TEESSIDE PENSION FUND

Administered by Middlesbrough Council

PENSION FUND COMMITTEE REPORT

29 JULY 2026

CORPORATE DIRECTOR OF FINANCE – ANDREW HUMBLE

Draft Annual Pension Fund Report and Accounts 2025/26

Proposed Decision(s)
That Members note the report and pass any comments.

Executive summary
This report introduces the draft Pension Fund Annual Report and Accounts. The Pension Fund financial statements are included in Middlesbrough Council Statements of Account which were published on the 30th June 2026. The Fund is required to publish its Annual Report by 1st December.

1. PURPOSE OF THE REPORT

1.1 To present Members of the Teesside Pension Fund Committee (the Committee) with the 2025/26 draft unaudited Annual Report and Accounts for the Teesside Pension Fund.

2. RECOMMENDATION

2.1 That the Committee note the 2025/26 draft unaudited Annual Report and Accounts (Appendix A). The Pension Fund accounts are pages 38 -73 of the report.

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. The Pension Fund accounts are prepared alongside, and form part of the Council's accounts, as the Pension Fund is not a separate legal entity. Attached to this report are the draft unaudited Pension Fund accounts for the year ended 31 March 2026.

4.2 The draft accounts for 2025/26 have been certified as a true and fair view of the Council's financial position by the Corporate Director of Finance as S151 Officer, and were opened for public inspection on 30 June 2026, for a period of 30 working days. This establishes a formal right of the taxpayer to inspect the accounts and any relevant supporting documents.

4.3 A notice setting out the inspection period and how enquires may be made accompanies the draft accounts on the website. The inspection window concludes on 11 August 2026 in line with the Accounts and Audit Regulations requirements. Any enquiries from members of the public will be responded to and resolved in a timely manner and reported to Members as appropriate.

5. PERFORMANCE SUMMARY

5.1 The overall financial performance of the Fund for the year to 31 March 2025 was positive. The Fund's value rose to £6.18 billion, an increase over the year of approximately £61 million.

5.2 The Fund is in the first of the three-year triennial valuation cycle. The Fund's asset value as at 31 March 2028 will be used by the Fund actuary when calculating the three-yearly valuation of the Fund. It is important to recognise the long-term nature of the Fund and the volatility of many of its assets mean that the actuary will look beyond just the immediate value of the assets when carrying out the valuation. In addition, the size of the Fund's liabilities (the cost of paying current and future benefits) is just as important when carrying out the valuation and setting employer contribution rates. Factors such as the actuary's view of future inflation rates, future investment returns and life expectancy expectations will play a key part in the actuary's valuation calculations.

5.3 Total membership of the Fund has increased, with total membership at the year-end now standing at 85,862 an increase of 2,144 over last year. The number of active members has increased by 1,778 or 6.8% over the year. The number of pensioners increased by 1,326 or 3.4% over the year. The number of deferred members has fallen by 960 or 1.1% over the year.

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 2025, with the final report published at the end of March 2026. Headlines from the valuation were an increase of around £0.6 billion in assets from around £5.0 billion at the 31 March 2022 valuation to around £5.6 billion. However, this was accompanied by an increase in the value of the Fund's liabilities – the estimated cost of meeting the pension promises it has made. Overall, the Fund's funding level increased slightly from 116% to 141. The actuary calculates to what extent the Fund's assets meet its liabilities. This is presented as a funding level.

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 some of those employers need to disclose in order to comply with the requirements of these standards.

6.2 Although the Fund is "actuarially" fully funded the employers may have FRS / IAS deficits because of the way the figures in the reports are calculated. 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 Pension Fund Accounts presented here are in draft form and, whilst the main numbers and outcomes are not expected to change, changes may be needed as further review takes place. In addition, the audit process is not complete and further changes may be required as a consequence of this including the Auditors Statement and certification.

8.2 The key performance indicators suggested by the Scheme Advisory Board in relation to pensions administration are being compiled and will be reported to Committee and included in the final Annual Report.

8.3 When complete the Annual Report and Accounts will be published on the Pension Fund's website.

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