutory role, offering professional challenge and scrutiny to both the Committee and the Senior LGPS Officer. As a non-voting member of the Committee, their remit extends beyond investment matters, covering the full range of LGPS activities and pool oversight.
- 7.6 Finally, **Border to Coast** is responsible for all investment implementation, with clear accountability to Partner Funds. It must manage assets in line with the Fund’s strategy, using discretion over manager selection, fund design, portfolio construction, rebalancing, stewardship and hedging. Border to Coast also provides strategic investment advice, local investment capabilities, legacy asset management, reporting, and support for ISS development. Border to Coast has already begun developing these enhanced capabilities through its 2030 strategy, agreed with shareholders in 2024, to unlock the governance premium associated with holistic scheme management.
- 7.7 The table below summarises how responsibility and accountability within the pooling framework will evolve. Within this framework, Border to Coast and Partner Funds are committed to continuing to work on the basis of “no surprises” – ensuring collaborative, proactive, transparent and clear engagement.

| Area   | Phase         | Responsible                          | Accountable     | Consulted  | Informed*       |
|--|---------------|--------------------------------------|-----------------|--|-----------------|
| Strategic asset allocation / investment advice / local investment strategy                                     | Current State | Investment Consultant / Partner Fund | Partner Fund    | Employers & Members  | Border to Coast |
|  | Final State   | Border to Coast                      | Partner Fund    | Employers, Members, Local Strategic Authorities & Growth Plans | Border to Coast |
| SAA implementation inc. split between funds, rebalancing, cashflow management, local investment implementation | Current State | Partner Fund                         | Partner Fund    | Investment Consultant / Partner Fund                           | Border to Coast |
|  | Final State   | Border to Coast                      | Border to Coast |  | Partner Fund    |
| Manager selection – pooled vehicles  | Current State | Border to Coast                      | Border to Coast |  | Partner Fund    |
|  | Final State   | Border to Coast                      | Border to Coast |  | Partner Fund    |
| Manager selection – unpooled vehicles  | Current State | Partner Fund                         | Partner Fund    | Investment Consultant / Partner Fund                           | Border to Coast |
|  | Final State   | Border to Coast                      | Border to Coast |  | Partner Fund    |

- 7.8 These revised roles are designed to ensure that strategic direction remains with the Fund while investment management – and the benefits of scale – are delivered through the pool.

## 8. FUND-SPECIFIC IMPLEMENTATION REQUIREMENTS

- 8.1 The Fund must update core governance documents to comply with the Amendment Regulations. The Governance Strategy must describe delegation arrangements, governance structures and decision-making processes. The Training Strategy must set out how knowledge and understanding requirements will be met, assessed and recorded. The Conflicts of Interest Policy must identify, monitor and manage both personal and institutional conflicts, including conflicts relating to pooling.

8.2 The Investment Strategy Statement must be comprehensively revised to reflect the new statutory template. It will need to incorporate high-level objectives for return, risk, liquidity, responsible investment and local investment, and present the SAA in the required form. The revised ISS must be prepared using Border to Coast's strategic advice and be subject to formal consultation.

## 9. BORDER TO COAST IMPLEMENTATION

9.1 From 1 April 2026, the draft Regulations require each LGPS authority to participate in an asset pool company. The asset pool company must:

- a) be FCA-regulated
- b) have the expertise and capacity to implement investment strategies
- c) act as the principal source of advice on the authority's investment strategy
- d) manage all funds for which the authority is responsible, including legacy assets
- e) conduct due diligence on, and manage, local investments.

9.2 The transition to the new operating model will involve transferring new responsibilities to Border to Coast. The Senior LGPS Officer will oversee the transition plan to ensure operational readiness.

9.3 To deliver investment implementation under the new statutory model, Border to Coast has established an enhanced operating framework formalised through an Investment Management Agreement (IMA). The IMA confirms Border to Coast's role as an FCA-regulated investment manager, sets out the services it provides, and defines the discretionary authority under which it will act:

9.3.1 The **Advisory Service** supports Partner Funds in reviewing and developing investment objectives and beliefs, conducting triennial strategic asset allocation reviews, completing annual strategic health checks, incorporating responsible investment considerations, and ensuring the ISS is aligned with deliverable structures.

9.3.2 The **Asset Allocation Service** delegates to Border to Coast the responsibility to implement the Fund's strategic allocation, including rebalancing and liquidity management.

9.3.3 The **Legacy Management Service** ensures assets outside Border to Coast structures are overseen effectively during any period of run-off or transition.

9.3.4 The **Hedging Service** allows Border to Coast to implement currency and other risk-mitigation strategies, where agreed.

9.4 These services collectively enable the full implementation of Partner Fund strategies in line with statutory pooling requirements and ensure consistent standards of risk management and execution. A shared approach, and an alignment in processes and practices between Partner Funds, will support efficient implementation of these capabilities; however, Border to Coast also recognise the sovereign differences between its Partner Funds.

9.5 Further detail of each of these services is set out in the Appendix III.

9.6 Officers across the Partner Funds are working to review the IMA, including a legal review being

co-ordinated by Tyne & Wear on behalf of all Partner Funds.

- 9.7 The reforms place increased emphasis on alignment and collaboration between Partner Funds and the pool. Border to Coast will provide strengthened reporting capabilities to support Committee decision-making, including whole-of-fund reporting, standardised performance analytics, enhanced responsible investment reporting, and progress against local investment objectives – this will follow a phased rollout, with an initial “lite” report developed in 2026 and further enhancements to follow. Partner Funds will work collectively to evolve their shared oversight arrangements, including agreeing common principles for reporting, oversight, and strategic engagement. In parallel, a review of Border to Coast’s governance and oversight structures will take place to ensure they remain fit for purpose. Further detail of each of these services is set out in the Appendix III.

## **10. IMPLEMENTATION TIMETABLE**

- 10.1 The Government acknowledges that pools are unlikely to meet all elements of the new policy framework by 1 April 2026. Instead, it expects a clear, credible, and time-bound implementation plan.
- 10.2 The transition to the new operating framework will be phased, ensuring readiness from both Border to Coast and Partner Funds to deliver a cost effective and risk managed solution. The key milestones are as follows:
- By 1 April 2026: Border to Coast to be in a position to provide strategic advice, working closely with Partner Funds and existing consultants to ensure a smooth transition and handover, and ongoing oversight of indexed equities invested outside of the Pool.
  - By 1 July 2026 for existing PFs (and 1 January 2027 for incoming PFs): Border to Coast to provide oversight and management of legacy private markets and real estate outside of the Pool.
  - By 1 January 2027: Full implementation of Partner Fund investment strategy including portfolio construction, rebalancing, and cashflow management.
- 10.3 Further detail on the implementation timetable is set out in Appendix IV.

## **11.0 CONFLICTS OF INTEREST**

- 11.1 Going forward, Border to Coast will provide investment advice. The government’s view is that conflicts of interest are limited because pools are wholly owned by LGPS administering authorities, exist to serve those authorities’ interests, and do not benefit financially from providing poor-quality advice. Nevertheless, there is agreement that a clear and iterative approach to managing conflicts of interest is essential.
- 11.2 A working group of Officers has been established to define and implement efficient and effective oversight of Border to Coast, ensuring that the pool delivers each authority’s investment strategy against agreed goals and targets.

## **12. KEY RISKS**

- 12.1 The transition period presents several risks that must be actively managed, including regulatory compliance risks, delays in appointing statutory roles, challenges associated with data, operational transition to Border to Coast, market-related volatility, and dependencies on external providers. These risks are mitigated through early appointments, strong project planning, reliance on Border to Coast’s enhanced systems and governance structures, and close co-operation between officers, the pool and advisers.

12.2 Further risks include the potential for misalignment of strategic timetables across Partner Funds, the need for coordinated resourcing during transition, and the operational risks associated with onboarding new Partner Funds into the enlarged pool. These will be mitigated through detailed transition planning, robust programme governance, and close collaboration between Border to Coast and administering authorities.

### **13. CONCLUSION**

13.1 The 2026 regulatory framework strengthens the architecture of investment pooling and confirms Border to Coast's role as the investment manager responsible for implementing Partner Fund strategies. The enhanced advisory and operational model, formalised through the IMA, provides the structure required to deliver the benefits of pooling while supporting Funds in meeting their new obligations. The reforms also align with the long-term ambitions set out in Border to Coast's 2030 strategy, enabling the pool to deliver enhanced advisory capability, greater economies of scale, wider access to investment opportunities, and a more resilient operating model. The statutory framework therefore not only supports regulatory compliance but also accelerates the collective ambitions agreed by Partner Funds.

13.2 The reforms also reshape the wider governance environment for administering authorities. While these internal matters remain the responsibility of Partner Funds, they influence the environment in which strategy is set and pooling operates. Border to Coast's enhanced services and deepened engagement model will support Funds in navigating this transition and ensuring effective alignment of strategy and implementation.

## Appendix I: Asset Allocation Template

### Investment Strategy Guidance Section 4

“The SAA must follow the template shown below. The asset classes shown may be grouped together (for example, a single private markets class may be used instead of private credit, private equity and infrastructure), but the asset classes must not be split into more granular asset classes. Tolerance ranges are an essential tool for the pool to effectively manage a diverse portfolio of different asset classes. They should be wide enough to avoid the risks and costs of frequent rebalancing.”

|                         | Strategic Asset Allocation (%) | Tolerance Range ( $\pm\%$ ) |
|-------------------------|--------------------------------|-----------------------------|
| Listed Equity           |                                |                             |
| Private Equity          |                                |                             |
| Private Credit          |                                |                             |
| Property / Real Estate  |                                |                             |
| Infrastructure          |                                |                             |
| Other alternatives (ii) |                                |                             |
| Credit (i)              |                                |                             |
| UK Government Bonds     |                                |                             |
| Cash                    |                                |                             |

- (i) Including credit instruments of investment grade quality, including (but not limited to) corporate bonds and non-UK government bonds.
- (ii) Other alternatives are investments which do not fit into the other asset classes.

## Appendix II: Examples of Pensions Committee Activities

- a) Setting the investment strategy after taking advice from the pool
  - taking into consideration all factors, including environmental, social and governance factors, which are financial material to the performance of investment and impact of investments
  - taking into consideration non-financial factors where this would not involve the risk of significant financial detriment to the fund.
  - Note: The Pensions Committee is responsible for the final investment strategy.
- b) Setting high level investment objectives which meet the requirements of the funding strategy statement and consider relevant factors (e.g. risk appetite, fund maturity, risk management).
- c) Setting the strategic asset allocation (strategic asset allocation and tolerance range for prescribed asset classes).
- d) Review of the Investment Strategy Statement.
- e) Determine the objectives, priorities and preferences in relation to responsible investment,
  - acknowledging the primary obligations remains to act in the best financial interest of the fund
  - considering the views of employer and member representatives.
  - Setting this in collaboration with the pool and partner Authorities
- f) Review of the responsible investment approach to ensure they remain relevant and up to date.
- g) Set out objectives on stewardship and engage with the pool on corporate governance and corporate responsibility matters.
- h) Set the approach to local investment including target range, target area, return, risk and impact, taking into account
  - Local growth priorities of strategic authorities and opportunities for local investment
  - the advice from the pool.
- i) Co-operate with relevant strategic authorities to identify and develop appropriate investment opportunities and recommend specific projects for local investment to the pool for their consideration.
- j) Ensuring the Investment Strategy Statement complies with Regulation and guidance.
- k) Consult on the investment strategy and consideration of views expressed before the investment strategy is finalised and published.
- l) Review the investment strategy statement is reviewed where changes occur or are expected to occur which affect the long term overall asset value or liabilities.
- m) Scrutinising the pool's implementation of the investment strategy statement and hold the pool accountable for the delivery of the strategy effectively including in asset management, manager selection and due diligence.
- n) Hold the pool to account for their performance.
- o) Ensure the pool is properly resourced to deliver the strategy.
- p) Maintain an active dialogue with the pool [to align objectives with operational realities and fiduciary responsibilities].
- q) Taking advice from the independent person on the development of the investment strategy statement, scrutiny of the pool's implementation of the investment strategy.

## **Appendix III: Further Detail on Border to Coast Capabilities**

### **1. Advisory Capability**

Border to Coast is building a full-service investment advisory function that will become the principal provider of strategic investment advice to Partner Funds. This capability includes:

#### **Strategic Advice**

- Support for investment beliefs, long-term objectives and investment policy development.
- Triennial Strategic Asset Allocation (SAA) reviews and annual SAA health checks.
- Advice on portfolio implementation options (constrained and unconstrained), including understanding the “cost of compromise” of using pooled vehicles.

#### **Asset–Liability Modelling (ALM)**

- Procurement and operation of an ALM model to integrate funding, actuarial and investment considerations.
- Ability to model risk/return trade-offs and optimise long-term strategy.

#### **Research & Responsible Investment Advice**

- Analytical support on portfolio construction, risk, markets and asset class opportunities.
- Advice on Responsible Investment priorities, stewardship objectives and reporting.

This service is being built collaboratively with Partner Funds and will evolve over time, strengthening Partner Fund governance capacity while maintaining decision-making sovereignty.

### **2. Asset Allocation Capability**

Border to Coast will provide an end-to-end asset allocation implementation service, including:

#### **Implementation of Strategic Asset Allocation**

- Translating high-level strategy set by Partner Funds into an investable portfolio.
- Portfolio construction using Border to Coast ACS, SLP and third-party vehicles.

#### **Monitoring & Execution**

- Monitoring allocations against SAA and tolerance ranges.
- Execution of required adjustments through rebalancing, transitions or capital movements.

#### **Integration with Advisory**

- Close linkage between strategic advice and practical implementation to ensure portfolios remain on track.

This capability ensures the pool can implement strategy efficiently, at scale, and in line with FCA requirements under the new statutory regime.

### **3. Rebalancing & Cashflow Management**

Border to Coast will manage liquidity and short-/medium-term cash movements across portfolios, including:

#### **Rebalancing**

- Managing asset allocation drift across the portfolio versus rebalancing ranges
- Executing rebalancing trades across both Border to Coast and non-pooled holdings (where relevant).

#### **Cashflow Modelling**

- Long-term cashflow projections to support investment strategy and Alternatives pacing.
- Scenario tools to help Funds understand liquidity under stress conditions.

#### **Cashflow Monitoring & Liquidity Management**

- Monitoring cash across investments and anticipated flows.
- Managing capital calls.
- Supporting liquidity provision to support Officers in operational cashflow needs.

This integrated approach brings together rebalancing, cashflow forecasting and liquidity management, improving execution quality and reducing operational burden for Partner Funds.

#### **4. Legacy Asset Management**

Border to Coast will progressively take responsibility for legacy assets – investments held outside Border to Coast structures – including private markets, real estate and externally managed indexed equity mandates.

##### **Monitoring & Oversight**

- Quarterly monitoring aligned to Border to Coast’s existing processes.
- Distinguishing between “material” and “non-material” assets using value, lifecycle stage and risk factors.

##### **Reporting**

- High-level narrative reporting and performance analysis.
- Integration into the Investment Book of Record (IBOR) via the new Investment & Data Platform (I&DP).
- Aggregated reporting by region, sector, asset class and vintage.

##### **Execution & Corporate Actions**

- Oversight and processing of corporate actions such as amendments, extensions, secondary sales and redemptions.

Legacy oversight improves consistency, support for responsible investment, and readiness for eventual transition into pooled structures where appropriate.

#### **5. Capital Call Management**

Border to Coast will also introduce a streamlined capital call management service, including:

- Managing capital call schedules and ensuring timely funding.
- Coordination of capital flows for SLP structures in a consistent, efficient manner.
- Enhanced visibility of future commitments through the I&DP.

This ensures smoother deployment of private market commitments and reduces operational strain for Partner Funds.

#### **6. Hedging Capability**

Border to Coast will offer hedging services initially focused on currency overlays, with potential to expand into other risk-mitigation tools. Features include:

- Monitoring currency exposures.
- Executing hedging trades within agreed parameters.
- Procurement and oversight of third-party hedging providers where necessary.

#### **7. Whole-of-Fund Reporting & Data Capability**

Border to Coast is implementing an Investment & Data Platform (I&DP) to support all capabilities above.

##### **Whole-of-Fund Reporting**

- Consolidated portfolio view covering public markets, private markets and real estate.
- Performance attribution across strategy, allocation and manager skill.
- Integrated risk analytics, scenario analysis and ESG/RI reporting.

##### **Data Integration**

- Automated data feeds from custodians, GPs, managers and internal systems.
- A central IBOR to support reconciliation, oversight and portfolio management.

This will significantly enhance Partner Funds’ ability to oversee and scrutinise implementation, consistent with the new regulatory model.

## **Appendix IV: Implementation Timetable**

| Government Expectation   |                                      | Pensions Bill Compliance and Rep Risk on 1 April 2026   | End State   | Expected End State Timeline | Actions and Risks of Interim Solution for Compliance on 1 April   |
|--|--------------------------------------|---|---|-----------------------------|---|
| FCA authorisation  |                                      | Full compliance   | FCA regulated   | Delivered                   | N/A   |
| All assets to be controlled and managed by the relevant asset pool | Liquid assets excl. indexed equities | 100% of liquid assets pooled with Border to Coast, equivalent to £3.5Bn   | All liquid assets pooled  | Complete                    | N/A   |
|  | Indexed Equities                     | This is not directly applicable to the Fund   | All indexed equities pooled or under pool management                | 1 April 2026                | N/A   |
|  | Legacy private markets               | The Fund has investments of £1.9Bn in legacy private markets and commitments of a further £321m which should come under Pool oversight from 1 April 2026  | Pool oversight and management of legacy private market commitments. | 1 July 2026                 | <b>Tolerate</b><br>It is unlikely that Border to Coast will be able to develop an FCA compliant model in these timescales, pending the roll out of an Investment & Data Platform, and any interim solution would be extremely manual and generate unnecessary spend and resource. |
|  | Legacy indirect real estate          | The Fund has investments of £39m in indirect real estate, which is expected to transition to the Border to Coast UK Real Estate Main Fund in due course. This will take time, and Pool oversight and management will be required in the meantime from 1 April 2026. | Pool oversight and management of legacy indirect UK Real Estate.    | 1 July 2026                 | <b>Tolerate</b><br>It is unlikely that Border to Coast will be able to develop an FCA compliant model in these timescales, pending the roll out of an Investment & Data Platform, and any interim solution would be extremely manual and generate unnecessary spend and resource. |

|  |  |   |  |   |
|--|--|---|--|---|
| <p>Principal Investment Advisor to Partner Funds</p> | <p>The Fund does not utilise an investment consultant on an ongoing basis.</p>   | <p>Pool to be principal advisor</p>   | <p>1 April 2026 to be appointed and begin transition from current advisors. 1 January 2027 for full services launch.</p> | <p><b>Tolerate</b><br/>The Fund will work with Border to Coast to utilise their advisory capability in setting investment strategy.</p>   |
| <p><b>Implementation of Investment Strategy</b></p>  | <p>Partner Fund Officers are currently responsible for implementation of investment strategy, with advice where needed. Full implementation is expected to transition to the Pool from 1 April 2026.</p> | <p>Pool to be responsible for implementation</p>  | <p>1 January 2027</p>  | <p><b>Tolerate</b><br/>It is unlikely that Border to Coast will be able to develop an FCA compliant model in these timescales, pending the roll out of an Investment &amp; Data Platform, and any interim solution would be extremely manual and generate unnecessary spend and resource.</p> |
| <p><b>Capacity to manage local investments</b></p>   | <p>The Fund has an established local investment programme.</p>   | <p>Pool to support Partner Funds in setting local investment strategy and management of local investments</p> | <p>H2 2026</p>   | <p><b>Tolerate</b><br/>Border to Coast are launching a pilot local investment programme with the North East Border to Coast funds, which will be available to other Partner Funds from H2 2026. Work to be done to establish local strategy.</p>  |