

# TEESSIDE PENSION FUND

Administered by Middlesbrough Council

## PENSION FUND COMMITTEE REPORT

17 JUNE 2026

CORPORATE DIRECTOR OF FINANCE – Andrew Humble

### LGPS CURRENT ISSUES

#### Proposed Decision(s)

That Members note the report and pass any comments.

#### Executive summary

This report discusses recent changes to the LGPS pensions environment. Most of the changes follow from the Pensions Act 2026 coming onto the statute books. The plans to meeting the requirements of the Act by both Border to Coast and the Fund are presented.

The report also mentions the impact of recent changes to the LGPS following from the amendment of the SCAPE rate

The report points to the Scheme Advisory Board Annual Report which summarises the overall position of the LGPS.

The government response to SAB's request for guidance in relation to investment in conflict zones is discussed.

#### 1. Purpose of the report

- 1.1 To provide Members with an update on the recent changes to the LGPS including those arising from the Pension Schemes Act 2026 and the 2026 LGPS Regulations.

#### 2. Recommendation

- 2.1 That Members note the report and pass any comments.

#### 3. Financial implications

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

#### 4. Background

- 4.1 Pensions Committee in March received the Fit for the Future Implementation report which updated Committee on the likely implications of the Pensions Act 2026 and associated LGPS Regulations. On 20<sup>th</sup> May the consultation outcome including the government response to

the Local Government Pension Scheme in England and Wales: Fit for the Future – technical consultation was published. In addition, two statutory instruments which will come into effect on 30 June 2026 were published. The resulting legislation leaves the policy intent unchanged but with slight adjustments to timings.

- 4.2 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.
- 4.3 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.
- 4.4 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. Legislation**

- 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 initially included 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 Act** 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) (Governance) 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 now joined Border to Coast.

## 6. Government Guidance Requirements

- 6.1 Alongside the Regulations, three pieces of guidance will 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. 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. Implementation

- 7.1 From 30 June 2026, the Regulations require each LGPS authority to participate in an asset pool company. The asset pool company must:
- be FCA-regulated
  - have the expertise and capacity to implement investment strategies
  - act as the principal source of advice on the authority's investment strategy
  - manage all funds for which the authority is responsible, including legacy assets
  - conduct due diligence on, and manage, local investments.
- 7.2 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.
- 7.3 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:
- 7.3.1 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.
  - 7.3.2 The **Asset Allocation Service** delegates to Border to Coast the responsibility to implement the Fund's strategic allocation, including rebalancing and liquidity management.
  - 7.3.3 The **Legacy Management Service** ensures assets outside Border to Coast structures are overseen effectively during any period of run-off or transition.
  - 7.3.4 The **Hedging Service** allows Border to Coast to implement currency and other risk-mitigation strategies, where agreed.
- 7.4 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.

- 7.5 Further detail of each of these services is set out in the Appendix I.
- 7.6 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. The intention is to put the IMA in place by 1<sup>st</sup> July if possible so that Border to Coast can commence oversight of legacy investments from that point.
- 7.7 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 I.

## **8. Implementation Timetable**

- 8.1 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.
- 8.2 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.
- 8.3 Further detail on the implementation timetable is set out in Appendix II.

## **9. Fund-Specific Implementation Requirements**

- 9.1 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.

- 9.2 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.
- 9.3 An assessment of the requirements to meet the provisions of the legislation is provided at Appendix III. This illustrates that many of the actions which need to be implemented have either commenced or are awaiting the guidance which is due from government during June.

## **10. SCAPE Rate**

- 10.1 On 19 May 2026, in a written ministerial statement by the Minister for Pensions, Torsten Bell MP, that the superannuation contributions adjusted for past experience (SCAPE) discount rate increased to the consumer prices index (CPI) plus 2.0 per cent. This replaces the previous rate of CPI plus 1.7 per cent.
- 10.2 The SCAPE discount rate is used to set the employer contribution rates in unfunded public service pension schemes (PSPS). It is also used to calculate the actuarial factors across all PSPS.
- 10.3 The increased SCAPE discount rate applies from 19 May 2026. MHCLG has confirmed that administering authorities should immediately suspend the following calculations until new factors are issued:
- certain non-Club transfers and aggregation calculations
  - certain non-Club cash transfer sums
  - all cash equivalent values (C E V) for divorce.
- 10.4 Government Actuary Department (GAD) expects to issue updated factors for suspended CETV and pension CEV calculations in the near future. The early and late retirement factors are expected within six weeks. The remainder of the factors will be issued in batches over a six-month period. These timings are subject to change.
- 10.5 The impact of the change in SCAPE rate is going to be a delay in many of the pensions administration processes whilst the new factors are calculated by GAD and then incorporated into pensions administration software. For example members will be unable to run accurate retirement quotation estimates until the factors are updated.

## **11. SAB Scheme Annual Report**

- 11.1 On 20 May 2026 LGPS Scheme Advisory Board (SAB) published the 2025 Scheme Annual Report England and Wales. This report is a compilation of the 86 individual fund annual reports and also provides a snapshot of the work of SAB.
- 11.2 The LGPS E&W covers 15,704 active employers, has 6.8m members and assets of £402Bn. The average reported funding position was 114%.
- 11.3 Assets were mainly invested in public equities (48%), bonds (16%), property (8%), infrastructure and private equity (both 6% respectively).
- 11.4 More details can be found on the Scheme Advisory Board website.

[lgpsboard.org/scheme-information/scheme-annual-reports/](https://lgpsboard.org/scheme-information/scheme-annual-reports/)

## **12. SAB Statement on Investment in Conflict Zones**

- 12.1 In response to pressures applied by campaign groups including the Palestine Solidarity Campaign which made calls to divest from investments that are seen to support the recent conflict in the Occupied Palestinian Territories, SAB wrote to the Local Government Minister Alison McGovern MP seeking advice and views from the UK Government.
- 12.2 A response was received on 12<sup>th</sup> May 2026 which acknowledged “that investments linked to conflict zones are a high profile and challenging issue for administering authorities, particularly given the pressures applied by some campaign groups.” It also stated that “The Government’s position is clear: decisions on boycotts, divestment and sanctions are matters of UK foreign policy and are for central government, not local authorities. It is therefore not appropriate for local authorities to adopt investment policies that go beyond or differ from UK Government sanctions or foreign policy positions.”
- 12.3 On 15<sup>th</sup> May 2026 SAB Chair Cllr Roger Phillips published a statement expressing disappointment that the Government letter failed to provide “clarity on whether LGPS funds are expected to have regard to international law in this context”. “In the absence of this clarity, we reiterate our existing advice that funds should continue to have regard to their current responsible investment policies and, when reviewing these, carefully consider the guidance on fiduciary duty previously provided by the Board.”

Contact Officer: Andrew Lister – Head of Pensions Governance and Investments

TEL NO.: 01642 726328

## **Appendix I: 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 II: 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 – 31 December 2026	<b>Tolerate</b> 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.	Pool oversight and management of legacy indirect UK Real Estate.	1 July 2026 – 31 December 2026	<b>Tolerate</b> 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 July 2026 to be appointed and begin transition from current advisors. 1 January 2027 for full services launch.</p>	<p><b>Tolerate</b> 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> 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> 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>

**Appendix III : Teesside Implementation Timetable****Pension Act 2026 Requirements**

<b>Requirement</b>	<b>End State Solution</b>	<b>Current State</b>	<b>Expected End State Timeline</b>	<b>Comments</b>
LGPS Senior Officer	Appoint LGPS Senior Officer within timescales	Job description being developed but awaiting regulations and guidance from MHCLG.	31-Dec-26	Constitution will require some amendments
Independent Person	Appoint Independent Person to support Pension Committee and the Senior LGPS Officer	Procurement required following MHCLG guidance & regulations. Extension of current Investment Advisor in the interim.	31-Dec-26	Constitution will require some amendments
Investment Strategy Statement	ISS compliant with the Pension Act	Review of ISS has commenced	31-Mar-27	BCPP framework ISS to assist process
Local Investment	Co-operate with TVCA to develop appropriate investment opportunities.	Review has commenced	31-Mar-27	Discussions ongoing with TVCA on their emerging Local Growth Plan
Governance Strategy	Describe delegation arrangements, governance structures and decision-making processes	Reflects existing arrangements	31-Mar-27	Awaiting guidance before updating
Training Strategy	How knowledge and skills requirements will be met	Reflects existing arrangements	31-Mar-27	Awaiting guidance before updating
Conflicts of Interest Policy	Identify, monitor and manage personal and institutional conflicts	Reflects existing arrangements	31-Mar-27	Awaiting guidance before updating

Independent Governance Reviews	Review required within triennial period.	Procurement required following MHCLG guidance & regulations.	31-Mar-28	Review compliance with regulations and legislation to enable successful outcome.
<b>Pooling of Assets</b>				
Liquid	100% of liquid assets invested in ACS propositions	100% of liquid assets pooled	Complete	
Direct Property	BCPP In-house oversight and management of legacy commitments		Complete	
Legacy Private Markets	BCPP In-house oversight and management of legacy commitments	Managed by Fund	01-Oct-26	Pilot legacy management of three Partner Funds.
Legacy Indirect Real Estate	Pool oversight and management of CBRE	Managed by Fund	01-Jul-26	Gaps; Third party arrangements in place & legacy IMA
Principal Investment Advisor	Full advisory solution in place	Continuation of Fund advisor	19-Jul-05	Gaps; Resource, processes and framework
Full Investment Implementation	Full management capability in place		01-Jan-27	Gaps; I&DP full capability, resource and legal framework, custodian alignment
Local Investment Capacity	UK Opportunities + sidecars + regional solutions	Pilot solution go live Q2 2026	Q2 2026	ISS will define "local investment"