Teesside Pension Fund

Annual Report and Accounts for the year ended

31 March 2026

Contents

Section 1 – Overall Fund Management

Scheme Management and Advisors

1.1 Senior officers responsible for the Fund	
Chief Finance Officer	Andrew Humble
Head of Pensions Governance and Investments	Andrew Lister
Pensions Administration Manager	Graeme Hall, XPS Administration(until 30th May 2025) Paul McCann, Tyne and Wear Pension Fund (from 1st June 2025)
Solicitor to the Fund	Charlotte Benjamin
1.2 Asset Pool and Asset Pool Operator	Border to Coast Pensions Partnership Limited

1.3 Investment managers used by the Fund

Manager	***Asset class***	***Website***
Border to Coast Pensions Partnership Limited	UK Equities	www.bordertocoast.org.uk/
	Overseas Equities	
	Alternatives	
Internal Team	Cash	Link to Pension Fund Committee papers
	Overseas Equities	
	UK Equities	
	Alternatives	
Aberdeen Standard Life	Property / Property Debt	www.abrdn.com/en-gb/
ABT Leisure Limited	Alternatives	www.vistra.com
Access Capital Partners	Alternatives	www.access-capital-partners.com/en
Ancala	Alternatives	www.ancala.com
Blackrock Fund Managers Ltd	Alternatives	www.blackrock.com/uk
Bridges	Alternatives	www.bridgesfundmanagement.com
Capital Dynamics	Alternatives	www.capdyn.com
CBRE - Direct Property Portfolio	Property / Property Debt	www.cbre.co.uk/
Darwin Leisure	Alternatives	www.darwinalternatives.com
Foresight Group	Alternatives	www.foresight.group

Manager	***Asset class***	***Website***
Gresham House	Alternatives	www.greshamhouse.com
Hearthstone	Alternatives	www.hearthstone.co.uk/
Hermes	Property / Property Debt	www.hermes-investment.com
Innisfree	Alternatives	www.innisfree.co.uk
Insight Investments	Alternatives	www.insightinvestment.com/uk/
JP Morgan IIF UK LP	Alternatives	am.jpmorgan.com/gb
La Salle	Alternatives	www.lasalle.com
Legal & General	Property / Property Debt	www.lgim.com
LGT Capital Partners	Alternatives	www.lgtcp.com
Pantheon Ventures (UK)	Alternatives	www.pantheon.com
Unigestion	Alternatives	www.unigestion.com

1.4 Fund Custodian	The Northern Trust Company	www.northerntrust.com/united-kingdom/home
1.5 Fund Actuary	Hymans Robertson	www.hymans.co.uk
1.6 Additional Voluntary Contribution (AVC) Providers	Prudential Assurance, Phoenix Life	www.mandg.com/pru/hub/en-gb www.phoenixlife.co.uk
1.7 Fund Legal Advisors	CMS LLP Freeth LLP	www.cms.law/en/gbr/ www.freeths.co.uk
1.8 Fund Bankers	The NatWest Bank Plc	www.natwest.com
1.9 Director of Finance	Andrew Humble	www.middlesbrough.gov.uk
1.10 External Auditor	Forvis Mazars LLP	www.forvismazars.com/uk/en
1.11 Pensions Administrator	XPS Administration (until 30th May 2025) Tyne and Wear Pension Fund (from 1st June 2025)	www.xpsgroup.com www.twpf.info
1.12 Independent Investment Advisors	Peter Moon William Bourne	

Risk Management

1.13 How risk management is integrated within the governance structure.

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (the promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. The Funding Strategy Statement and the Investment Strategy Statement identify and analyse the risks faced by the pension's operations. These policies are reviewed regularly to reflect changes in activity and market conditions.

Market Risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The Fund identifies, manages and controls market risk exposure within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in three ways:

1. The actuarial valuation of the Fund which is carried out every three years and resets the employer contribution rates. The valuation also assesses, and analyses risks associated with the liabilities and future pension costs, such as longevity risks, inflation risks and expected future investment returns.

2. The asset liability study which is carried out every three years or more frequently if required considers alternative asset allocations for the Fund and the long-term impact on employer contribution rates.

3. Quarterly monitoring of the performance of the Fund against selected benchmarks, and annual performance reports to the Pension Fund Committee.

Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in the market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to asset price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Fund's investment managers mitigate this price risk through diversification, and the selection of securities and other financial instruments is monitored by the Council to ensure it is within limits specified in the Funding Strategy Statement and the Investment Strategy Statement.

1.14 How risks are identified, managed, and reviewed.

The Fund maintains a risk register which is regularly reviewed to ensure mitigations for existing risks remain appropriate, any emerging risks are assessed, and the overall scoring remains appropriate.

The risk register is presented to the Committee at least annually and more frequently where significant emerging risks need to be presented.

1.15 What actions are being taken to mitigate the key risks (covering investment, governance, and administration)

Some of the key risks taken from the Fund's risk register are as follows:

Investment risks

Risk	Mitigation
INFLATION Price inflation is significantly more than anticipated: an increase in long-term inflation of 0.2% a year will increase the liability valuation by 3%.	In assessing the member liabilities, the triennial Fund Actuary assumptions made for inflation are "conservatively" set based on independent economic data and hedged against by setting higher investment performance targets.
ADVERSE ACTUARIAL VALUATION Impact of increases to employer contributions following the actuarial valuation.	Interim valuations provide early warnings. Actuary has scope to smooth impact for most employer liabilities.
GLOBAL FINANCIAL INSTABILITY Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, with declines in oil and commodity prices. Leading to tightened financial conditions, reduced risk appetite and raised credit risks.	Increasing investment diversification will allow the Fund to be better placed to withstand this type of economic instability. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.
INVESTMENT CLASS FAILURE A specific industry investment class/market fails to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.	Increasing investment diversification will allow the Fund to be better placed to withstand this type of market class failure. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.

Risk	Mitigation
CLIMATE CHANGE The systemic risk posed by climate change and the policies implemented to tackle them will fundamentally change economic, political and social systems and the global financial system. They will impact every asset class, sector, industry and market in varying ways and at different times, creating both risks and opportunities to investors. The Fund's policy in relation to how it takes climate change into account in relation to its investments is set out in its Investment Strategy Statement and Responsible Investment Policy	In relation to the funding implications, the administering authority keeps the effect of climate change on future returns and demographic experience, e.g. longevity, under review and will commission modelling or advice from the Fund's Actuary on the potential effect on funding as required.
ESG REPUTATIONAL DAMAGE Insufficient attention to environmental, social and governance (ESG) leads to reputational damage and/or negative financial impact	Border to Coast provides increased focus on Responsible Investment / ESG.
TPF INVESTMENT UNDERPERFORMANCE Investment Managers fail to achieve performance targets over the longer term: a shortfall of 1% on the investment target will result in an annual impact of £50m.	1) The asset allocation made up of equities, bonds, property, alternatives, cash etc. funds, is sufficiently diversified to limit exposure to one asset category. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal asset allocation. 3) Actuarial valuation and asset/liability study take place every three years. 4) Interim valuation data is received annually and provides an early warning of any potential problems. 5) The actuarial assumption regarding asset outperformance of a measure over CPI over gilts is regarded as achievable over the long-term when compared with historical data.

Governance / Pooling risks

Risk	Mitigation
HIGHER THAN EXPECTED COSTS OF INVESTMENT POOLING Higher setup and ongoing costs of Border to Coast and of the management associated with investment pooling arrangements (or lack of reduction compared to current costs).	Border to Coast's budget is set annually with the agreement of at least 9 of the 11 partner funds. Expenditure is monitored and reported to the Officer Group and Joint Committee meetings. Tenders for suppliers ensure value for money ethos applies.
KEY PERSON RISK Concentration of knowledge & skills in small number of officers and risk of departure of key staff - failure of succession planning.	Two Deputy positions were created in 2018/19 (although one remains to be filled). These act to support deputise as required for the Head of Investments, Governance and Pensions.
POOLING SYSTEMIC RISKS Systemic and other investment risks not being properly managed within the investment pool; for example, appropriate diversification, credit, duration, liquidity and currency risks.	Appropriate due diligence is carried out regarding the structure, targets, diversification and risk approach for each sub-fund before investment. In addition, The Pensions Head of Service and Section 151 officer, will closely monitor and review Border to Coast sub-fund investment elements on an on-going basis, and report to TPF Committee and Board.
GOVERNANCE SKILLS SHORTAGE Lack of knowledge of Committee & Board members relating to the investment arrangement and related legislation and guidance	Pension Fund Committee and Board new members have an induction programme and have access to on-line training based on the requirements of CIPFA Knowledge and Skills Framework including Pooling.
BORDER TO COAST FAILURE Failure of the operator itself, or its internal risks and controls failure of corporate governance, responsible investment, or the failure to exercise voting rights according to policy.	Ongoing oversight and close working with Border to Coast and the other Partner Funds will provide advance warning of any issues in this area and an opportunity to rectify them
INADEQUATE POOLING INVESTMENT EXPERTISE Inadequate, inappropriate or incomplete investment expertise exercised over the pooled assets.	Border to Coast has completed recruitment of experienced and capable management team, alongside its expanding complement of over 100 staff.

Administration risks

Risk	Mitigation
INACCURATE DATA RECORD COLLATION Failure to maintain proper, accurate and complete data records leading to increased errors and complaints.	Administration data quality is assessed as part of the triennial valuation process, as well as being assessed regularly in order to meet Pensions Regulator requirements on scheme data.
THIRD PARTY SUPPLIER FAILURE Financial failure of third-party supplier results in service impairment and financial loss.	New supplier's financial strength is assessed through the procurement process. Existing suppliers are obliged to report any issues.
INSECURE DATA Failure to hold personal data securely - i.e data stolen.	Tyne and Wear Pension Fund have advised they have robust data security and are not aware of any attempted hacking events
LIQUIDITY SHORTFALLS Risk of illiquidity due to difficulties in realising investments and paying benefits to members as they fall due.	Daily monitoring of cash position, cash-flow planning
CASH INVESTMENT FRAUD Financial loss of cash investments from fraudulent activity.	Approval processes and systems (audited)
SCHEME MEMBER FRAUD Fraud by scheme members or their relatives (e.g. identity, death of member).	Pension administrator checking processes – e.g. mortality screening
CONTRIBUTION COLLECTION FAILURE Failure to collect employee/er member pension contributions.	Ongoing monitoring of contribution collection at employer level
STRUCTURAL CHANGES TO EMPLOYER MEMBERSHIP Risk that TPF are unaware of structural changes to an employer's membership, or changes (e.g. closing to new entrants) meaning the individual employer's contribution level becomes inappropriate.	The TWPF employer liaison team will help mitigate this risk this by working closely with employers

Other risks

Risk	Mitigation
LONGEVITY Pensioners living longer than anticipated: adding one year to life expectancy will increase the future service rate by 0.8%.	In assessing the member longevity and pension liabilities, the Triennial Actuary assumptions made for longevity are "conservatively" set based on the latest life expectancy economic data. They are reviewed and updated at each three-year Actuarial valuation. If required, further investigation can carried out of scheme specific/employer longevity data.
EMPLOYER FAILURE An employer ceasing to exist with insufficient funding, or being unable to meet its financial commitments, adequacy of bond or guarantee. Any shortfall would be attributed to the fund as a whole.	1) Fund employers should monitor own experience. 2) Triennial Actuarial Assumptions will account for the possibility of employer(s) failure (for the purposes of IAS19/FRS102 and actuarial valuations). Any employer specific assumptions above the actuaries long-term assumption, would lead to further review. 3) Employer's rates are set taking into account the covenant strength of an employer and any underwriting by other employers in the Fund.

1.16 Managing cyber risk

Cyber risk includes, for example. the risk that the Fund's data and / or systems could be infiltrated or taken over by criminals for financial gain and is covered across several of the risks listed above. An assessment of the Fund's approach to cyber risk also forms part of the Teesside Pension Board's workplan.

1.17 The approach taken to risks relating to investment and pooling arrangements

These risks are included within the Fund's risk register – see sample "Governance / Pooling Risks" above. Mitigation relating to risks around investment and pooling arrangements includes:

- The effective partnership arrangements developed with the pool company and with the other partner funds within the Border to Coast Pensions Partnership ensures any issues will be quickly identified and collectively addressed
- As an equal shareholder in Border to Coast, the Council as administering authority to the Fund has joint control over specific company matters relating to the operation of the pooling company, as set out in documents establishing the company.
- The Fund has both a seat on the Joint Committee overseeing Border to Coast and, currently, a member of the Pension Committee sits as a shareholder director on Border to Coast's company board.
- Investment performance issues are considered at lease quarterly through officer group meetings and each Border to Coast investment proposition is more formally and thoroughly assessed at least annually.

1.18 The approach taken to managing third party risk such as late payment of contributions and provision of data by scheme employers and overall performance by scheme employers.

See "Administration Risks" above. In addition, the Fund shares the approach it expects scheme employers to take in ensuring prompt provision of data and contributions through its Administration Strategy.

1.19 The approach taken to risks which arise because of the fund’s relationship to the administering authority, such as where reliance is put on shared polices and resources

In common with almost all LGPS funds, the Fund is not a separate legal entity from the administering authority. This means, for example, all the investments the Fund makes are made in the name of Middlesbrough Council, and the Fund’s accounts are part of Middlesbrough Council’s accounts, albeit as a separate appendix. Middlesbrough Council also employs the Pensions Governance and Investments team and holds most of the places on the Pension Fund Committee. Measures in place to ensure there is clear separation where necessary between the Fund and Middlesbrough Council include the following:

- Middlesbrough Council’s Constitution, the Pension Fund’s Governance Policy and Compliance Statement and Conflicts Policy all emphasise the need for the Fund, where necessary, to be treated separately from the administering authority. For example, the Pension Fund Committee’s responsibilities include the following: “In its role as the administering authority, Middlesbrough Council owes fiduciary duties to the employers and members of the Teesside Pension Fund and must not compromise this with its own particular interests”.
- There is a defined procedure around evaluating any potential local investments designed to ensure input from the Fund’s independent investment advisors together with external independent validation, where possible, before agreeing to any such investment.
- Officer and member codes of conduct, together with procedures in place at Pension Fund Committee and Teesside Board meetings require the declaration of any identified conflicts.
- The Fund’s accounts identify the administering authority as a related party and require relevant transactions to be reported.

Section 2 - Governance and Training

2.1 Governance Structure and compliance with the Governance Compliance Statement

The Teesside Pension Fund (the Fund) is part of the Local Government Pension Scheme is governed by Public Service Pensions Act 2013 and the following 'secondary' legislation (all as amended):

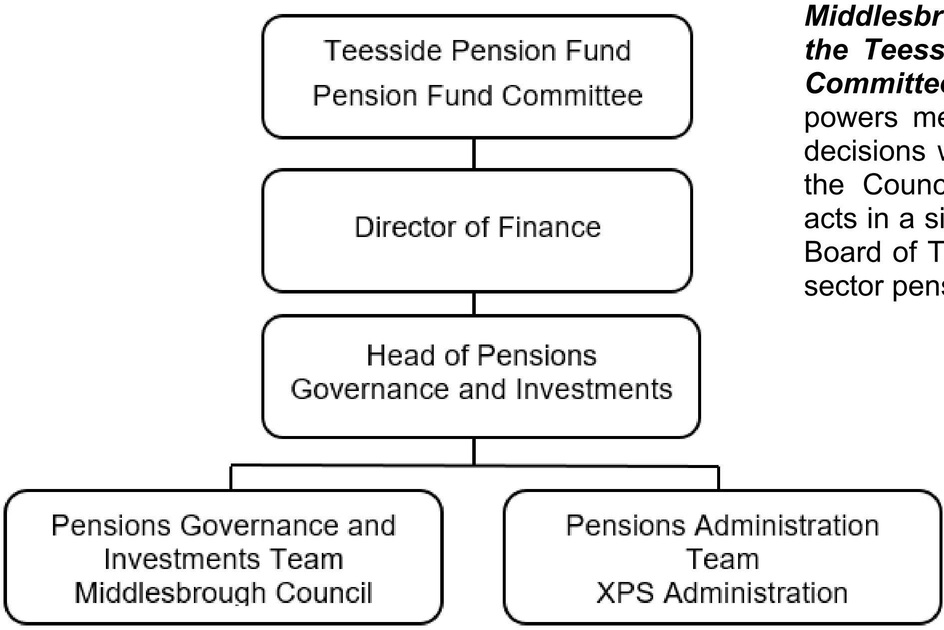
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016;
- The Local Government Pension Scheme Regulations 2013; and
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

The regulations have changed over the years as the nature of the scheme has changed – the most significant recent change applied from April 2014 when the scheme moved (for future benefits) to a career average revalued earnings scheme from a final salary scheme. More information about the scheme, including updated scheme guides and details of scheme member benefits and contributions can be found on the national scheme member website www.lgpsmember.org.

The Regulations specify the pensions and other benefits payable and fix the rates of member contributions. Employer contributions are set every three years by the Fund Actuary. The purpose of the Fund is to provide retirement benefits for local authority employees in the Teesside area and other bodies admitted by agreement. The Fund is administered by Middlesbrough Council on behalf of all participating employers. A full list of participating organisations is given in the Membership section below.

The Fund is financed by way of contributions from employers and employees, based upon a percentage of pensionable pay, and supplemented by earnings from Fund investments. The Fund's assets, after payment of benefits, are invested as directed by the Pension Fund Committee. The Committee comprises elected members of Middlesbrough Council, representatives of the other unitary authorities, a representative of the other employers in the Fund and two scheme member representatives provided by the Trade Unions. The Committee is advised by relevant Council officers supported by external experts including the Fund's Investment Advisors.

Management of the Fund



The Fund is administered by ***Middlesbrough Council*** via ***the Teesside Pension Fund Committee*** which has plenary powers meaning it can make decisions without reference to the Council. This Committee acts in a similar manner to the Board of Trustees of a private sector pension fund.

The day to day running of the Teesside Pension Fund is delegated to the Director of Finance of Middlesbrough Council who is responsible for implementing the strategies and policies set by the Pension Fund Committee. Supporting the Director is the Head of Pensions Governance and Investments who oversees two groups: The Pensions Administration Team is responsible for the calculation and payment of pension benefits and for looking after employer interests in the Fund. This function was outsourced and delivered by XPS Administration (until 30th May 2025), then Tyne and Wear Pension Fund (from 1st June 2025) during 2025/2026. The Pensions Governance and Investments Team manages the investment of the Fund in conjunction with the advice of the Fund's external Investment Advisors, as well as providing support to the Pension Fund Committee and Teesside Pension Board.

The Teesside Pension Fund Committee

Committee membership and meeting attendance during the year 2025/26.

	Members (all have voting rights)	18/06/2025	23/07/2025	24/09/2025	10/12/2025	03/02/2026	04/03/2026
Middlesbrough Council	Councillor John Kabuye (Chair)	✓	✓		✓	✓	✓
	Councillor Julia Rostron (Vice-Chair)	✓	✓	✓	✓	✓	✓
	Councillor Jill Ewan	✓	✓	✓	✓	✓	✓

	Members (all have voting rights)	18/06/2025	23/07/2025	24/09/2025	10/12/2025	03/02/2026	04/03/2026
	Councillor David Branson	✓	✓	✓		✓	✓
	Councillor David Coupe	✓	✓		✓	✓	✓
	Councillor Theo Furness	✓		✓			
	Councillor David Jackson	✓	✓	✓		✓	✓
	Councillor Dennis McCabe			✓		✓	
Hartlepool BC	Councillor Martin Scarborough		✓	✓		✓	✓
Redcar & Cleveland BC	Councillor Marian Fairley	✓	✓	✓		✓	✓
Stockton BC	Councillor Jim Beall	✓	✓	✓	✓	✓	✓
'Other' Employers Representative	Julie Flaws (Teesside University)	✓	✓		✓	✓	✓
Scheme Members Representative	Tony Watson (UNISON)	✓		✓	✓		✓
Scheme Members Representative	Brian Foulger (GMB)			✓		✓	✓

The meeting due to be held on the 10th December 2025 was inquorate and was therefore abandoned.

The committee comprises representatives from all the district councils in the former Cleveland County area as well as a representative from the other employers in the Fund and representatives from the Trade Unions. The committee held six meetings during the year.

The size and political make-up of the committee is determined annually by Middlesbrough Council, and the Councillors are then nominated by each political party. Representatives of the other district Councils are nominated by them. The 'Other Employers' representative, is chosen by election by the other employers with active members in the Fund.

Terms of Reference – Teesside Pension Fund Committee

Terms of Reference:

The Pension Fund Committee's principal aim is to carry out the functions of Middlesbrough Council as the Scheme Manager and Administering Authority for the Teesside Pension Fund in accordance with Local Government Pension Scheme and any other relevant legislation.

In its role as the administering authority, Middlesbrough Council owes fiduciary duties to the employers and members of the Teesside Pension Fund and must not compromise this with its own particular interests. Consequently, this fiduciary duty is a responsibility of the Pension Fund Committee, and its members must not compromise this with their own individual interests.

The Pension Fund Committee has the following specific roles and functions, taking account of advice from the Chief Finance Officer (the Strategic Director of Finance Governance and Support) and the Fund's professional advisors:

a) Ensuring the Teesside Pension Fund is managed, and pension payments are made in compliance with the Local Government Pension Scheme Regulations, Her Majesty's Revenue & Customs requirements for UK registered pension schemes and all other relevant statutory provisions.
b) Ensuring robust risk management arrangements are in place.
c) Ensuring the Council operates with due regard and in the spirit of all relevant statutory and non-statutory best practice guidance in relation to its management of the Teesside Pension Fund.
d) Determining the Pension Fund's aims and objectives, strategies, statutory compliance statements, policies and procedures for the overall management of the Fund, including in relation to the following areas:
   i) Governance – approving the Fund's Governance Policy and Compliance Statement for the Fund within the framework as determined by Middlesbrough Council and making recommendations to Middlesbrough Council about any changes to that framework.
   ii) Funding Strategy – approving the Fund's Funding Strategy Statement including ongoing monitoring and management of the liabilities, ensuring appropriate funding plans are in place for all employers in the Fund, overseeing the triennial valuation and interim valuations, and working with the actuary in determining the appropriate level of employer contributions for each employer.
   iii) Investment strategy - approving the Fund's Investment Strategy Statement and Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite.
   iv) Administration Strategy – approving the Fund's Administration Strategy determining how the Council will the administer the Fund including collecting payments due, calculating and paying benefits, gathering information from and providing information to scheme members and employers.
   v) Communications Strategy – approving the Fund's Communication Strategy, determining the methods of communications with the various stakeholders including scheme members and employers.
   vi) Discretions – determining how the various administering authority discretions are operated for the Fund.
e) Monitoring the implementation of these policies and strategies on an ongoing basis.
f) In relation to the Border to Coast; the asset pooling collaboration arrangements:
   i) Monitoring the performance of the Border to Coast and recommending actions to the Border to Coast Joint Committee, The Mayor or his Nominee (in his role as the nominated person to exercise Shareholder rights and responsibilities), Officers Groups or Border to Coast, 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.
g) Considering the Fund's financial statements and the Fund's annual report.

h) Selection, appointment, dismissal and monitoring of the Fund’s advisors, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension funds administrator, independent professional advisors and AVC provider.
i) Liaison with internal and external audit, including providing recommendations in relation to areas to be covered in audit plans, considering audit reports and ensuring appropriate changes are made following receipt of audit findings
j) Making decisions relating to employers joining and leaving the Fund. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.
k) Agreeing the terms and payment of bulk transfers into and out of the Fund.
l) Agreeing Pension Fund business plans and monitoring progress against them.
m) Agreeing the Fund's Knowledge and Skills Policy for all Pension Fund Committee members and for all officers of the Fund, including determining the Fund’s knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy.
n) Agreeing the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.
o) Receiving ongoing reports from the Chief Finance Officer, the Head of Pensions Governance and Investments and other relevant officers in relation to delegated functions.

Teesside Pension Board

The Public Service Pensions Act 2013 introduced a requirement for public service pension schemes to have pension boards. The pension board for the Teesside Pension Fund is the Teesside Pension Board. The Teesside Pension Fund Committee is still the sole decision- making body for the Fund, whereas the Teesside Pension Board assists Middlesbrough Borough Council, as the Administering Authority, to:

a) Secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pension Regulator in relation to the Scheme; and

b) To ensure the effective and efficient governance and administration of the Scheme.

The Teesside Pension Board is made up of six voting members as follows:-

3 employer representatives; and 3 scheme member representatives.

Teesside Pension Board membership and meeting attendance during the year 2025/26

	Members (all have voting rights)	**7 July 2025**	**17 November 2025**	**9 February 2026**	**31 March 2026**
Scheme member representative (UNISON)	Paul Thompson	✓		✓	
Scheme member representative (UNISON)	June Stubbs		✓	**N/A**	**N/A**
Scheme member representative (pensioner)	Jeffrey Bell *Deputy Chair*	✓	✓	✓	✓
Employer representative (Redcar & Cleveland Council)	Councillor Christopher Massey	✓		✓	
Employer representative (Middlesbrough Council)	Councillor Nicky Walker *Chair*		✓	✓	

Pension Fund Committee and Teesside Pension Board Training

All Pension Fund Committee members are invited to annual refresher training covering the investment governance and administration of the Fund. All Pension Fund Committee and Teesside Pension Board members attend induction training, either as part of a small group or on a one-to-one basis prior to their first meeting.
Other training was carried out during the year by Committee and Board members as follows:
Border to Coast Annual Conference investment training September 2025 – Cllrs Coupe and Kabuye and B Foulger from the Pension Fund Committee and J Bell, P Thompson from the Pensions Board.
The regular Committee and Board meetings provide an opportunity for ongoing training throughout the year as shown below:

Pension Fund Committee **Date of Meeting**	**Training opportunities**
18th June 2025	Market-related updates from Border to Coast and the Independent Investment Advisors. . LGPS Fit for the Future consultation. External Audit report. Pensions administration updates.
23rd July 2025	The draft Pension Fund Annual Report and Accounts. Actuarial assumptions.
24th September 2025	Market-related updates from Border to Coast and the Independent Investment Advisors. The draft Pension Fund Annual Report and Accounts. Pensions administration updates. Actuary Cashflow presentation.
3rd February 2026	Market-related updates from Border to Coast and the Independent Investment Advisors. Review of Governance Policies. Funding Strategy Statement. Border to Coast presentation on Responsible Investment. LGPS Fit for the Future Statutory Instrument consultations.
4th March 2026	Market-related updates from Border to Coast and the Independent Investment Advisors. 2025 Actuarial Valuation results. LGPS Fit for the Future implementation. Pensions administration updates.

Teesside Pension Board **Date of Meeting**	**Training opportunities**
7th July 2025	Update on recent Committee meetings. Pooling Consultation. Update on Workplan Items – Managing risks and internal controls. Pension administration updates.
24th November 2025	Update on recent Committee meetings. Update on Workplan Items – Late payment of contributions. Draft Annual Pension Fund Report and Accounts 2024/25. Pension administration updates.

Teesside Pension Board Date of Meeting	Training opportunities
9th February 2026	Update on recent Committee meetings. Update on Workplan Items – Employer and Member communications, Procurements. Pooling consultation. Pension administration updates
31st March 2026	Update on recent Committee meetings. Update on Workplan Items – Internal Dispute Resolution Process, Review of Actuarial Reporting. Pension administration updates.

In addition, all Committee and Board members have access to the LGPS On-Line Learning Academy, a series of short videos designed to cover the range of knowledge and understanding Committee members are expected, and Board members are required to acquire and maintain.

Pension Fund Committee and Teesside Pension Board Activity

During the year the Pension Fund Committee met four times. Each meeting included:

- An investment activity report, detailing how the Fund was implementing its strategic asset allocation, and including trades carried out during the quarter, a fund valuation and details of returns on cash investments.
- Reports from Border to Coast including Environmental Social and Governance reports in relation to the Fund's investments with both these managers.
- A presentation from Border to Coast (our pooling company partner), typically highlighting topical investment issues.
- Presentations from the Fund's two independent investment advisors giving their views on investment markets, the Fund's performance and any investment strategy recommendations.
- A presentation from Tyne and Wear Pension Fund setting out relevant current issues in pensions administration.
- A review of the Risk Register.

Other issues considered during the year included:

- The transfer of Real Estate holdings to Border to Coast.
- Actuarial Assumptions for the 2025 Valuation.
- The 2025 Actuarial Valuation of the Fund's assets and liabilities.
- Fit for the Future consultation on the future of the LGPS results implementation.
- Updates on progress of some of the Fund's local investments.
- Update on pooling progress and consolidation.
- Update on governance arrangements for Border to Coast.
- Reviewed the Funding Strategy Statement.
- Updates to Border to Coast's Responsible Investment Policy, Corporate Governance & Voting Guidelines and Climate Change Policy.

- The draft Pension Fund Annual Report and Accounts for 2024/25.
- Final Audit Results report for year ending March 2024.
- Review of the Fund's Governance Policies.

During the year the Teesside Pension Board met four times. Each meeting included:

- Reports and feedback from recent Pension Fund Committee meetings
- Reports and updates in relation to the Teesside Pension Board's work plan – a rolling schedule designed to ensure the Board keeps its focus on key Local Pension Board areas identified within statutory (and other) guidance.
- A presentation from TWPF setting out relevant current issues in pensions administration.

Other issues considered during the year included:

- Details of government LGPS Fit for the Future consultation.
- The draft Pension Fund Annual Report and Accounts for 2024/25
- The Pension Fund Business Plan 2025/28
- Conflicts of interest policy
- A review of training arrangements for the Board.

The Board produces an annual report, typically published at its April meeting. The annual report for 2025-26 can be found at the following link: Report - Teesside Pension Board Annual Report 2025-26

Conflicts of interest

All Pension Fund Committee and Teesside Pension Board members are given induction training, with annual refresher training available. This includes information on considering and declaring conflicts of interest in relation to their roles. Ongoing guidance and support on this issue is available from the Fund officers. Members of both bodies are asked to declare any conflicts of interest at the start of each meeting – guidance is available from the Council's Monitoring Officer in addressing any conflicts identified.

Oversight and Governance of Border to Coast

Border to Coast was formed to enable the pooling of assets of certain Administering Authorities of the Local Government Pension Scheme ("Partner Funds"). In order to effect the pooling, the Partner Funds established a Financial Conduct Authority (FCA)-regulated operator of collective investment vehicles, which is also appointed as the Asset Manager for those vehicles. This company is Border to Coast Pensions Partnership Ltd ("Border to Coast"). Border to Coast is wholly owned by the Partner Funds who are its customers and also its shareholders.

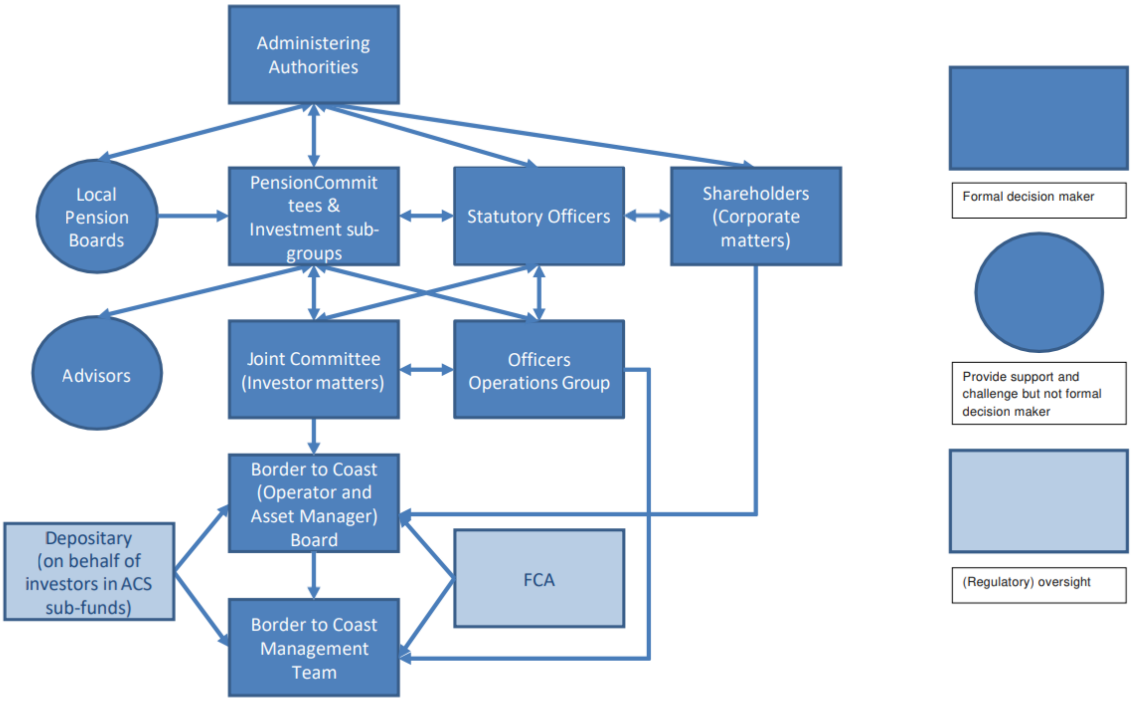
The original guiding principles set out by the Partner Funds have been reflected in the governance structure:

1. Meeting central Government's aims for governance, responsible investing, infrastructure and value for money
2. One fund, one vote
3. Funds retaining governance role and ownership of asset allocation
4. Generating improved net-of-fees risk adjusted performance
5. Border to Coast internal management capability
6. Improved resilience and capacity over existing structures
7. A shared team in one location

Border to Coast's investment performance and capability is overseen by the Partner Funds on a day-to-day basis by the Senior Fund Officers and formally on a quarterly basis by the Border to Coast Joint Committee, which is constituted of elected member representatives from each of the Partner Funds. Border to Coast's performance as a company is overseen by shareholder representatives from the Administering Authorities of the Partner Funds both on an ongoing basis and formally once a year at its AGM.

The Partner Funds and Border to Coast work collaboratively to build the investment capabilities required to ensure that the Partner Funds are able to efficiently and effectively deliver their Strategic Asset Allocations in line with the guiding principles. However, to hold Border to Coast to account and to meet FCA requirements for a regulated asset manager, the governance structure is designed to ensure sufficient independence between the Partner Funds and Border to Coast during implementation and ongoing management of the sub-funds.

The diagram below shows the governance structure in place to ensure that appropriate oversight of Border to Coast is carried out both from a shareholder and an investor perspective. (Regulatory) oversight Provide support and challenge but not formal decision maker Formal decision maker Border to Coast Management



More detailed information on Border to Coast's governance arrangements can be found in Border to Coast's Governance Charter, which is available at the following link:
https://www.bordertocoast.org.uk/publication/governance-charter/

Other key elements of the governance structure (e.g. key officers)

Key officers involved in the governance of the Fund are listed in Section 1.1 above.

The Pensions Landscape

All of the major public sector schemes changed radically from April 2015, with new public sector schemes established and operated in accordance with the Public Service Pensions Act 2013. This change shifted the methodology of calculation from Final Salary to Career Average for future benefits. However, due in part to its unique 'funded' status amongst these schemes, the LGPS changed a year earlier from April 2014. Whereas the other Public Sector Pension Schemes created new schemes, the LGPS changed the method of calculation for all members from 1st April 2014. More detail on how the current LGPS compares to previous versions of the scheme is contained in the "Summary of LGPS benefits" section.

Government changes to the wider pensions landscape were also introduced from April 2015, promoting "Freedom and choice"; granting greater flexibility in how and when members can access their pension savings. These changes largely impact upon defined contribution schemes and, due to the nature of the LGPS, do not have major impact upon the scheme or its operation. However, members making Additional Voluntary Contributions can now potentially access monies from these funds from age 55, whilst still contributing to the LGPS, on transfer to another provider.

Changes to the limits on tax relief available for pension savings were announced which came into effect on 6 April 2023. The standard annual allowance figure increased from £40,000 to £60,000, with the tapered annual allowance increasing from £4,000 to £10,000. Lifetime allowance tax charges were removed for retirement events from 6 April 2023. However, a cap on the Pension Commencement Lump Sum (PCLS) amount remained, which broadly mirrored the LTA excess tax charge with the tax now calculated at the members marginal rate rather than 55%. This meant that annual pension payments were no longer subject to lifetime allowance charges.

The Lifetime Allowance was then abolished from 6 April 2024, with the revised regime broadly mirroring the rules from 6 April 2023. The lifetime allowance was only breached by a very small proportion of members. The increase to the annual allowance means that fewer members will face a potential tax charge in the future.

Scheme specific changes

On 1 April 2014 the new look LGPS came into force, reflecting the changes required to public sector schemes derived from the Public Service Pension Commission recommendations.

From 1 April 2014:

- The LGPS became a Career Average Revalued Earnings (CARE) scheme using price inflation – the Consumer Prices Index (CPI) as the revaluation factor (the previous scheme was a final salary scheme).
- The rate pension builds up within the main scheme is 1/49th of pensionable pay each year where the previous scheme rate was 1/60th calculated on a final salary basis.
- There is no fixed scheme pension age, instead each member's Normal Pension Age (NPA) is their State Pension Age, with a minimum of 65 (the former scheme had a fixed pension age of 65).
- Member contributions to the scheme are set at one of nine different contribution bands, between 5.5% and 12.5% of pensionable pay, set based on the level of actual pensionable pay the scheme member receives.
- There is a facility for members to choose to pay half contributions for half the pension. This is known as the 50/50 option (earlier schemes had no such option). The intention was to provide a lower cost option for members who were perhaps considering opting-out of the scheme.
- Members' benefits for service prior to 1 April 2014 are protected, including protecting the earliest age a scheme member could receive a pension without early retirement reductions applying. Protected past service continues to be based on final salary and age 65 NPA.

Following the reformation of public service pension schemes, which were introduced to the LGPS from 1 April 2014, transitional protections were introduced for older members. In respect of the LGPS, older members received an underpin calculation where, if the benefits they would have received under the final salary scheme would be higher, these higher benefits would be awarded. In December 2018, the court of appeal ruled that younger members of the Judicial and Firefighters Pension Schemes had been unlawfully discriminated against as they did not benefit from these protections. This meant that the discrimination must be removed; this ruling is widely known as the McCloud Judgment. The Public Services Pensions and Judicial Officers Act 2022 provided the framework for the changes required and on 1 October 2023 the LGPS regulations were amended to extend the statutory underpin to all applicable members. It is worth noting that unlike other public sector schemes, most members of the LGPS receive higher benefits under the Career Average arrangement, therefore the impact on benefits across the scheme on a whole is expected to be minimal.

In September 2022 the CPI rate was at an unprecedented high of 10.1%. This increase would have applied to CARE pensions from 1 April 2023. As the closing pension in respect of Annual Allowance calculations is calculated as at 6 April, the significant increase in CARE pensions would have seen an increased level of Annual Allowance breaches across the LGPS. On 31 March 2023 the revaluation date used for career average benefits in the LGPS was changed to 6 April each year instead of 1 April. This slight technical change had no impact on the value of scheme members' benefits but prevented significant numbers of LGPS members from exceeding their 'annual allowance' and having to potentially make a tax payment.

Promoting Scheme Membership

The Fund continues to promote Scheme membership and much of this work over the past twelve months has been directed at our newer employers and employees.

Employers have a very important role to play in the operation of the pension scheme, and in giving reassurance to their employees with regards to the scheme's short and long-term benefits.

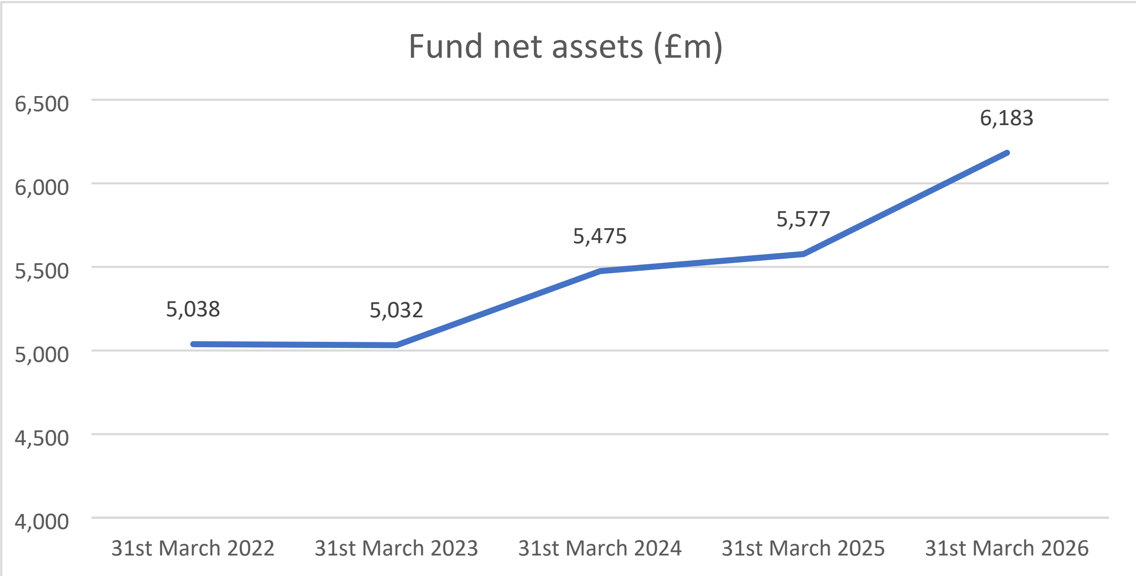
A variety of methods are used here such as workplace posters, presentations and staff briefings and employer awareness courses that assist the employer to understand and impart general knowledge of the scheme to their staff.

With more people looking towards technology these days, we have continued to promote our Member Self Service (MSS) throughout the year. This facility allows scheme members to view their pension record(s) on-line as well as being able to run their own pension calculations.

Section 3 - Financial Performance

Income, Expenditure and Fund value

The Fund's Financial Statements show that the Net Asset Value has increased by 9.8% compared to the previous year. Over the last 5 years, from the 2022 value of £5,038 million, the value of Net Assets has increased by 19%.



Finance Performance Report

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
Fund Value at the start of the year	4,559,485	5,037,574	5,032,352	5,475,150	5,576,996
Income	153,596	163,250	196,736	237,210	322,072
Expenditure	(167,860)	(193,263)	(206,956)	(225,825)	(228,155)
Change in Market Value of Investments	492,353	24,971	453,018	90,461	511,623
Increase/(Decrease) in Fund during the year	478,089	(5,222)	442,798	101,846	605,540
Fund Value at the end of the year	5,037,574	5,032,352	5,475,150	5,576,996	6,182,536
Change in Fund Value %	**10%**	**0%**	**9%**	**2%**	**11%**

Financial Highlights

	£000	£000	£000	£000	£000
Pensions Paid	127,421	134,792	150,993	164,845	169,106
Administration Costs	2,238	2,470	2,234	1,953	3,687
Investment Management Costs	5,474	7,331	9,269	6,062	6,722
Oversight and Governance Costs	397	672	623	441	895

Membership

	2022	2023	2024	2025	2065
	No	No	No	No	No
Active	25,937	26,198	26,220	26,341	28,119
Deferred	26,350	27,225	28,180	28,492	27,532
Pensioner	26,254	26,915	27,813	28,885	30,211
Total	**78,541**	**80,338**	**82,213**	**83,718**	**85,862**

Fund Averages

	£	£	£	£	£
Fund value per member	64,139	63,032	66,615	66,616	72,005
Average Pension Paid	4,853	5,008	5,429	5,707	5,597
Total management expenses cost per member	103	130	147	101	132
Administration Cost per member	28	31	27	23	43
Investment Management cost per member	70	91	113	72	78
Oversight and Governance costs per member	5	8	8	5	10

Analytical review of the financial year

The financial performance of pension funds can vary significantly year on year - the total Fund value can undergo large movements resulting from the change in the market value of investments, and within the fund account the “net additions (withdrawals) from dealings with members” can vary due to external factors affecting the Fund itself or the principal employers within it.

The significant impact of unforeseeable and unquantifiable external factors have resulted in the policy of the administering authority not to set a budget for future periods for the Fund. It was felt that any budget would contain too many unknowable variables to be of any practical use and analysis of budget variances would contain inaccurate assumptions.

For this reason, it was felt that a much more meaningful analysis of the financial performance of the Fund could be gained from comparison with the performance in the previous year and the principal variances and movements in the financial performance of the fund in comparison with the previous year were as follows:

Summary of Analytical Review 2025/26

Fund Account	Notes	2024/25 £ ' 000	2025/26 £ ' 000	Change
Contributions and Other Income				
Employers Normal & Deficit	1	87,023	94,106	8%
Employers Additional	2	15	47	213%
Employees Normal	3	38,245	39,943	4%
Transfers in	4	10,977	9,928	(10%)
Capital Costs of Early Retirements	5	2,293	805	(65%)
Other Income		280	15	(95%)
Total Income		**138,833**	**144,844**	**4%**
Benefits and Other Expenditure				
Benefits	6	164,845	169,106	3%
Benefits - Basic Lump Sum	7	33,222	34,354	3%
Benefits - Lump Sums on Death		2,421	2,955	22%
Individual Transfers to other Schemes	8	16,523	10,103	(39%)
Administrative Expenses	9	1,953	3,687	89%
Investment Management Expenses	10	6,062	6,722	11%
Oversight and Governance Costs	11	441	895	103%
Other Expenditure	12	358	333	(7%)
Total Expenditure		**225,825**	**228,155**	**1%**
Return on Investments				
Dividends	13	52,749	146,362	177%
Rents	14	27,840	12,576	(55%)
Interest	15	17,788	18,290	3%
Unrealised gain / (loss) on Revaluation		(159,345)	77,616	(149%)
Total Return on Investments		**(60,698)**	**254,844**	**(518%)**
Net Increase in the Fund in the Year		**(147,960)**	**171,533**	**(216%)**

Explanation of variances

		2024/25	2025/26		
1	**Employers' Normal Contributions - £000**	**87,023**	**94,106**	**increase of**	**8%**

Employers' normal contributions have increased by £7.08m.

		2024/25	2025/26		
2	**Employers' Additional Contributions - £000**	**15**	**47**	**increase of**	**213%**

Employers' deficit contributions have decreased by £0.03m.

		2024/25	2025/26		
3	**Employees' Normal Contributions - £000**	**38,245**	**39,943**	**increase of**	**4%**

Auto enrolment continues to encourage contributions to the scheme, and the ability for employees to pay 50% contributions instead of opting-out completely continues to have a positive effect for the year.

		2024/25	2025/26		
4	**Transfers In - £000**	**10,977**	**9,928**	**decrease of**	**(10%)**

In 2025/26 173 transfers were received into the scheme at an average value of £57.4k, compared to 209 transfers at an average value of £52.5k in 2024/25.

		2024/25	2025/26		
5	**Capital Cost of Early Retirements - £000**	**2,293**	**805**	**decrease of**	**(65%)**

The number of early retirements has decreased compared to the previous year, and the average cost per retirement has decreased. The retirements from the Councils processed in the year were as follows;

	Number	Total Cost	Average
Hartlepool Borough Council	2	£13,139	£6,570
Middlesbrough Council	7	£487,050	£69,579
Stockton Borough Council	3	£58,004	£19,335
Redcar & Cleveland Borough Council	4	£64,385	£16,096
Total	**16**	**£622,578**	**£38,911**

		2024/25	2025/26		
6	**Benefits - £000**	164,845	169,106	increase of	3%

At the year-end there were 31,211 Pensioner Members / Dependants receiving pension benefits, at an average of £5,597 a year (2024/25 28.885 receiving benefits at an average of £5,707 a year).

		2024/25	2025/26		
7	**Benefits - Basic Lump Sum - £000**	33,222	34,354	increase of	3%

There has been an increase of 3.3% in the value of Lump Sums paid by the Fund during the year.

		2024/25	2025/26		
8	**Individual Transfers to Other Schemes - £000**	16,523	10,103	decrease of	(39%)

Transfers out can vary quite markedly year on year depending on both numbers and the type of people transferring. For 2025/26, the individual transfers out was £10,103k (2024/25 £16,523k), a decrease from the previous year. In term of numbers, the transfers out for 2025/26 were 149 (2024/25 261).

	Number	Total Cost	Average
2025/26	149	£10,102,987	£67,805
2024/25	261	£16,523,297	£63,308

		2024/25	2025/26		
9	**Administrative Expenses - £000**	1,953	3,687	increase of	89%

Partnership payments have increased across the period for the first year of the new contract with Tyne and Wear due to set up costs. Also includes some unexpected final fees from XPS as part of the end of their contract.

		2024/25	2025/26		
10	**Investment Management Expenses - £000**	6,062	6,722	increase of	11%

These are variable across each financial year as they are based on type and level of investment in funds throughout the year which can be unpredictable.

11 Oversight and Governance Costs - £000

2024/25	2025/26		
441	895	increase of	103%

Increase in Actuary costs across the period due to the triennial funding valuation taking place during the period.

12 Other Expenditure - £000

2024/25	2025/26		
358	333	decrease of	(7%)

A decrease in Other Expenditure reflects the decrease in refunds to leaving members.

13 Income from Pooled Investment Vehicles - £000

2024/25	2025/26		
52,749	146,362	increase of	177%

The fund has moved away from distribution units to receiving income distributions on a quarterly basis from Border to Coast which equates to £79m increase for the period.

14 Rent - £000

2024/25	2025/26		
27,840	12,576	decrease of	(55%)

The fund has transferred all but 5 directly held properties to Border to Coast in the period. The variance is due to no longer receiving the income for those properties transferred.

15 Interest on cash deposits - £000

2024/25	2025/26		
17,788	18,290	increase of	3%

There has been little change in the bank of England base rate across the period. The value of the funds cash balance has also not changed much over the period so the interest received has not varied significantly.

16 Investments - £000

2024/25	2025/26		
5,107,228	5,685,837	increase of	11%

Market Value of the fund has increased due to the performance of the funds equity funds held with Border to Coast which has seen a significant return over the period.

17 Cash - £000

2024/25	2025/26		
461,079	459,097	decrease of	(0%)

Cash balances remained stable across the period.

Cashflow Statement

	£000 2024/25	£000 2025/26
Cashflow from Operating Activities		
Cash received for Contributions	125,523	133,261
Cash received for Early Retirements	783	2,726
Cash Received from Transfers In	10,977	9,928
Cash Received from Investments	94,363	223,768
Cash Received from Sales of Investments	314,687	434,006
Cash from Other Income	280	15
Total Cash Received	**546,613**	**803,704**
Cash paid for Benefits	200,488	206,415
Cash paid for Transfers Out	16,881	10,436
Cash paid for Management Expenses	8,937	11,317
Total Cash Paid	**226,306**	**228,168**
Net Cash Inflow from Operating Activities	**320,307**	**575,536**
Application of Cash		
Net Sales / Purchases of Investments	56,538	573,614
Increase in Cash with Custodian	0	0
Increase in Cash on Deposit	262,750	(401)
Decrease in Cash at Bank	2,361	1,918
Increase in Other Debtor Balances	(1,222)	2,134
Increase in Other Creditor Balances	(120)	(1,729)
	320,307	**575,536**

Amounts due to the Fund from Employers

	2024/25 £ ' 000	2024/25 £ ' 000
Current Assets		
Contributions in Respect of Employers	6,720	7,376
Contributions in Respect of Members	2,965	3,144
	9,685	**10,520**

The Contributions due are in respect of March 2026 and were received in April 2026.

Payment of Contributions to the Fund

Employers are required to pay employers and employees contributions to the Fund within 19 days of the end of the month to which they relate. The payment of contributions is monitored for timeliness and accuracy of payment.

Analysis of Contribution rates and amounts received 2025/26

Emp Code	Employer	Body	Employers Rate %	Employees £000	Employers £000
408	Ad Astra Academy Trust	S	17.5%	-292	-875
231	All Saints Academy	S	17.5%	-48	-141
291	Ash Trees Academy	S	17.5%	-71	-212
456	Aspens - Dales	A	17.5%	-3	-9
435	Aspens Services Ltd - Green Lane (LLT)	A	17.5%	-5	-3
332	Atomix Educational Trust	S	17.5%	-178	-504
386	Badger Hill Academy	S	17.5%	-18	-53
193	Beamish Museum Ltd	A	15.7%	-181	-436
163	Beyond Housing	A	23.4%	-407	-1,442
431	Bikeability – Middlesbrough BC	A	11.5%	-2	-4
432	Bikeability – Stockton BC	A	13.1%	-1	-2
215	Billingham Town Council	A	17.7%	-8	-23
451	Bullough's - Outwood	A	17.5%	-3	-9
450	Bullough's - Priory Woods	A	11.5%	-4	-9
433	Bulloughs - 1Excellence	A	17.5%	-20	0
455	Bulloughs - Outwood Bishopsgarth	A	17.5%	-2	-7
430	Bulloughs - TVCT	A	17.5%	-2	-7
399	Bulloughs Cleaning Services	A	17.9%	-3	-11
429	Bulloughs Cleaning Services - VALT	A	18.9%	-7	-25
245	Caldicotes Primary Academy	S	17.5%	-11	-36
370	Care and Custody Health Ltd	A	19.4%	-2	-7
201	Care Quality Commission	A	17.9%	-748	-1,731
405	Carmel Education Trust	S	17.5%	-497	-1,498
254	Catcote Academy	S	17.5%	-177	-527
421	Caterlink - NPCAT	A	18.9%	-81	-266
442	Caterlink - Priory Woods - Outwood Ormesby	A	11.5%	-17	-17
355	Caterlink - St Oswald's	A	27.9%	-4	-18
457	Caterlink - VALT	A	17.5%	-75	-12
440	Chartwells - One Excellence	A	18.9%	-6	-22
381	Churchill's (Outwood Grange)	S	20.6%	0	0
452	Churchills AET	A	20.6%	-2	-6
438	Cleaning & Support Services (LLT)	A	15.2%	-8	-18
38	Cleveland College of Art and Design	S	15.7%	-162	-405
48	Cleveland Fire Brigade	S	14.2%	-283	-624
238	Conyers School	S	17.5%	-80	-242
424	Creative Management Services (Galileo)	A	29.4%	-11	-34

288	Creative Management Services Ltd	A	16.9%	-2	-9
437	Dolce LLT	A	17.5%	-10	-35
244	Dyke House Academy	S	17.5%	-99	-288
277	Easterside Academy	S	17.5%	-38	-114
252	Eden Academy Trust Limited	S	17.5%	-95	-284
361	Egglescliffe Primary School	S	17.5%	-12	-39
64	Emmanuel Schools Foundation	S	17.5%	-100	-298
367	Endeavour Academies Trust	S	17.5%	-151	-439
325	Enquire Learning Trust (Central)	S	17.5%	-136	-275
251	Extol Academy Trust (Eldon Grove)	S	17.5%	-182	-544
195	Fabrick Housing Group	A	22.8%	-878	-2,896
260	Frederick Nattrass Primary Academy	S	17.5%	-26	-75
206	Freebrough Academy	S	17.5%	-62	-185
60	Future Regeneration of Grangetown	A	32.6%	-3	-11
365	Galileo Multi Academy Trust	S	17.5%	-232	-681
273	Grangefield Academy	S	17.5%	-67	-197
6	Guisborough Town Council	S	17.7%	-5	-23
249	Hardwick Green Primary Academy	S	17.5%	-35	-76
289	Harrow Gate Primary Academy	S	17.5%	-46	-138
102	Hartlepool Borough Council	S	12.9%	-3,997	-8,075
27	Hartlepool College of Further Education	S	15.7%	-211	-558
447	Hartlepool Free School	S	17.5%	-5	-16
33	Hartlepool Sixth Form College	S	15.7%	-29	-79
439	High Clarence Primary	S	17.5%	-14	-42
359	Holy Trinity Primary School	S	17.5%	-13	-40
255	Horizons Specialist Academy Trust	S	17.5%	-358	-1,047
425	Hutchison Catering - AET	A	38.9%	-10	-96
426	Hutchison Catering - Extol	A	38.9%	-1	-12
191	Ingleby Barwick Town Council	A	17.7%	-4	-7
286	Ingleby Manor Free School & Sixth Form	S	17.5%	-44	-125
345	Ironstone Academy Trust - Ormesby Primary School	S	17.5%	-11	-35
346	Ironstone Academy Trust - Zetland Primary School	S	17.5%	-19	-61
454	Ironstone Central	S	17.5%	-27	-48
453	ISS Mediclean	A	18.9%	-1	-4
283	Kader Academy	S	17.5%	-2	-6
230	KTS Academy	S	17.5%	-118	-368
369	Legacy Learning Trust	S	17.5%	-352	-1,045
170	Liberata UK Ltd	A	0.0%	-48	0
414	Lingfield Academy Trust	S	17.5%	-218	-665
274	Lockwood Parish Council	S	17.7%	-1	-5
20	Loftus Town Council	S	17.7%	-8	-17
312	Manor Community Academy	S	17.5%	-82	-247
436	Maxim - NPCAT	A	17.5%	-73	-39
444	Maxim - Steel River	A	17.5%	-14	0

409	Mbro and Stockton Mind	A	28.7%	-1	-4
445	Mellors - Steel River	A	17.5%	-16	-14
449	Mellors - Thornaby Academy	A	18.9%	-7	-2
295	Mellors Catering Services Ltd (Central)	A	17.9%	0	-1
266	Mellors Catering Services Ltd (Normanby)	A	17.9%	-3	-10
427	Mellors Dales	A	18.9%	-46	0
395	Mellors Ironstone	S	17.9%	-2	-6
417	Mellors Riverdale	A	18.6%	-1	-2
418	Mellors Skelton	A	40.6%	-1	24
321	Melrose Learning Trust	S	17.5%	-86	-250
61	Middlesbrough College	S	15.7%	-432	-1,041
104	Middlesbrough Council	AA	12.0%	-5,834	-10,926
392	Mitie Cleveland Fire	S	25.7%	-1	-7
413	NEAT Academy Trust	S	17.5%	-64	-185
371	Nicholas Postgate Catholic Academy Trust	S	17.5%	-827	-2,410
336	NMRN Trading	A	28.1%	-1	-5
284	Normanby Primary School	S	17.5%	-32	-97
419	North East Learning Trust	A	17.5%	-62	-183
233	North Ormesby Primary Academy	S	17.5%	-20	-60
207	North Shore Academy	S	17.5%	-62	-182
380	Northern Lights Learning Trust	S	17.5%	-140	-418
271	Norton Primary Academy	S	17.5%	-30	-89
228	Nunthorpe Academy	S	17.5%	-146	-227
460	Nunthorpe Academy - Areté Learning Trust	S	17.5%	-26	-76
285	Nunthorpe Primary Academy	S	17.5%	48	-59
261	Oak Tree Primary Academy	S	17.5%	-31	-90
422	Oakdene Primary School	S	17.5%	-20	-61
246	One IT Services and Solutions Ltd	A	18.7%	-59	-132
341	One IT Services Ltd - Porter	A	15.9%	-3	-7
335	ONsite Building Trust	A	28.3%	-2	-10
349	Our Children 1st Academy Trust	S	17.5%	-51	-152
262	Outwood Academy Acklam	S	17.5%	-87	-257
347	Outwood Academy Bishopsgarth	S	17.5%	-68	-201
297	Outwood Academy Bydales	S	17.5%	-43	-126
389	Outwood Academy Normanby	S	17.5%	-88	-257
322	Outwood Academy Ormesby	S	17.5%	-61	-185
357	Outwood Academy Redcar	S	17.5%	-54	-161
411	Outwood Riverside	S	17.5%	-53	-160
377	Overfields Primary School	S	17.5%	-18	-54
352	Pentland Academy	S	17.5%	-24	-71
235	Police & Crime Commissioner for Cleveland	S	15.5%	-110	-229
378	Prince Regent Street Trust	S	17.5%	-127	-384
458	Pristine Cleaning	A	17.5%	-3	-7
412	Redcar & Eston CIC	A	17.9%	-19	-52

103	Redcar and Cleveland Borough Council	S	10.7%	-4,261	-7,111
333	River Tees Multi Academy Trust	S	17.5%	-121	-341
358	Riverdale Primary School	S	17.5%	-12	-39
268	Rose Wood Academy	S	17.5%	-27	-83
7	Saltburn, Marske & New Marske Parish Council	S	17.7%	-3	-9
434	Samsic UK - Green Lane (LLT)	A	17.5%	0	-1
214	Skelton and Brotton Parish Council	A	17.7%	-5	-13
264	Skelton Primary School	S	17.5%	-33	-93
329	SLM Charitable Trust (MBC)	A	12.0%	-48	-86
241	SLM Community Leisure Charitable Trust	A	13.3%	-24	-53
331	SLM Fitness & Health Ltd (MBC)	A	12.0%	-6	-11
243	SLM Fitness and Health Ltd	A	13.3%	-3	-7
330	SLM Food & Beverage Ltd (MBC)	A	12.0%	-1	-3
242	SLM Food and Beverage Ltd	A	13.3%	-2	-4
364	South Tees Development Corporation	S	16.3%	-67	-124
360	St Aidan's Primary School	S	17.5%	-21	-63
391	St Francis of Assisi	S	17.5%	-25	-74
351	St Mark's Academy	S	17.5%	-45	-135
280	St Mary's CE Primary School	S	17.5%	-9	-26
385	Steel River Academy Trust	S	17.5%	-97	-296
211	Steria Ltd	A		-22	0
105	Stockton Borough Council	S	13.6%	-6,491	-13,877
446	Taking Care	A	12.9%	-7	-13
247	Tascor Services Ltd - PFI	A	18.0%	-1	-2
177	Tees Active Limited	A	18.2%	-92	-244
328	Tees Valley Combined Authority	S	16.6%	-529	-1,249
324	Tees Valley Education Trust	S	17.5%	-181	-541
25	Teesside University	S	16.5%	-2,662	-6,524
379	Teesville Primary School	S	17.5%	-21	-64
236	The Chief Constable for Cleveland	S	15.5%	-2,195	-5,201
194	The Education Training Collective	A	15.7%	-537	-1,353
448	Thornaby Academy NET	S	17.5%	-49	-145
390	Thornaby C of E Primary	S	17.5%	-25	-76
406	Thornaby Town council	S	17.7%	-1	-6
63	Unity City Academy	S	17.5%	-92	-266
400	Veritau Tees Valley	A	10.7%	-3	-5
339	Vision Academy Learning Trust	S	17.5%	-479	-1,417
428	Ward Jackson Church of England Primary Schoo	S	17.5%	-12	-37
387	Whitecliffe Academy	S	17.5%	-14	-43
384	XPS Administration Ltd	A	12.0%	-34	-45
272	Yarm Primary School	S	17.5%	-18	-54
				-38,245	-87,038

Performance Monitoring

As part of our commitment to continued service improvements we operate a system of performance monitoring. The Pensions Administration system monitors the key procedures that are performed by the administration unit. Each procedure is measured against its target and monitored on a monthly basis.

Performance

The pension administration unit aim to perform 98.50% of the procedures within each target timescale. The table below highlights the performance of the administration unit against the key procedure targets.

Procedure	Target 2025/26
Processing New Starters	**40 days** from receipt
Processing Transfer Values (TV's)	**15 working days** from the date of notification
Refund of Contributions	**10 working days** from the request date
Estimates of Benefit Entitlements	**15 working days** from date of request
Pension benefits	**15 working days** from the receipt of all relevant information
Deferred Benefits	**30 working days** from notification of leaving

Actuarial Valuation of the Fund

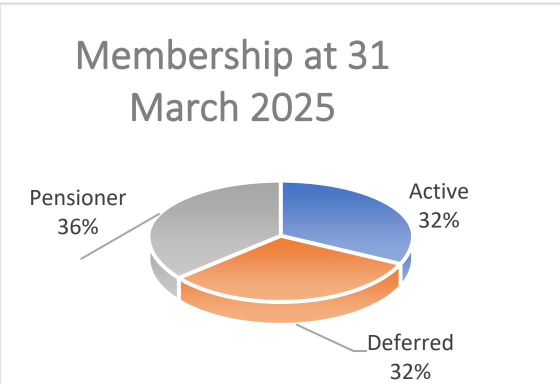
Every three years the Fund is required to appoint a suitably qualified actuary to assess solvency and to measure the level of assets compared to liabilities. This process is known as a valuation and the most recent one, carried out by the actuarial firm Hymans Robertson valued the Fund as at 31 March 2025. The principal conclusions of this valuation were:

- The ongoing funding level of the Fund on 31 March 2025 was 141% (2022 – 116%).
- The surplus of assets compared to the past service liabilities was £1,626 million (2022 – surplus of assets compared to past service liabilities £684 m).
- The average cost of accruing benefits payable by the employers, including administration expenses and lump sum death in service benefits, is 19.9% of pensionable pay (2022 – 19.7%).
- Employers will pay revised levels of contributions that will take in to account their specific circumstances and having regard to the principles set out in the funding strategy statement. Some employers will continue to pay lower contributions to take into account distribution of some of the surplus in the Fund identified at the previous valuation. The total aggregate Employer contribution rates to the Fund are anticipated to be 13.7% of Pay.

Membership

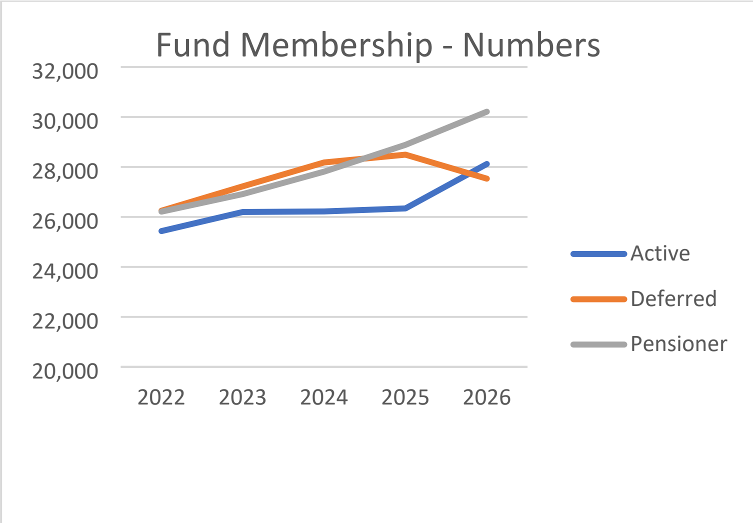
In 2025/26 financial year the total membership of the Fund increased by 2,144 to the current total of 85,862.

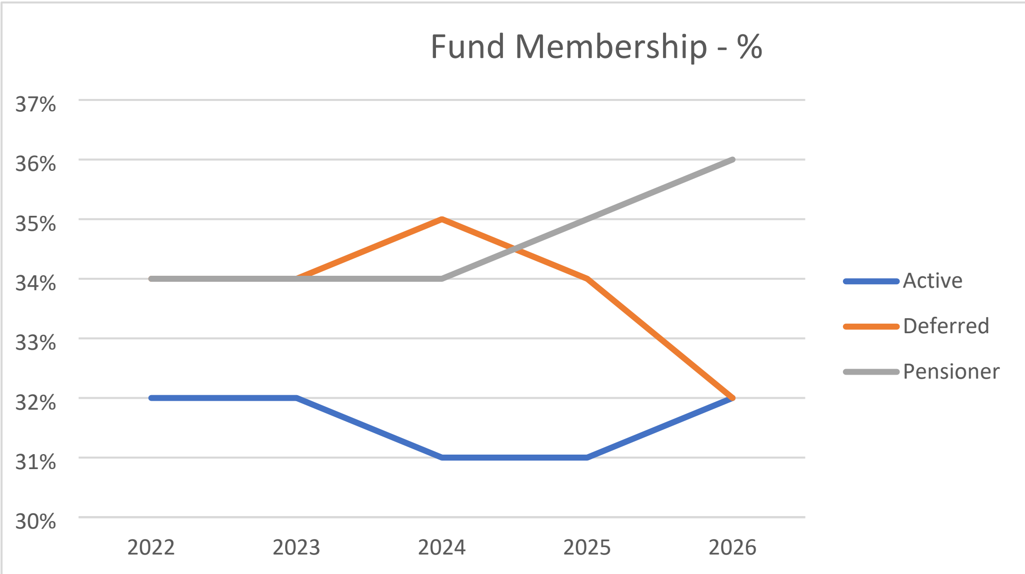
The number of pensioners continues to increase but proportionately the Fund membership remains broadly split between the three categories of member.



Membership Numbers

	2022	2023	2024	2025	2026
Active	25,434	26,198	26,220	26,341	28,119
Deferred	26,249	27,225	28,180	28,492	27,532
Pensioner	26,212	26,915	27,813	28,885	30,211
Total	77,895	80,338	82,213	83,718	85,862





Fraud Prevention Initiatives

The Fund participates in the annual National Fraud Initiative (NFI), a data matching exercise operated by the Public Sector Fraud Authority that helps prevent and detect fraud. The NFI is an exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud.

The Fund carries out appropriate and proportionate checks in relation to requests from members to transfer benefits out of the Fund. This includes closely following the available guidance on transfers-out, with the aim of ensuring those progressing a transfer are fully aware of the implications of their decision and have had access to appropriate information and (where necessary) advice.

Section 4 - Fund account, net assets statement and notes

Financial Statements

INDEX

Statement of Responsibilities for the Financial Statements
Teesside Pension Fund

Statement of Responsibilities

Middlesbrough Council Responsibilities

The Council is required to:

- Make arrangements for the proper administration of the financial affairs of the Teesside Pension Fund (the Fund) through a Pension Fund Committee;
- Secure that one of its officers has the responsibility for the administration of those affairs, namely the Chief Finance Officer of the Council (Director of Finance and Transformation); and
- Manage the Fund to secure economic, efficient, and effective use of resources and to safeguard its assets and approve the Fund's Statement of Accounts.

The Chief Finance Officer's Responsibilities

The Corporate Director of Finance is responsible for the preparation of the Fund's Statement of Accounts in accordance with proper practices set out in the Accounts and Audit Regulations (England) 2015.

In preparing the Statement of Accounts, the Director of Finance and Transformation has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonably prudent;
- Complied with the Code;
- Kept proper accounting records which were up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

Confirmation of the Statement of Accounts

I confirm that the Teesside Pension Fund Draft Statement of Accounts gives a true and fair view of the financial position of the Fund at 31 March 2026 and of its income and expenditure for that year.

Andrew Humble

Corporate Director of Finance (Section 151 Officer)

Middlesbrough Council

30 June 2026

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF MIDDLESBROUGH COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS INCLUDED WITHIN THE TEESSIDE PENSION FUND ANNUAL REPORT.

Teesside Pension Fund Statement of Accounts

Fund Accounts for the year ended 31 March 2026

31 March 25 £m		Note	31 March 26 £m
	Dealings with members, employers and others directly involved in the Fund		
(125.283)	Contributions	6	(134.096)
(10.977)	Transfers in from other pension funds	8	(9.928)
(2.573)	Other income	9	(0.820)
(138.833)	**Total Income**		**(144.844)**
200.488	Benefits payable	7	206.415
16.881	Payments to and on account of leavers	10	10.436
217.369	**Total Expenditure**		**216.851**
78.536	**Net withdrawals from dealings with members**		**72.007**
8.456	Management expenses	11	11.304
86.992	**Net withdrawals including fund management expenses**		**83.311**
	Returns on investment		
(98.377)	Investment income	12	(177.228)
(90.461)	Profits and losses on disposal of investments and changes in the market value of investments	13	(511.623)
(188.838)	**Net returns on investment**		**(688.851)**
(101.846)	**Net (increase)/decrease in the net assets available for benefits during the year**		**(605.540)**
(5,475.150)	**Net assets of the scheme as at 1 April**		**(5,576.996)**
(5,576.996)	**Net assets of the scheme as at 31 March**		**(6,182.536)**

Net Asset statement for the year ended 31 March 2026

31 March 25 £m			31 March 26 £m
	Net Assets Statement as at 31 March		
5,568.307	Investments Assets	13	6,144.934
16.158	Current Assets	17	43.898

(7.469)	Current liabilities	**18**	(6.296)
5,576.996	**Net assets of the Fund at 31 March**		**6,182.536**

Notes to Teesside Pension Fund Accounts

Note 1 Basis of Preparation

The financial statements are prepared in line with the requirements of the CIPFA Code of Practice on Local Authority Accounting, which states that as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. The Council is established under the Local Government Regulations 2013 as an Administering Authority of the Local Government Pensions Scheme and is therefore a statutory body expected to be a going concern until notification is given that the body will be dissolved, and its functions transferred. The financial statements have been prepared on the assumption that the functions of the Fund will continue in operational existence for the foreseeable future and management is not aware of any material uncertainties in relation to this.

The statement of accounts summarises the Funds' transactions for the 2025/26 financial year and its position at year end as at 31 March 2026. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, which is based upon International Financial Reporting Standards (IFRS), as amended for the UK local government sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits, which fall due after the end of the financial year.

Note 2 Accounting standards issued but not yet been adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published and will be introduced by the 2026/27 Codes of Practice of Local Authority Accounting in the United Kingdom:

- **Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets)** issued in March 2024
- **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** issued in May 2024
- **Annual improvements to IFRS accounting standards – Volume 11** issued in July 2024
- **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)** issued in December 2024**.**

Note 3 Summary of Significant Accounting Policies

Accruals

The accounts have been prepared on an accrual's basis, and the accruals threshold set by management is £100,000. There are a couple of exceptions to this, one of those being individual transfer values which are recognised on a cash transfer basis.

Certain investments in pooled vehicles, predominantly in private markets and alternatives have investments costs charged directly by the investment managers to the Fund Account on cash receipt rather than accruals basis.

Foreign currency transactions in relation to purchases and sales on investments are accounted for at settlement date.

Fund Account – Revenue Recognition

Contributions Income

Normal contributions, from both the members and the employers, are accounted for on an accrual's basis in the payroll period to which they relate. The employers' percentage rate is set by the Actuary, whilst the employees' rate is determined by the Local Government Pension Scheme (LGPS) Regulations.

Employer deficit funding contributions are accounted for on the due dates set by the actuary, or on receipt if earlier.

Employer strain on the fund and any augmentation contributions are accounted for in the period in which the liability arises. Amounts due in the year but still outstanding at the year-end are accrued, according to the accrual's threshold.

Transfer Values

Transfer values represent the sums receivable in respect of members who have either joined or left the Fund during the financial year and are calculated in accordance with the LGPS Regulations.

Individual transfer values in and out have been accounted for in the period in which they were paid or received.

Transfers in from members wishing to use the proceeds from their additional voluntary contributions to purchase scheme benefits, are accounted for on a receipt's basis within transfers in.

Bulk transfers are accounted for on an accrual's basis in accordance with the terms of the transfer agreement.

Investment Income

Interest Income

Interest income is recognised in the Fund account on an accruals basis, using the effective interest rate of the financial instrument as at the date of acquisition.

Dividend Income

Dividend income is recognised at receipt of funds from the custodian.

Distributions from Pooled Investment Vehicles and Pooled Property Investments

Distributions from Pooled Funds are recognised on the date of cash receipt. Any amount not received at the year-end is disclosed in the net assets statement as a current financial asset.

Property Related Income

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the Fund is accounted for on an accrual's basis.

Interest on Cash Balances

All surplus cash balances of the Fund are invested externally; interest being credited to the Fund.

Fund Account – Expense Items Benefits Payable

Pensions and lump sum benefits payable include all amounts known to be due at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Taxation

The Fund is a registered public service scheme under section 1 (1) of schedule 36 of the Finance Act 2004 and, as such, is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Any withholding tax recovered is credited on receipt.

Management Expenses

The Code requires that management expenses be categorised into administrative expenses, oversight and governance expenses and investment management expenses. To enhance transparency, the Fund discloses its pension fund management expenses in accordance with CIPFA's guidance, "Accounting for Local Government Pension Scheme Management Expenses (2016)".

Administrative Expenses

All administrative expenses are accounted for on an accrual's basis. All staff costs of the pension administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund. Expenses for actuarial, audit and legal fees are paid directly by the Fund.

Oversight and Governance Costs

All oversight and governance expenses are accounted for on an accrual's basis. All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Investment Management Expenses

All investment management expenses are accounted for on an accrual's basis. Fees of external investment managers and the Fund's custodians are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Certain investments in pooled vehicles, predominantly in private markets and alternatives have investments costs charged directly by the investment managers to the Fund Account on an as paid rather than an accruals basis.

External manager Border to Coast Pensions Partnership fee is based on an agreed budget.

External property manager CBRE management fee is based market value of property investments. These transferred to Border to Coast from 31st July 2025.

External property fund manager for 'stay behind' properties managed by Aberdeen from 1st August 2025, their fees are taken as agreed from rental income.

All employee costs of the investment section are charged directly to the fund and a proportion of associated Council management time spent by officers on investment management is also charged to the fund.

Property Expenses

Property expenses have been recorded gross and shown as a deduction from the gross rental income received in determining net rents from properties.

Net Assets Statement

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term, 'financial instrument' covers both financial assets and financial liabilities and includes financial assets and liabilities such as trade receivables and trade payables.

IFRS9 Financial Instruments

Under IFRS9 Financial Instruments, a financial asset or financial liability shall be recognised in the balance sheet, and only when the Fund becomes a party to the contractual provisions of the instrument. On initial recognition, the Fund is required to classify financial assets and liabilities into amortised cost, fair value through profit and loss or fair value through other comprehensive income.

- Financial assets at amortised cost are those held to generate cash flows, and the amounts received are solely principal and interest.
- Financial liabilities are classified as amortised cost except in certain circumstances where they are classified as at fair value
- Fair value assets through profit and loss or other comprehensive income are assets which fail the amortised cost categorisation tests, where they are held for trading purposes and/or the amounts received relate to more than solely principal and interest (e.g. equity instruments).

IFRS 13 Fair Value Measurement

The standard provides a consistent definition of fair value and enhanced disclosure requirements. It is designed to apply to assets and liabilities covered by those IFRS standards that currently permit or require measurement at fair value (with some exceptions). The Fund currently complies with this standard.

For more information on the classification of funds according to fair value hierarchy, please refer to Note 14

Foreign Currency Transactions

Dividends and purchases and sales of investments in foreign currencies have been accounted for at the spot market rate at the settlement date of the transaction. Currency is bought and sold at the spot market rate for future dates through NatWest Agile Markets. During the year foreign currencies are transacted as follows:

- Proceeds of sales of foreign assets are translated into sterling at the exchange spot rate on the settlement date and recorded in our investment book of records in sterling and local currency.

- Purchases of foreign investments are translated into sterling using the exchange spot rate at the settlement date and recorded in our investment book of record at the book cost in sterling and local currency.

- Dividends from foreign investments are translated into sterling using the mid-market rate on the date of receipt.

Financial Assets

Financial assets at fair value through profit or loss are included in the net assets statement on a fair value basis as at 31 March 2026. Financial assets at amortised cost are included in the net assets statement at amortised cost. A financial asset is recognised in the net assets statement on the date the Fund becomes a party to the contractual acquisition of an asset. From this date, any gains and losses arising from changes in the fair value of assets are recognised in the Fund account. Assets with contractual terms that give rise to cash flows on specified dates, consisting solely of payments of principal and interest on the principal amount outstanding, are valued at amortised cost and recognised in the net assets statement. The value of investments as shown in the net assets statement has been determined as follows

Market Quoted Investments
Investments are valued at fair value as at 31 March 2026, as provided by the Fund's custodian. Quoted UK securities are valued at the bid price based on quotations in the Stock Exchange Daily Official List. Overseas quoted securities are, similarly, valued at the bid price from overseas stock exchanges, translated at closing rates of exchange.

Pooled Investment Vehicles

Pooled investment vehicles are valued at closing bid prices if both bid and offer prices are published, otherwise at the closing single price. In the case of pooled investment vehicles that are accumulation funds, the change in market value also includes income, which is reinvested in the Fund, net of applicable withholding tax.

Fixed Interest Securities

The value of fixed income investments excludes interest earned but not paid over at the year end. The interest earned is accrued within the investment income receivable.

Unquoted Investments

Unlisted securities, including partnerships, are valued regarding latest dealings and other appropriate financial information as provided by their respective managers or those controlling the partnerships.

Loans

Cash is invested with investment managers for a fixed term at a fixed interest rate. Loan repayment terms are agreed upon at the outset, with repayments including both the initial capital and interest over the agreed fixed term period.

Freehold and Leasehold Properties

Properties are valued at 31 March 2026. An independent external valuer conducts annual valuations on a fair value basis, in accordance with the Royal Institute of Chartered Surveyors' Valuation Standards (9th Edition). These valuations are professional opinions based on stated assumptions. It is important to note that a valuation is an estimate, not a fact. The degree of subjectivity and certainty involved can vary from case to case.

Leases

The Fund recognises a lease to be any agreement which transfers the right to use an asset for an agreed period in exchange for payment, or a series of payments. The Fund accounts for all leases in line with IFRS 16 (Leases), except where adaptations to fit the public sector are detailed in the Code. This accounting policy was applied from 1 April 2024. In line with the provisions of the Code, retrospective restatement of prior-period comparative information has not been undertaken.

<u>Finance Leases</u>

A Finance lease is where substantially all the risks and rewards relating to ownership transfer to the lessee. Tests to give an indication of the transfer of risk and rewards are.

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that is reasonably certain, at the inception of the lease, that it will be exercised.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent. See Note 13 for finance leases.

<u>Operating Leases</u>

The Fund recognises an operating lease to be a lease which is not a finance lease under IFRS 16. Where the Fund is the lessor for an operating lease, normally the asset is classified as an Investment Property. Any rental income is credited to income.

The lifespan of each operating lease in investment properties is generally between 5 and 10 years. See Note 13 for operating leases.

Outstanding Commitments

The Fund has made commitments to investments, which are not included in the accounts of the Fund until the monies have been drawn down by the relative manager. Please refer to note 13 for contractual commitments at 31 March 2026 and 31 March 2025.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on an annual basis by the scheme actuary in accordance with the requirements of IAS26 (Accounting and Reporting by Retirement Benefit Plans) and relevant actuarial standards. As permitted under the Code, the Fund has adopted to disclose the actuarial present value of promised retirement benefits by way of a note, refer to Note 15 and 16.

Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed the Prudential Assurance Co Ltd as the current provider. AVCs are paid to the AVC provider by the employers and are specifically for providing additional benefits for the individual contributors. Each AVC contributor receives an annual statement showing the value of their account and any movements in the year. AVCs are not included in the accounts in accordance with Regulation 4 (1) b of the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016 but are disclosed as a note only (Note 19).

Value Added Tax

Expenses and property purchase costs are charged net to the Pension Fund. The VAT is reclaimed via Middlesbrough Council's VAT regime.

Note 4 Critical Judgements, Sensitivities and Accounting Estimates

The Code of Practice on Local Authority Accounting requires disclosure of judgements made by management that affect the application of accounting policies. The Fund can confirm it has made no such critical judgements during 2025/26.

Note 5 Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of the Accounts contains estimated figures that are based on assumptions made by the Fund about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends, and other factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

Item	Uncertainties	Effect if actual results differ from assumptions
Pooled Investment and Property Vehicles	The fair value of these assets is determined by using the most recently available valuation reports and financial statements provided by the general partners, adjusted for cash flow between the date of the reports and the accounting date. As these valuations are based on a combination of estimation techniques and unobservable inputs, management judgement is therefore required and there is significant estimation uncertainty in the valuations. Consequently, reliance is placed on general partners to perform the valuations and the Fund performs due diligence to maintain	Unobservable market values amount to £1,993.837m. The effect of variations in the factors supporting the valuation would be an increase or decrease of between 5.80% and 11.50%, split below. 5.80% Infrastructure - £737.099 Private Equity - £701.402 Other Debt - £72.079 11.50% Real Estate - £483.257 See Note 14 - Sensitivity Analysis of Assets at level 3 for further breakdown.

	confidence in the valuation provided.	
Freehold and leasehold property	The Fund uses independent external valuers (Knight Frank LLP) to value freehold and leasehold properties. Valuations are based on market yields, calculated by Knight Frank, which are informed by a combination of expertise and market awareness on behalf of the valuer. The valuations are therefore subject to estimation uncertainty due to the judgements involved. Consequently, reliance is placed on the surveyor's report provided by Knight Frank and the Fund due diligence to maintain confidence in the valuation provided.	The effect of variations in the factors supporting the valuation would be an increase or decrease of 11.50% in the value of directly held property £8.073m, on a fair value basis of £70.200m.

Note 6 Contributions

Contributions from both members and employers are accounted for on an accrual's basis in the payroll period. The employers' percentage rate is set by the actuary, whilst the employees' rate is determined by the Local Government Pension Scheme (LGPS) Regulations.

2024/25 £m		2025/26 £m
	Employers	
(87.023)	Normal	(94.106)
(0.015)	Deficit Recovery Contributions	(0.047)
(38.245)	Members	(39.943)
(125.283)	**Total**	**(134.096)**

Analysis of Total Contributions

2024/25 £m		2025/26 £m
(16.760)	Administering Authority – Middlesbrough Council	(19.170)
(95.393)	Scheduled Bodies	(102.546)
(13.130)	Admitted Bodies	(12.380)
(125.283)	**Total**	**(134.096)**

Note 7 Benefits Payable

Pensions/lump sum benefits payable include all amounts known to be due at the end of the financial year.

2024/25 £m		2025/26 £m
164.845	Pensions	169.106
33.222	Commutations and lump sum retirement benefits	34.354
2.421	Lump sum death benefits	2.955
200.488	**Total**	**206.415**

Analysis of Total Benefits

2024/25 £m		2025/26 £m
32.197	Administering Authority – Middlesbrough Council	32.900
123.675	Scheduled Bodies	125.904
44.616	Admitted Bodies	47.611
200.488	**Total**	**206.415**

Note 8 Transfers in from Other Pension Funds

Transfer values represent the sums receivable in respect of members who have joined the Fund during the financial year.

2024/25 £m		2025/26 £m
(10.977)	Individual transfers in from other schemes	(9.928)
(10.977)	**Total**	**(9.928)**

Note 9 Other Income

2024/25 £m		2025/26 £m
(2.293)	Capital Costs of Early Retirements	(0.805)
(0.280)	Other income	(0.015)
(2.573)	**Total**	**(0.820)**

Note 10 Payments to and on account of leavers

2024/25 £m		2025/26 £m
0.234	Refunds to members leaving scheme	0.332
0.124	Payments for members joining state scheme	0.001
16.523	Individual transfers to other schemes	10.103
16.881	**Total**	**10.436**

Note 11 Management Expenses

The Fund discloses its pension fund management expenses in accordance with CIPFA's guidance 'Accounting for Local Government Pension Scheme Management Expenses (2016)'. This includes administrative expenses, investment management expenses and oversight and governance costs.

This note does not cover all expenses that have been incurred by individual funds as these are covered within the movement of funds.

2024/25 £m		2025/26 £m
1.953	Administrative costs	3.687
6.062	Investment management expenses	6.722
0.441	Oversight and governance costs	0.895
8.456	**Total**	**11.304**

All investment management expenses are accounted for on an accrual's basis. Fees of external managers and custodian are agreed in respective mandates governing their appointments.

2024/25 £m		2025/26 £m
5.267	Management fees	6.044
0.025	Custody fees	0.025

0.770	Support service recharges	0.653
6.062	**Total**	**6.722**

Note 12 Investment Income

2024/25 £m		**2025/26 £m**
(52.749)	Income from pooled investment vehicles	(146.362)
(27.840)	Net rents from properties (see note below)	(12.576)
(17.788)	Interest on cash deposits	(18.290)
(98.377)	**Total**	**(177.228)**

Rental Income and Property Expenses

2024/25 £m		**2025/26 £m**
(28.825)	Gross Rental income	(13.754)
0.985	Property Expense / (Income)	1.178
(27.840)	**Net Rents from Properties**	**(12.576)**

Note 13 Investment Assets

The Pension Fund invests in several types of assets to maximise the return on the investment for the Fund.

2025/26	**Value at 1 April 2025 £m**	**Reclassified Assets**	**Purchases at Cost £m**	**Sale Proceeds £m**	**Change in Market Value £m**	**Value at 31 March 2026 £m**
Equities	**2.544**	-	-	-	0.344	**2.888**
Pooled Investment Vehicles	**4,369.226**	-	5,123.515	(5,078.422)	564.971	**4,979.290**
Pooled Property Investments	**95.779**	428.525	411.518	(30.251)	(422.314)	**483.257**
		-				
Properties	**496.725**	(428.525)	114.444	(478.631)	366.187	**70.200**
Finance Lease Receivable	**28.000**	-	0.025	-	3.375	**31.400**
Loans	**91.508**	-	5.571	(1.783)	0.060	**95.356**
Directly Held – Private Equity	**23.446**	-	1.000	-	(1.000)	**23.446**
	5,107.228	**0.00**	**5,656.073**	**(5,589.087)**	**511.623**	**5,685.837**
Cash Deposits	456.190					455.789
Other Investment Balances	4.889					3.308
Net Investment assets	**5,568.307**					**6,144.934**

2024/25	Value at 1 April 2024 (Restated) £m	Purchases at Cost £m	Sale Proceeds £m	Change in Market Value £m	Value at 31 March 2025 £m
Equities	2.013	0.142	(0.569)	0.958	**2.544**
Pooled Investment Vehicles	4,619.504	617.570	(959.406)	91.558	**4,369.226**
Pooled Property Investments	107.329	2.329	(12.271)	(1.608)	**95.779**
Properties	456.550	39.766	-	0.409	**496.725**
Finance Lease Receivable	27.750	0.488	-	(0.238	**28.000**
Loans	49.535	43.139	(1.466)	0.300	**91.508**
Directly Held – Private Equity	8.564	15.800	-	(0.918)	**23.446**
	5,271.245	**719.234**	**(973.712)**	**90.461**	**5,107.228**
Cash Deposits	193.440				456.190
Other Investment Balances	2.212				4.889
Net Investment assets	**5,466.897**				**5,568.307**

Change in Market Value

The change in the market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Realised profit was £434.006m and unrealised gain was £77.617m. Prior year realised profit was £249.806m and unrealised loss was £159.345m.

Transaction Costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other fees. Transaction costs for 2025/26 are zero as there were no purchases in year (2024/25 £1.956m).

Analysis by Investment Manager

Teesside Pension Fund is one of eleven equal partners in the Border to Coast Pension Partnership Ltd (BCPP) which has been formed as a result of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. These regulations require all Local Government Pension Scheme Funds (LGPS) in England and Wales to combine their assets into a small number of investment pools.

It is anticipated that all assets belonging to the Fund will be transferred to BCPP as and when BCPP launch investment funds which match our investment strategy and satisfy due diligence. BCPP will be responsible for investment management and oversight, in line with the Fund's Investment Strategy and asset allocation requirements.

In line with the Fund's strategic asset allocation, as at 31 March 2026 the Fund had pooled Overseas Equities, UK Equities, Emerging Markets Equities and UK Real Estate as well as continued investment into Private Markets and Infrastructure through BCPP. At 31 March 2026 74.24% (62.96% 31 March 25) of the Fund's assets are now invested through BCPP pooled investment vehicles.

Market Value 31 March 2025 £m	%	Investment Manager	Market Value 31 March 2026 £m	%
		Investments managed by BCPP asset pool		
2,086.661	37.47	Overseas Equities	**2,464.716**	**40.11**
609.891	10.95	UK Equities	**721.003**	**11.73**
228.154	4.10	Emerging Markets Equities	**282.991**	**4.61**
250.928	4.51	Private Equity	**302.609**	**4.92**
294.909	5.30	Infrastructure	**343.251**	**5.59**
35.347	0.63	Climate Opportunities	**46.265**	**0.75**
-	-	UK Real Estate	**401.432**	**6.53**
3,505.890	**62.96**		**4,562.267**	**74.24**
		Investments managed outside of BCPP asset pool		
496.725	8.92		**70.200**	**1.14**
28.000	0.50	Direct Property	**31.400**	**0.51**
456.190	8.19	Finance Lease Receivable	**455.789**	**7.42**
2.536	0.05	Cash	**2.880**	**0.05**
0.080	0.00	Unquoted UK Equity	**0.008**	**0.00**
125.272	2.25	Unquoted Overseas Equity	**124.365**	**2.02**
93.234	1.67	LGT Capital Partners	**49.482**	**0.81**
86.382	1.55	Darwin Alternatives	**76.955**	**1.25**
86.340	1.55	Gresham House	**93.162**	**1.52**
86.039	1.55	Unigestion	**87.930**	**1.43**
83.655	1.50	Capital Dynamics	**82.001**	**1.33**
83.339	1.50	Access Capital Partners	**87.465**	**1.42**
50.731	0.91	JP Morgan IIF UK LP	**50.341**	**0.82**
48.769	0.88	Insight Investments	**43.244**	**0.70**
46.446	0.83	Blackrock Fund Managers Ltd	**36.922**	**0.60**
35.173	0.63	Pantheon Ventures UK	**19.638**	**0.32**
27.554	0.49	Hermes	**27.529**	**0.45**
26.369	0.47	Hearthstone	**17.588**	**0.29**
25.000	0.45	Aberdeen Standard Life	**25.000**	**0.41**
23.446	0.42	Verdant Regeneration Ltd	**23.446**	**0.38**
22.719	0.41	GB Bank Ltd	**20.080**	**0.33**
19.759	0.35	Innisfree	**21.304**	**0.35**
19.716	0.35	Ancala	**19.867**	**0.32**
18.896	0.34	Greyhound Retail Park	**18.896**	**0.31**
16.913	0.30	Titan - Preston East	**20.610**	**0.34**
15.986	0.29	St Arthur Homes	**10.319**	**0.17**
13.743	0.25	La Salle	**16.944**	**0.28**

10.983	0.20	Foresight Group	**10.983**	**0.18**
-	-	Titan - Templar's Way	**16.038**	**0.26**
-	-	Legal and General	**12.381**	**0.20**
3.863	0.07	ABT Leisure Fund	**-**	**-**
2.968	0.05	CCLA Investment Management Ltd	**5.770**	**0.09**
0.772	0.01	FW Capital	**0.821**	**0.01**
4.889	0.09	Bridges Fund Management	**3.308**	**0.05**
		Other Investment Balances		
2,062.487	**37.04**		**1,582.666**	**25.76**
5,568.307	**100.00**		**6,144.934**	**100.00**

The funds contractual commitments at 31 March 2026 are £1,789.997m (31 March 2025 1,681.976m). Undrawn commitments relate to outstanding call payments due on unquoted limited partnership funds held in private equity, infrastructure and other debt parts of the portfolio. The amounts 'called' by these funds are irregular in both size and timing over the life span of their intended investment period.

Pooled Investment Vehicles and Properties

31 March 2025 £m		31 March 2026 £m
609.891	UK Equity	721.003
95.778	Pooled Property investment Vehicle	81.825
672.994	Private Equity	724.848
688.215	Infrastructure	737.099
83.312	Other Debt	72.079
2,150.190	**UK Unit and Investment Trusts Total**	**2,336.854**
2,314.815	Overseas Equities	2,747.707
2,314.815	**Overseas Unit and Investment Trusts Total**	**2,747.707**
4,465.005	**Total**	**5,084.561**

UK Properties

31 March 2025 £m		31 March 2026 £m
388.325	Freehold	54.000
108.400	Leasehold	16.200
496.725	**Total**	**70.200**

The properties were valued at Fair Value as of 31 March 2026 by Knight Frank LLP, acting as an External Valuer. The valuer's opinion on the Fair Value of the Fund's interests in the properties has been reported in accordance with VPS3 of the RICS Red Book. According to these provisions, "Fair Value" is defined by the International Accounting Standards Board (IASB) in IFRS 13, as "The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date."

Leases

The Fund had one asset under a finance lease at 31 March 2026, the note below provides a reconciliation of the undiscounted lease payments due to be received by the Fund over the 35-year lease period

31 March 2025		31 March 2026
£m		£m
28.000	Finance Lease receivable	28.000
56.939	Unearned Finance income	55.383
84.939	**Undiscounted Lease Payments**	**83.383**

Finance Leases – Maturity Analysis

31 March 2025		31 March 2026
£m		£m
1.556	Less than 1 year	1.598
1.598	1 – 2 years	1.641
1.641	2 – 3 years	1.685
1.685	3 – 4 years	1.731
1.731	4 – 5 years	1.778
76.728	Later than 5 years	74.950
84.939	**Total**	**83.383**

Operating Leases – Maturity Analysis

31 March 2025 (Restated)		31 March 2026
£m		£m
23.926	Less than 1 year	6.729
23.657	1 – 2 years	6.655
22.594	2 – 3 years	6.379
19.941	3 – 4 years	5.924

18.498	4 – 5 years	5.924
114.656	Later than 5 years	67.379
223.271	**Total**	**98.990**

The future minimum lease payments due to the Fund under non-cancellable operating and finance leases are stated in the above table. Only direct properties have been included.

Operating Leases at 31 March 2025 has been restated to include all direct properties.

Note 14 Financial Instruments

Net Gains and Losses on Financial Instruments

31 March 2025 £m	Financial Assets	31 March 2026 £m
(90.461)	Fair Value through profit and loss account (gain)/loss	**(511.623)**

Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenditure, including fair value gains and losses, are recognised.
The following table analyses the carrying amounts of financial assets and liabilities by category

Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
31 March 2025				**31 March 2026**		
		£m				**£m**
			Financial Assets			
2.544	-	-	Equities	2.888	-	-
			Pooled Investment Vehicles			
672.994	-	-	Private Equity	701.402	-	-
688.215	-	-	Infrastructure	737.099	-	-
83.312	-	-	Other Debt	72.079	-	-
609.891	-	-	UK Equities	721.003	-	-
2,314.815	-	-	Overseas Equities	2,747.707	-	-
496.725			Direct Property	70.200	-	-
-	28.000	-	Finance Lease receivable	-	31.400	-

95.778	-	-	Pooled Property Investments	483.257	-	-
-	91.508	-	Loans	-	95.356	-
23.446	-	-	Directly Held – Private Equity	23.446	-	-
-	456.190	-	Cash		455.789	-
-	4.889	-	Other investment balances	-	3.308	-
-	5.049	-	Sundry debtors and prepayments	-	34.557	-
4,987.719	**585.636**	**-**	**Total**	**5,559.081**	**620.410**	**-**
			Financial Liabilities			
-	-	(2.729)	Sundry creditors	-	-	(2.742)
4,987.719	**585.636**	**(2.729)**	**Net Financial Assets**	**5,559.081**	**620.410**	**(2.742)**

Valuation of Financial Instruments Carried at Fair Value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1
Financial instruments at Level 1 are those where fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Level 2
Financial instruments at Level 2 are those where quoted market prices are not available or where valuation techniques are used to determine fair value based on observable data.

Level 3
Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments and hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Teesside Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken as at 31 March annually. Cash flow adjustments can be used where valuations at 31 March could not be obtained.

Teesside Pension Fund has no investment in hedge funds.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

Valuation of Financial Instruments

Value as at 31 March 2026	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit and loss account	2.888	3,468.710	2,087.483	**5,559.081**
Total Financial Assets	**2.888**	**3,468.710**	**2,087.483**	**5,559.081**

This table excludes financial assets and financial liabilities at amortised cost. Please refer to the fair value of financial instruments table at the beginning of this note for the total net financial assets

Value as at 31 March 2025	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets at fair value through profit and loss account	6.406	2,924.706	2,056.607	**4,987.719**
Total Financial Assets	**6.406**	**2,924.706**	**2,056.607**	**4,987.719**

This table excludes financial assets and financial liabilities at amortised cost. Please refer to the fair value of financial instruments table at the beginning of this note for the total net financial assets.

Sensitivity Analysis of Assets at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation classification described above are likely to be accurate to within, the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2026.

Valuation of Financial Instruments carried at fair value – 31 March 2026

	Assessed valuation range (+/-)	Value as at 31 March 2026 £m	Value on increase £m	Value on decrease £m
Pooled Investments - Private Equity	5.80%	701.402	742.083	660.721
Directly Held – Private Equity	5.80%	23.446	24.806	22.086
Pooled Investments - Infrastructure	5.80%	737.099	779.851	694.347
Pooled Investments - Other Debt	5.80%	72.079	76.260	67.898
Pooled Investments - Property	11.50%	483.257	538.832	427.682
Direct Property	11.50%	70.200	78.273	62.127
Total		**2,087.483**	**2,240.105**	**1,934.861**

Valuation of Financial Instruments carried at fair value – 31 March 2025

	Assessed valuation range (+/-)	Value as at 31 March 2025 £m	Value on increase £m	Value on decrease £m
Pooled Investments - Private Equity	7.20%	672.995	721.451	624.539
Directly Held – Private Equity	7.20%	23.446	25.134	21.758
Pooled Investments - Infrastructure	7.20%	688.215	737.766	638.664
Pooled Investments - Other Debt	7.20%	83.312	89.310	77.314
Pooled Investments - Property	17.40%	91.914	107.907	75.921
Direct Property	17.40%	496.725	583.155	410.295
Total		**2,056.607**	**2,264.723**	**1,848.419**

Reconciliation of Fair Value Measurements within level 3 during 2025/26

	Market Value at 1 April 2025 £m	Purchases £m	Sales £m	Unrealised Gains/ Losses £m	Realised Gains/ Losses £m	Market Value at 1 April 2026 £m
Total	**2,056.607**	**594.775**	**(163.610)**	**(388.856)**	**(11.433)**	**2,087.483**

Reconciliation of Fair Value Measurements within level 3 during 2024/25

	Market Value at 1 April 202(Restated) £m	Purchases £m	Sales £m	Unrealised Gains/ Losses £m	Realised Gains/ Losses £m	Market Value at 1 April 2025 £m
Total	**1,855.751**	**280.585**	**(82.372)**	**(3.611)**	**6.254**	**2,056.607**

Fair Value – Basis of Valuation

Description of assets	Valuation basis/technique	Observable and unobservable inputs	Key sensitivities affecting the valuations
Quoted Equities and Listed Pooled Investment Vehicles **(Level 1)**	Pricing from market data providers based on observable bid price quotations.	Use of pricing source-bid prices on stock exchange.	Not Required
Pooled investments - unitised funds with underlying assets in	Quoted equities held at BCPP that are listed on a recognised stock	NAV – based pricing set on a forward pricing basis.	Not Required

quoted equity (UK and Overseas) **(Level 2)**	exchange but are not actively traded daily. These are valued using bid prices at the valuation date published by the investment manager at the pooled fund.		
Unquoted Equity Investments **(Level 2)**	Shareholdings in BCPP have been valued at cost i.e. transaction price as an appropriate estimate of fair value.	No market for shares held in BCPP. Disposal of shares is not a matter in which any shareholder can make a unilateral decision. Company is structured so as not to make a profit.	Not required
Private Equity and other private market assets (Pooled funds in infrastructure, private equity, private debt, unit trusts) **(Level 3)**	Investments in private equity funds and unquoted limited partnerships are valued based on the Fund's share of the net assets in the private equity fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association.	Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the general partners own reporting date by changes to expected cashflows and by any differences between audited and unaudited accounts.
Investment Properties: Freehold and leasehold properties and pooled property funds **(Level 3)**	The properties are valued at fair value at the year-end using the investment method of valuation by independent valuers Knight Frank LLP in accordance with the RICS Valuation Global Standards (incorporating the International Valuation Standards) and the UK national supplement ('the red book') current as at the valuation date.	Existing lease terms and rentals Independent market research Nature of tenancies Covenant strength for existing tenants Assumed vacancy levels Estimated rental growth Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations, as could more general changes to market prices.

Nature and Extent of Exposure to Risk Arising from Financial Instruments

Risk and Risk Management

The Fund's primary long-term risk is that its assets may fall short of its liabilities which includes promised benefits payable to members. Consequently, the aim of investment risk management is to minimise the risk of an overall reduction in the Fund's value while maximising the opportunity for gains across the entire portfolio. The Fund achieves this through asset diversification, which reduces exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. Additionally, the Fund manages its liquidity risk to ensure sufficient liquidity to meet forecasted cash flows.

Market Risk

Market risk refers to the potential for loss due to fluctuations in equity and commodity prices, interest rates foreign exchange rates and credit spreads. The Fund is exposed to market risk through its investment activities, particularly its equity holdings. The level of risk exposure is influenced by market conditions, expectations of future price and yield movements, and the asset mix.

The Fund identifies, manages, and controls market risk exposure within acceptable parameters while optimising the return on risk.

Excessive volatility in market risk is generally managed through portfolio diversification across geographical regions, industry sectors, and individual securities. To mitigate market risk, the Fund and its investment advisors conduct appropriate monitoring of market conditions and benchmark analysis.

Other Price Risk

Other price risk refers to the risk that the value of a financial instrument will fluctuate because of changes in the market prices, excluding those arising from interest rate risk or foreign exchange risk. These fluctuations can be caused by factors specific to the individual instrument or its issuer, or by broader market factors affecting all such instruments.

The Fund is exposed to share price risk, which arises from investments held by the Fund with uncertain future prices. All securities investments carry a risk of capital loss, with the maximum risk determined by the fair value of the financial instrument.

The Fund's investment managers mitigate this price risk through diversification. The selection of securities and other financial instruments is monitored by the Council to ensure compliance with the limits specified in the Fund Strategy Statement and the Investment Strategy Statement.

Other Price Risk – Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year and in consultation with Hymans Roberston, the Fund has determined that the following movements in market price risk are reasonably possible for the 2025/26 reporting period.

2025/26 Price Risk	Value as at 31 March 2026	% Change	Value on Increase	Value on Decrease

Asset Type	Region	£m		£m	£m
	UK	2.880	10.20%	3.174	2.586
Equities	Non-UK	0.008	10.70%	0.009	0.007
Managed and Unitised Funds	UK Equities	721.003	10.20%	794.546	647.461
	UK Alternatives	416.935	5.80%	441.117	392.753
	Non-UK Equities	2,747.707	10.70%	3,041.711	2,453.702
	Non-UK Alternatives	1,189.001	5.80%	1,257.963	1,120.038
Directly Held - Private Equity	UK	23.446	5.80%	24..806	22.086
Direct Property	UK	70.200	11.50%	78.273	62.127
Pooled Property	UK	465.669	11.50%	519.221	412.117
Pooled Property	Non-UK	17.588	11.50%	19.611	15.565
Total		**5,654.437**		**6,180.431**	**5,128.442**

2024/25 Price Risk Asset Type	Region	Value as at 31 March 2025 £m	% Change	Value on Increase £m	Value on Decrease £m
	UK	2.536	10.90	2.812	2.260
Equities	Non-UK	0.008	10.90	0.009	0.007
Managed and Unitised Funds	UK Equities	609.891	10.90	676.369	543.413
	UK Alternatives	428.008	7.20	458.825	397.192
	Non-UK Equities	2,314.815	10.90	2,567.130	2,062.500
	Non-UK Alternatives	1,108.022	7.20	1,187.799	1,028.244
Directly Held - Private Equity	UK	23.446	7.20	25.134	21.758
Direct Property	UK	496.725	17.40	583.155	410.295
Pooled Property	UK	69.409	17.40	81.486	57.332
Pooled Property	Non-UK	26.369	17.40	30.957	21.780
Total		**5,079.229**		**5,613.676**	**4,544.781**

Interest Rate Risk

Interest rate risk is the risk to which the Fund is exposed to changes in interest rates and relates to its holdings in cash. The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2026 is set out below:

2024/25 £m	Asset Type at 31 March	2025/26 £m
456.190	Cash and cash equivalents	455.789
4.889	Other Investment balances	3.308
461.079	**Total**	**459.097**

Sensitivity Analysis

The Fund recognises that fluctuations in interest rates can impact both its income and the value of the net assets available to pay benefits. The following analysis assumes that all other variables, particularly exchange rates, remain constant. It illustrates the effect of a +/- 75 basis points (BPS) change in interest rates on the net assets available to pay benefits in the year.

Asset Type		**+ 75 BPS**	**- 75 BPS**
Carrying value at 31 March 2026	**£m**	**£m**	**£m**
Cash and cash equivalents	455.789	3.418	(3.418)
Other Investment balances	3.308	0.025	(0.025)
Total	**459.097**	**3.443**	**(3.443)**

Asset Type		**+ 75 BPS**	**- 75 BPS**
Carrying value at 31 March 2025	**£m**	**£m**	**£m**
Cash and cash equivalents	456.190	3.421	(3.421)
Other Investment balances	4.889	0.037	(0.037)
Total	**461.079**	**3.458**	**(3.458)**

Currency Risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund's currency rate risk is considered by the Fund's Investment Advisors and Investment Managers. The Pension Fund Committee is informed quarterly of the Fund's currency exposure.

Currency risk – Sensitivity Analysis

Based on an analysis of 3 years of historical data conducted in consultation with Hymans Robertson, the Fund has assessed the likely volatility associated with foreign exchange rate movements to be 9%. A percentage strengthening or weakening of the pound against the various currencies in which the Fund holds investments would correspondingly decrease or increase the net assets available to pay benefits as illustrated below.

Asset Type	**Value as at 31st March 26** **£m**	**Value on Increase 8.7%** **£m**	**Value on Decrease 8.7%** **£m**
Pooled Funds - Overseas Equities	2,464.716	2,679.146	2,250.286
Pooled Funds - Emerging Markets	282.991	307.611	258.371
Pooled Funds - Overseas Private Equity	612.321	665.593	559.049

Pooled Funds - Overseas Infrastructure	509.526	553.855	465.198
Pooled Funds - Overseas Property	17.588	19.118	16.058
Pooled Funds - Overseas Other Debt	67.153	72.996	61.311
Total	**3,954.295**	**4,298.319**	**3,610.273**

Other Alternatives asset class has been disbanded and the funds transferred to other suitable asset classes.

Asset Type	Value as at 31st March 25 £m	Value on Increase 9.0% £m	Value on Decrease 9.0% £m
Pooled Funds - Overseas Equities	2,086.661	2,274.461	1,898.862
Pooled Funds - Emerging Markets	228.153	248.688	207.620
Pooled Funds - Overseas Private Equity	566.785	617.796	515..774
Pooled Funds - Overseas Infrastructure	468.152	510.286	426.018
Pooled Funds - Overseas Property	26.369	28.742	23.995
Pooled Funds - Overseas Other Debt	73.084	79.662	66.507
Total	**3,449.204**	**3,759.635**	**3,138.776**

Credit Risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The Fund is exposed to credit risk on its investment portfolio, including its cash deposits, and on the contribution’s receivable from the Fund's participating employers.

The market values on investments typically reflect an assessment of credit risk in their pricing, implicitly accounting for the risk of loss in the fair value of the Fund's investments. Credit risk on cash deposits is managed by Middlesbrough Council's in-house Treasury Management Team, in accordance with the Council's Treasury Management Policy. This policy is described in detail in Middlesbrough Council's Annual Report.

Credit risk on receivables from employers is minimised through regular monitoring of monthly payments from employees. As of 31 March 2026, there is no provision for expected credit losses against the amounts due from employers. The LGPS Regulations require that a risk assessment be conducted of any new transferee admission body, and that a bond or guarantee is obtained where necessary.

Deposits are not made with banks and financial institutions unless they are rated independently and meets the administering authorities, credit criteria. The fund has also set limits as to the maximum percentage of the deposits placed with any one class of financial institution. In addition, the fund invests an agreed percentage of its funds in the money markets to provide diversification. Money market funds chosen all had an ‘AAA’ rating from a leading ratings agency

The Teesside Pension Fund Committee must approve the admission of any new body. Bonds or guarantees have been obtained for the Fund's admission body employers, where possible. The Fund is potentially exposed to credit risk from certain scheduled employers that have neither tax-raising powers nor a guarantee from central government.

The fund believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits, with no balances written off during the period. The funds cash holding under its Treasury Management arrangements at 31 March 2026 was £455.790m (31 March 2025 £456.190m). This was held with the following institutions:

Summary	Rating	31March 2025 £m	31March 2026 £m
Money Market Funds			
Aberdeen	AAA	20.000	20.000
CCLA	AAA	20.000	20.000
Federated	AAA	20.000	20.000
Banks			
Lloyds Bank	A+	20.000	20.000
NatWest Bank	A+	12.400	17.600
Local Authorities & Public Bodies	N/A	363.790	358.189
Total		**456.190**	**455.789**

Liquidity Risk

Liquidity risk is the risk that the Fund will be unable to meet its financial obligations as they fall due. To manage this risk, the Fund holds in-house cash resources to meet the day-to-day needs and to pay pensions. If there is insufficient cash available to meet immediate needs, there are sufficient other assets available which can be liquidated at short notice and at minimal cost.

Apart from investments in private equity, infrastructure partnerships and other alternatives, there are no commitments to contribute further capital to existing fund investments. When capital calls for private equity, infrastructure partnership and other alternatives are received, payments are made from cash or, if necessary, by liquidating other assets.

31 March 2025	Liquidity Terms	31 March 2026
£m		£m
3,380.896	Assets realisable within 7 days	3,924.499
-	Assets realisable in 8 -30 days	-
-	Assets realisable in 31 – 90 days	-
2,182.521	Assets taking more than 90 days to realise	2,217.127
5,563.417	**Total**	**6,141.626**

Management prepares cash flow forecasts to understand and manage the timing of cash flow to ensure there is an appropriate level of cash available on a daily basis. The appropriate strategic level of cash to be held is a central consideration when preparing the fund's investment strategy.

With fewer employee members and more pensioners and deferred members the funds liabilities are increasing year on year. However, when income from investments is taken into account the fund is expected to continue to be cash flow positive for the foreseeable future and it will not be a forced seller of investments to meet its pension obligations.

Note 15 Actuarial Valuations

Contributions are paid to the Fund by the employers to provide for the benefits which will become payable to Scheme members when they fall due. The funding objectives are to meet the cost of Scheme members' benefits whilst they are working and to build up assets to provide adequate security for the benefits as they accrue.

To assess that the funding objectives are being met the Fund is required to carry out an Actuarial Valuation

every 3 years, The Triennial Valuation. Typically, each final triennial valuation report is published around a year after the effective date. An Actuarial Valuation was carried out as at 31 March 2025 using the 'Projected Unit Method' which produced the following results.

	2022 Valuation	2025 Valuation
	£m	£m
Net Liabilities	4.351	3.983
Assets	5.036	5.609

Surplus	**684**	**1.626**
Funding Level	**116%**	**141%**

The actuarial assumptions used to calculate the promised value of benefits at 31 March 2025 were:

Funding Assumptions

	2022 Valuation	2025 Valuation
Pension Increase Rate (CPI %)	2.70%	2.30%
Salary Increase Rate (%)	3.70%	3.30%
Discount Rate (%)	4.25%	5.60%

The assumed life expectancy from age 65 (years) assumptions

Mortality Assumptions (Years)	2022 Valuation	2025 Valuation
Longevity at 65 for current pensioners:		
● Men	20.9	20.9
● Women	23.9	23.9
Longevity at 65 for future pensioners:		
● Men	21.9	21.7
● Women	25.5	25.2

The next triennial valuation is due as at 31 March 2028 and any change in employers' contribution rates because of that valuation will take effect from 1 April 2029.

Note 16 Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits at 31 March 2026 was £4.257bn (31 March 2025 £3.983bn). The promised retirement benefits at 31 March 2026 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2025 but taking account of changes in membership numbers and updating assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and uses different assumptions to those used for a triennial funding valuation. The net assets of the Scheme available to pay benefits at 31 March 2026 was £6.183bn (31 March 2025 £5.577bn). The fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

Present value of promised retirement benefits

	31 March 2025 £m	31 March 2026 £m
Active members	1,579	1,454
Deferred members	654	699
Pensioners	1,750	2,104
Total	**3,983**	**4,257**

Note 17 Current Assets

Current assets are cash and any other asset that can be turned into cash within one financial year.

31 March 2025 £m	Debtors	31 March 2026 £m
2.615	Other Debtors	24.774
2.752	Sundry Debtors	4.886
	Contributions due in respect of:	
6.720	Employers	7.376
2.965	Members	3.144
	Capital cost of early retirements	0.694
1.106	Cash balances	3.024
16.158	**Total**	**43.898**

31 March 2025 £m	Analysis of Debtors	31 March 2026 £m
5.095	Other local authorities	5.783
9.957	Other entities and individuals	35.091
1.106	Add cash balances	3.024
16.158	**Total**	**43.898**

The Other Debtors total includes an accrual for £22.418 million. This relates to quarter 4 income distributions for equity funds that are yet to be received from Border to Coast at 31st March 26.

Note 18 Current Liabilities

Current Liabilities are the amounts owing within the next financial year.

31 March 2025 £m	Amounts due within one year	31 March 2026 £m
(2.915)	Rents received in advance	0.000
(2.729)	Accrued expenses	(2.742)
(1.825)	Other payables	(3.554)
(7.469)	**Total**	**(6.296)**

31 March 2025 £m	Analysed by	31 March 2026 £m
(1.001)	Other local authorities	(1.224)
(6.468)	Other entities and individuals	(5.072)
(7.469)	**Total**	**(6.296)**

Note 19 Additional Voluntary Contributions (AVC's)

Scheme members may make Additional Voluntary Contributions that are invested with the Fund's nominated AVC providers, the Prudential Assurance Co Ltd. These contributions are not part of the Pension Fund and are not reflected in the Fund's accounts in accordance with regulation 4(1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The value of AVC investments are as follows:

Prudential AVC balances

2024/25 £m	Prudential AVC balances	2025/26 £m
7.041	With Profits and Deposit Accounts	8.822
6.443	Unit Linked Accounts	7.849
13.484	**Total**	**16.671**

The total value of AVC contributions paid to Prudential during the year, was £5.022m (2024/25 was £3.967m restated).

Note 20 Related Party Transactions

In accordance with International Accounting Standard (IAS) 24 and International Public Sector Accounting Standard (IPSAS) 20 'Related Party Disclosures', material transactions with related parties not disclosed are detailed below:

The officer responsible for the proper administration of the financial affairs of the Teesside Pension Fund (the Section 151 officer) is also the Section 151 officer of Middlesbrough Council.

The Teesside Pension Fund is administered by Middlesbrough Council. During the financial year, the Council incurred costs of £2.497m (2024/25 £1.716m) comprising of pensions administration costs of £1.844m (2024/25 £0.946m) and investment management costs of £0.653m (2024/25 £0.770m). The Council was subsequently reimbursed by the Fund for these expenses. Middlesbrough Council is one of the largest members of the pension fund and, during the financial year, made employer contribution payments of £12.770m (2024/25 - £10.926m). As at 31 March 2026, the Council was a net debtor to the Fund of £1.169m (2024/25 £1.336m).

No senior officers responsible for the administration of the Fund have entered into any contract, other than their contract of employment with the Council, for the supply of goods or service to the Fund.

The key management personnel of the Pension Fund are the Head of Pensions Governance and Investments and the Corporate Director of Finance, who is also the S151 officer. Please refer to Note 22 for costs.

Councillor David Coupe is the Partner Fund nominated non-executive director on Border to Coast Pensions Partnership's Board of Directors.

Note 21 External Audit Costs

The external fees payable to the Fund’s external auditors Forvis Mazars and Ernst Young.

2024/25 £m	External Audit Costs	2025/26 £m
0.118	Scale Fee from Forvis Mazars	0.120
0.000	Forvis Mazars PSAA - Additional Audit Fees 24/25	0.060
0.000	23/24 fee variation PSAA 23/24	(0.069)
0.000	EY Variation of scale fees 22/23	0.065
0.000	IAS 19 procedure fees (recurring) (2021/22)	0.089
0.000	EY rebuilding reassurance as part of the backstop process	(0.024)
0.118	**Total Fees**	**0.240**

*

*Notional Note Figures are included in Note 11 Management expenses - oversight & governance.

Note 22 Senior Employees’ Remuneration

2024/25 £m	Key Management Personnel	2025/26 £m
0.070	Short Term Benefits	0.048
0.008	Post-Employment Benefits	0.006
0.078	**Total**	**0.054**

Note 23 Events after the Balance Sheet Date

There are no specific events after the reporting period (31 March 2026) for the Teesside Pension Fund account.

The Compliance Statement

The Compliance Statement
Local Government Pension Scheme Regulations

Middlesbrough Council administers the Teesside Pension Fund in accordance with:

The Local Government Pension Scheme Regulations 2013 (as amended)

The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) and

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

Full details of the Governance Policy and Compliance Statement can be seen at
2026 Teesside Pension Fund Governance Policy and Compliance Statement.pdf

Investment Strategy Statement

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require that Local Government Pension Scheme's administering authorities prepare, publish, and maintain an Investment Strategy Statement (ISS). The current version of the Teesside Pension Fund ISS was approved by the Pension Fund Committee in March 2021 and contains statements on:

- Investment responsibilities, setting out the key responsibilities of the Teesside Pension Fund Committee, key officers of the Fund, the Fund's Custodian, and the Independent Investment Advisors.
- The investment strategy and the type of investments held, e.g., equities, bonds, property etc.
- The maximum and minimum amount allowed in each asset class and any discretion by the administering authority to increase the limits on various types of investment.
- Risk, including the ways in which risks are to be measured and managed.
- The existing investment management arrangements, including details of the Fund's commitment to investment pooling through its jointly owned pooling company Border to Coast.
- The Fund's position as a responsible investor and its promotion of ethical, social, and corporate governance best practice.
- The exercise of the rights (including voting rights) attaching to investments, and the Fund's statement of commitment to the Stewardship Code.
- The Fund's commitment to measure and report investment performance.
- The level of compliance with the Myners Principles.

The statement is maintained and published by Middlesbrough Council, copies of which are available on application, or it can be seen at the Fund's website:

Teesside Pension Fund Investment Strategy Statement 2024

The Funding Strategy Statement

The Local Government Pension Scheme Regulations 2013, require each Administering Authority, to produce a Funding Strategy Statement, setting out a long-term view on funding liabilities. The main areas covered by the statement are:

- The purpose of the statement:
  - Establishes a clear and transparent strategy which identifies how employers' pension liabilities are best met going forward;
  - Supports the regulatory framework to maintain as nearly constant employer contribution rates as possible; and
  - Take a prudent longer-term view of funding liabilities.
- The purpose of the Fund, i.e., receive contributions and make pensioner payments.
- The solvency and target funding levels of the Fund, i.e., 100% of the liabilities of the Fund can be met over the long term.
- The identification of key risks to the Fund, and the control mechanisms in place to mitigate these risks.
- Links to the Fund's investment strategy.
- The key responsibilities of the administering authority, scheme employers and the Fund's Actuary are also set out.

The latest Funding Strategy Statement was approved by the Pensions Fund Committee and was effective from March 2020, and can be seen at

Funding Strategy Statement 2026

Governance Policy

Under the Local Government Pension Scheme Regulations 2013 Middlesbrough Council, the Administering Authority to the Teesside Pension Fund, is required to draw up a Governance Policy which sets out the procedures for the governance of the Fund. In summary, the policy sets out that the administering authority delegates its functions under the above Regulations to the XPS group (previously Kier Business Services Ltd) as administrator and the Pension Fund Committee to act in a similar manner to a Board of Trustees

The Policy also sets out the:

- Terms of reference of the Pension Fund Committee
- Structure of meetings
- Membership
- Principles of governance.

The latest policy document can be viewed at:

2026 Teesside Pension Fund Governance Policy and Compliance Statement.pdf

Communications Policy

Under the Local Government Pension Scheme Regulations 2013 Middlesbrough Council, the Administering Authority to the Teesside Pension Fund, is required to draw up a statement(s) of policy concerning communications with members and Scheme employers.

The Teesside Pension Fund actively communicates with all of its stakeholders, including the members, the employers, and other external organisations. For example, we have been providing every active member of the scheme with a statement of accrued benefits since 2001, well before it became compulsory to do so.

We also provide newsletters twice a year to all of our active and pensioner members; this allows us to inform participants of any scheme changes which may be made.

A Communications Policy Statement has been drawn up in order to ensure that the Fund offers clear communication to stakeholders of the Local Government Pension Scheme. The latest policy statement can be seen at:

Communication Policy 2026.pdf

Statement of the Actuary for the year ended 31 March 2026

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2018. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy
The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated April 2026.

In summary, the key funding principles are as follows:

- to ensure the long-term solvency of the overall Fund
- to ensure the solvency of each individual employers' share of the Fund based on their expected term of participation in the Fund
- to maximise the returns from investments within reasonable and considered risk parameters, and hence minimise the cost to the employer
- to minimise the degree of short-term change in employer contribution rates
- to ensure that sufficient cash is available to meet all liabilities as they fall due for payment
- to help employers manage their pension liabilities
- where practical and cost effective, to make allowance for the different characteristics of different employers and groups of employers

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 20 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 80% likelihood that the Fund will achieve the funding target over 20 years.

Funding Position as at the last formal funding valuation
The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2025. This valuation revealed that the Fund's assets, which at 31 March 2025 were valued at £5,609 million, were sufficient to meet 141% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2025 valuation was £1,626 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2026 to 31 March 2029 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities
Full details of the methods and assumptions used are described in the 2025 valuation report.

Method
The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions
A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2025 valuation were as follows:

The key financial assumptions adopted for the 2025 valuation were as follows: Financial assumptions	31 March 2025
Discount rate	5.6%
Salary increase assumption	3.3%
Benefit increase assumption (CPI)	2.3%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2024 model, with core parameterisation, except, initial addition of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	20.9 years	23.9 years
Future Pensioners*	21.7 years	25.2 years

**Aged 45 at the 2025 Valuation.*

Copies of the 2025 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2025

The increase in US tariffs on imports since March 2025 and the recent conflict in the Middle East have caused significant market volatility which feeds through to the investment returns achieved by the Fund's assets. The Fund's overall investment returns since March 2025 have been positive.

Observed inflation has been higher than anticipated over 2026, resulting in LGPS benefit increases of 3.8% in April 2026 and an increase in the value placed on the Fund's liabilities.

Overall, we estimate that the funding position is likely to be weaker than at the previous formal valuation at 31 March 2025.

The next actuarial valuation will be carried out as at 31 March 2028 and will be finalised by 31 March 2029. The Funding Strategy Statement will also be reviewed during the valuation, and a revised version will come into effect from 1 April 2029.

Prepared by:

Julie Baillie FFA C.Act

14 May 2026

For and on behalf of Hymans Robertson LLP

Summary of LGPS benefits and comparison to previous versions of the scheme.

	LGPS 2014	LGPS 2008	LGPS pre-2008
Basis of pension	Career Average Revalued Earnings (CARE)	Final salary	
Accrual rate	1/49th	1/60th	1/80th pension with separate 3/80th lump sum
Revaluation rate (active members)	Consumer Price Index (CPI)	Based on final salary	
Pensionable pay	Pay including non-contractual overtime and additional hours for part time staff	Pay excluding non-contractual overtime and non-pensionable additional hours	
Scheme member contributions	9 bands between 5.5% and 12.5%: rate paid is based on actual pensionable pay	7 bands between 5.5% and 7.5%: rate paid based on whole-time equivalent pensionable pay	6% of pensionable pay 5% pensionable pay for some former manual workers
Contribution flexibility	Members can pay 50% for 50% of the benefits	None	
Normal pension age	Individual member's state pension age (min 65)	65	65 but benefits can be paid without reductions from age 60 with enough service (25 years)
Lump sum option	Yes, £12 for each £1 of pension		
Death benefits	Yes, lump sum of 3 x pensionable pay and survivor pension based on 1/160th accrual		
Indexation of pension in payment	Consumer Prices Index (CP)I	CPI (Retail Prices Index (RPI) for pre 2011 increases)	RPI
Qualifying period for benefits	2 years	3 months	3 months (2 years before 2004)

Pension increases

Public service pensions are increased under the provisions of the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975. With effect from April 2011 increases are based on the Consumer Price Index for September each year and are paid the following year from the first Monday in the new financial year.

Pensions awarded after the date of the last increase receive an apportioned increase related to the date the pension began. Those Pensions payable under age 55 on ill health grounds may have increases applied subject to meeting certain additional criteria. Other pensions are subject to the increase (including backdating) from the member’s 55th birthday.

The following table shows the rate of pension increases that have applied during the last 10 years.

From April	Increase %
2016	0.0%
2017	1.0%
2018	3.0%
2019	2.4%
2020	1.7%
2021	0.5%
2022	3.1%
2023	10.1%
2024	6.7%
2025	1.7%

Section 5 - Investments and Funding

5.1 Asset Allocation Strategy – Investment Strategy Statement

The Investment Strategy Statement sets out how the Fund plans to invest its assets. This strategy is set for the long term and is reviewed every 3 years as part of the Fund's Asset/Liability study to ensure that it remains appropriate to the Fund's liability profile. The Investment Strategy Statement and the Funding Strategy Statement are both fully compliant with the regulations and appropriate statutory guidance. As part of the strategy the Administering Authority has adopted a strategic benchmark representing the mix of assets best able to meet the long-term liabilities of the Fund. As of 31 March 2026, the actual assets compared to the benchmark as follows.

	Pension Fund at 31/03/2026	Pension Fund Target Strategic Allocation	Investment Strategy Statement Max	Investment Strategy Statement Min
Growth Assets		***70%***	***90%***	***50%***
UK Equities	11.8%	10%	80%	35%
Overseas Equities	44.7%	45%		
Private Equity	11.8%	15%	20%	0%
Protection Assets		***30%***	***50%***	***10%***
Bonds / Other Debt / Cash	10.2%	10%	20%	0%
Infrastructure	12.0%	10%	20%	0%
Property	9.5%	10%	20%	0%
	100%	100%		

The Fund asset mix % varies slightly from the statutory accounts due to internal classification differences.

The value of the Teesside Fund at 31 March 2026 was £6.18 billion, an increase of approximately £60 million on the year. The Fund is invested in a wide range of assets. This meets the requirement to have diversification of investments in a fund, so that too great a concentration of investments in one asset class does not expose the Fund to risk of underperformance should that particular asset class perform badly. The 10 largest holdings (excluding direct property and cash), which make up 65.16% of the value of the portfolio as at 31 March 2026 are:

Security Description	% of Total Investments	Market value £'000
Border to Coast - Overseas Dev Mkts Listed Equity	40.13%	2,464.716
Border to Coast - UK Listed Equity	11.74%	721.003
Border to Coast – Emerging Mkts (Hybrid) Listed Equity	4.61%	282.991
Border To Coast Infrastructure Series 2A	1.64%	100.665
Border to Coast Private Equity Series 1A	1.52%	93.186
JP Morgan Infrastructure Investments Fund	1.42%	87.465

Security Description	% of Total Investments	Market value £'000
Border to Coast Infrastructure Series 1A	1.29%	79.350
Border to Coast Private Equity Series 2A	0.98%	60.178
Border to Coast Infrastructure Series 2B	0.97%	59.863
Border to Coast Private Equity Series 1C	0.86%	52.605
	65.16%	**4,002.022**

INVESTMENT MANAGERS / INVESTMENTS
As at 31 March 2026 the market value of the fund was allocated to the following investment managers / investments:

Manager / Investment	Asset class	Market Value £'000	% of Fund
Border to Coast Pensions Partnership	Overseas Equities	2,464.716	40.13%
	UK Equities	721.003	11.74%
	Emerging Markets	282.991	4.61%
	Private Equity	302.609	4.92%
	Infrastructure	343.251	5.59%
	Climate Opportunities	46.265	0.75%
	UK Real Estate	401.432	6.53%
Direct Property Portfolio	Property	70.200	1.14%
Internal Team	Cash	455.789	7.42%
	UK Equities	2.880	0.05%
	Overseas Equities	8	0.00%
Leonardo	Finance Lease Receivable	31.400	0.51%
LGT Capital Partners	Alternatives	124.365	2.02%
Unigestion	Alternatives	93.162	1.52%
Capital Dynamics	Alternatives	87.930	1.43%
JP Morgan IIF UK LP	Alternatives	87.465	1.42%
Access Capital Partners	Alternatives	82.001	1.33%
Gresham House	Alternatives	76.955	1.25%
Insight Investments	Alternatives	50,341	0.82%
Darwin Alternatives	Alternatives	49.482	0.81%
Blackrock Fund Managers Ltd	Alternatives	43.244	0.70%
Pantheon Ventures (UK)	Alternatives	36.922	0.60%
Hearthstone	Property	27,529	0.45%
Verdant Regeneration Ltd	Other Debt	25,000	0.41%
GB Bank Ltd	Alternatives	23,446	0.38%
Ancala	Alternatives	21.304	0.35%
St Arthur Homes	Other Debt	20.610	0.34%
Innisfree	Alternatives	20.080	0.33%
Greyhound Retail Park	Other Debt	19,867	0.32%

Hermes	Alternatives	19.638	0.32%
Titan Preston East	Other Debt	18,896	0.31%
Aberdeen Standard Life	Property	17.588	0.29%
Foresight Group	Alternatives	16.944	0.28%
Legal & General	Alternatives	16.038	0.26%
ABT Leisure Fund	Alternatives	12.381	0.20%
Titan – Templar's Way	Other Debt	10,983	0.18%
La Salle	Alternatives	10.19	0.17%
FW Capital	Alternatives	5.770	0.09%
Bridges Fund Management	Property	821	0.01%
Other Investment Balances	Various	3.308	0.05%
Total		**6,144.934**	**100.00%**

PERFORMANCE

Fund performance is measured by Hymans Robertson, a leading actuarial consultancy and provider of performance measuring services to the public and private sector. The return the Fund achieves is one of the factors which the Fund Actuary takes into account when fixing the employer's contribution rate. Any increase in the contribution rate would mean less money to pay for other services. The benefits of scheme members of the Local Government Pension Scheme are related to their salary and length of service, not the value of the Fund.

As Pension Fund investment is a long-term business, it is appropriate that longer-term measures of performance are viewed as more important than short-term measures. It has become standard practice to report the performance of the Fund over 1, 3, 5 and 10 years and to compare performance with the Fund's benchmark – the return that would be expected based on the mix of assets the Fund is invested in.

In the year 2025/2026 the Fund achieved a return of 12.6% compared to our benchmark return of 13.6%.

In the three-year period to 2025/206 the Fund achieved a return of 8.6% per annum compared to our benchmark return of 8.8%.

In the five-year period to 2025/2026 the Fund achieved a return of 7.9% per annum compared to our benchmark return of 6.5%.

In the ten-year period to 2025/2026 the Fund achieved a return of 8.9% per annum compared to our benchmark of 7.6%.

Further detail of the performance of each asset class held by the fund over 2025/2026 is shown below:

	Performance measurement period					
	Three months			One Year		
Asset class	Fund return	Benchmark return	Excess	Fund return	Benchmark return	Excess
UK Equities	0.3%	2.4%	-2.1%	20.6%	21.5%	-1.0%
Overseas Equities	-0.2%	0.7%	-0.9%	19.8%	22.0%	-2.2%
Property	1.5%	0.9%	0.6%	0.8%	4.0%	-3.3%
Alternatives	2.4%	1.0%	1.3%	5.2%	4.2%	0.9%
Cash	1.6%	0.9%	0.8%	4.4%	4.0%	0.3%
Total Fund	0.9%	0.9%	0.0%	12.6%	13.6%	-0.9%

The benchmarks used for each asset class and for the total Fund are as follows:

Asset Class	**Benchmark**
UK Equities	10% FTSE All Share Index
Overseas Equities	40% BCPP Overseas Developed Markets Index Split as follows: 40% S&P 500 30% FTSE Developed Europe ex UK 20% FTSE Developed Asia Pacific ex Japan 10% FTSE Japan 5% FTSE Emerging Markets Index
Alternatives	28% Absolute return: +4.25%
Cash	12% SONIA
Total Bonds	5% Teesside Total Bond Composite 50.0% FTSE All Stocks Gilt Index 37.5% FTSE All Stocks Gilt Index 12.5% FTSE Over 5 Year Index-Linked Gilts Index

Ordinarily, the key to good performance is to get the big asset allocation decisions right. The weightings between equities and bonds in particular will go a long way to determining the fund performance. The Teesside Fund continues to be under-represented in bonds when compared to our customised benchmark and other Funds. Central Bank policies and their programmes of quantitative easing have helped bonds performance over past years, continuing a “bull-run” in bond prices lasting over two decades. The significant rises in interest rates and bond yields over the recent period have impacted bond prices and made them relatively more affordable. The Fund will continue to work with its advisors to assess the situation and determine whether or when to return to investing in bonds.

The Teesside Fund continues to invest for long term returns in order to remain fully funded and continue to meet its future liabilities. The Fund continues to promote the view that the best way for the Fund to achieve the level of returns required to meet the liabilities of the Fund is to invest in growth assets over protection assets.

The Fund's position regarding risk monitoring and risk control is set out in the Investment Strategy Statement, which can be viewed on-line at https://www.twpf.info/article/26895/Teesside-Pension-Fund-Investment-Strategy-Statement This is principally concerned with the three forms of risk:

- that associated with security of the Fund's assets,
- that associated with loss of value relating to those assets, and
- that associated with the ability of those assets to provide the required rates of return.

As some of the Fund is managed on an in-house basis, appropriate measures are in place to manage investment risk and the Director of Finance determines the limits on delegation to individual managers.

INVESTMENT POOLING

In the July 2015 Budget the Chancellor announced the Government's intention to work with the LGPS administering authorities to ensure that investments were pooled while maintaining overall investment performance. The criteria for developing proposals were set in November 2015:

- Asset pools achieve the benefits of scale (£25 billion as a minimum).
- Strong governance and decision making.
- Reduced cost and excellent value for money, with savings made across the LGPS.
- Improved capacity to invest in infrastructure.

The Teesside Pension Fund made the decision to work with twelve other administering authorities as part of the Border to Coast Pensions Partnership ("Border to Coast"). All of the administering authorities in Border to Coast formally approved arrangements for setting up Border to Coast before the end of the 2016/17 financial year. It represents a major collaboration between the funds with the aim of giving access to new investments and providing resilience. The twelve LGPS funds that initially formed Border to Coast were: Bedfordshire, Cumbria, Durham, East Riding, Lincolnshire, North Yorkshire, Northumberland, South Yorkshire, Surrey, Teesside, Tyne & Wear and Warwickshire. The Northumberland fund is no longer a separate entity following its (long-planned) merger with the Tyne & Wear fund which took effect from April 2020.

During 2017/18 Border to Coast Pension Partnership Limited was established and registered as a company limited by shares, with each of the twelve administering authorities as equal shareholders. Border to Coast formed a new Board, recruited several key management and operational staff, acquired office space in Leeds and developed many of the other arrangements required to operate as an investment management company.

During 2018/19 the transfer of investment assets to Border to Coast began – all the Fund's UK equities were transferred to Border to Coast to manage and further investments during the year were made to Border to Coast's overseas equity fund.

During 2019/20 work was completed to allow Border to Coast to provide access to private markets investments (such as private equity and infrastructure) and the Fund has begun making investments through Border to Coast in these areas and has made significant commitments to make similar investments in coming years. Over time it is expected that investing in private markets via Border to Coast will, through the advantages of economies of scale, be possible at a significant saving to the costs the Fund incurs investing in these areas as an individual entity.

During 2020/21 the Fund started the process of moving most of its overseas equity holdings to be managed by Border to Coast. This process continued during 2021/22 and by the end of that year three quarters of the Fund's overseas equities were actively managed by Border to Coast, with the remainder under passive management with State Street Global Advisers. Within this overseas equity allocation, the Fund chose to invest in Border to Coast's Emerging Markets Equities fund, which is set up as a 'hybrid' arrangement, with the Chinese equity market managed by two external specialist investment managers, and the other emerging market regions managed internally by the team at Border to Coast.

During 2022/23 the Fund committed further investment in Border to Coast's private market funds – private equity and infrastructure and made an initial investment in the newly launched climate opportunities fund – expected to invest in private markets in a low carbon way.

During 2023/24 the Fund paused further commitments to Border to Coast's private market funds as invested amounts were quickly reaching or exceeded those set out in the Investment Strategy Statement.

During 2024/25 the Fund committed further investments in Border to Coast's private market funds – private equity and infrastructure. The Fund took the decision to disinvest from its passive equities held with State Street Global Advisers, redemption proceeds were used to make additional investment in the Border to Coast Overseas Equity Fund.
In 2024 the Government issued it's "Fit for the Future" consultation, both the Fund and Border to Coast are responded to questions on further LGPS consolidation.

During 2025/26 The government issued their response to the Fit for the Future consultation. As a result, Border to Coast saw an expansion from 11 to 18 shareholder partner funds. Teesside Pension Fund transferred much of our direct holdings in Real Estate to Border to Coast. The pension administration service transferred to Tyne and Wear Pension Fund from 1 June 2025.

Although savings are expected over the medium to long term, there are costs associated with setting up and running Border to Coast and transferring assets to be managed by the new company. More detail on costs and savings related to Border to Coast is shown on the following page.

Before pooling the Fund was principally internally managed, meaning the Fund's investment team directly traded assets such as equities and bonds instead of appointing external investment managers to do this. Consequently, the Fund had very low costs for investing in public markets, costs which would inevitably increase if the investment was carried out by an external manager, even one as low-cost as Border to Coast. However, pooling brought other potential advantages to the Fund, such as greater operational resilience and an opportunity to benefit from greater resource in areas such as Responsible Investment. From a financial cost / benefit perspective, pooling also offered the opportunity to deliver reduced fees as external fund managers repositioned their pricing for a world where the LGPS would operate more collectively. Border to Coast has also been able to negotiate better pricing from private markets investment managers, and as the Fund changes its asset mix to included more of these types of investments the cost / benefit balance will become more favourable. Information collated by Border to Coast suggest that 2023/24 was the second year that the Fund is showing a small net financial gain in respect of asset pooling and that with another four or five years the Fund will have made a net cumulative financial gain from pooling, purely considering investment costs.

Pooling Savings / Costs

Border to Coast has worked with the Partner Funds to gather data, agree assumptions, and build a savings model and process that will enable consistent reporting against this key metric going forward. This supports one of the original objectives of pooling i.e., to reduce costs and deliver value for money. Savings from future launches are not included and the level of savings should grow over the long term as further funds are developed or as additional investments are made to existing Border to Coast propositions. The table below shows the position to 2025/26:

	Total to 2019/20 **£m**	**2020/21** **£m**	**2021/22** **£m**	**2022/23** **£m**	**2023/24** **£m**	**2024/25** **£m**	**2025/26 Forecast** **£m**
Border to Coast - Set up and Operating Costs	1.49	0.53	0.57	0.58	0.43	0.41	0.40
Transition Costs	1.61	-	-	-	-	-	-
Fee savings/ costs due to pooling (reduced fees or passive management as a consequence of pooling)	0.84	0.42	0.27	0.18	0.20	0.20	-
Border to Coast fee savings - Private markets	(0.14)	0.40	0.97	2.67	3.05	4.45	4.65
Border to Coast fee savings - Public markets (additional costs)	(0.44)	(0.89)	(2.21)	(2.48)	(2.77)	(2.94)	(3.07)
One-offs (Crossing deals)	-	0.02	-	-	-	-	-
Other savings (lower projected staffing costs at the Fund)	0.63	0.33	0.34	0.35	0.37	0.38	0.40
Total Fee Savings	0.89	0.27	(0.63)	0.73	0.84	2.09	1.98
Net Position	**(2.12)**	**(0.26)**	**(1.20)**	**0.15**	**0.41**	**1.68**	**1.58**
Cumulative Net Position	**(2.21)**	**(2.47)**	**(3.67)**	**(3.52)**	**(3.11)**	**(1.43)**	**0.15**

Pooling – Asset transfers

A summary of the progress of asset transfers to Border to Coast is set out in the table below:

Assets Under Management: £m	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Border to Coast	1,239	2,294	2,589	2,793	3,022	3,506	4,562
Assets not currently in transition plan	1,935	916	1,421	599	668	-	-
Assets in transition plan	525	1,342	1,061	1,668	1,684	2,062	1,583
Total	**3,700**	**4,552**	**5,071**	**5,060**	**5,374**	**5,568**	**6,145**
Assets Under Management: %							
Border to Coast	33%	50%	51%	55%	57%	63%	74%
Assets not currently in transition plan	52%	20%	28%	12%	12%	0%	0%
Assets in transition plan	14%	29%	21%	33%	31%	37%	26%
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

By the end of 2025/26 Border to Coast had 209 employees and was managing £37.6 billion of assets (including £4.5 billion of the Fund's assets) within 19 different investment propositions (the Fund is invested in 7 of these), and in addition had commitments of £18.1 billion to its alternative 'private markets' assets programme (the Fund's commitments are around £1 billion of this sum).

As part of the governance arrangements for Border to Coast and its partner funds, a Joint Committee comprising of a representative from each Pension Committee has an oversight role over the arrangements of Border to Coast. The Joint Committee includes two (non-voting) scheme member representatives nominated by the eleven Partner Funds' Local Pension Boards. The Joint Committee represents the Funds as investors in Border to Coast. Border to Coast is jointly owned by the administering authorities of the Pension Funds so there is also a shareholder role that the authorities provide - the responsibilities are defined in a shareholder agreement. Pension Fund Officers provide ongoing day-to-day oversight and work closely with Border to Coast to ensure that the company provides the necessary investment vehicles to enable the Funds to implement their investment strategies.

SHAREHOLDER GOVERNANCE

Since the 1980s the policies of the Fund have promoted the view that it is not sufficient to simply hold shares in companies in which it invests. As a responsible shareholder the Fund has sought to influence those companies on a range of issues through dialogue and by voting at AGMs in order to promote shareholder value.

All Local Authority Pension Funds are required to produce an Investment Strategy Statement (ISS) setting out the Fund's position on a range of issues, including the need to state to what extent, if any, environmental, social and governance (ESG) considerations are taken into account in the fund's investment policy and the formulation of a policy on the exercise of voting rights attached to share ownership.

The Fund's ISS can be viewed on the Fund's website https://www.twpf.info/article/26895/Teesside-Pension-Fund-Investment-Strategy-Statement. The ISS has been amended to take into account the recommendations of the Myners Report on Institutional Investment.
The Fund's Investment Strategy Statement states that:

> *"As a responsible investor, the Teesside Pension Fund wishes to promote corporate social responsibility, good practice and improved company performance amongst all companies in which it invests. The Fund monitors investee companies to ensure they meet standards of best practice in relation to their key stakeholders. The Fund considers that the pursuit of such standards aligns the interests of Fund members and beneficiaries with those of society as a whole. In furtherance of this policy, the Fund will support standards of best practice on disclosure and management of corporate social responsibility issues by companies and will pursue constructive shareholder engagement with companies on these issues, consistent with the Fund's fiduciary responsibilities.*
>
> *Responsible investment aims to incorporate ESG factors into investment decisions to better manage risks and generate long term returns, as part of the Fund's fiduciary duty. As a result, ESG factors are incorporated into the investment process and the Fund takes non-financial considerations, including climate change risks and opportunities, into account when making investments, and engages with companies in which we invest to ensure that they are minimising the risks and maximising the opportunities presented by non-financial considerations, including climate change and climate policy. The Fund has not excluded any investments on purely non-financial considerations and will continue to invest in accordance with the Regulations in this regard. However, the overriding consideration for any investment is whether it generates an acceptable risk-adjusted return for the Fund, meeting the Fund's fiduciary duty.*
>
> *It is considered that the Pensions Committee represents the views of the Fund membership and that the views of the Local Pension Board will be taken into account as part of their review of this document.*
>
> *The Fund has adopted the Institutional Shareholders' Committee Statement of Principles and members will agree and periodically review its implementation.*
>
> *In accordance with this policy, the Fund will seek where necessary through its own efforts and in alliances with other investors to pursue these goals. To this end the Fund is an active member of the Local Authority Pension Fund Forum."*

In order to pursue a policy of positive engagement, the Fund is an active member of the Local Authority Pension Fund Forum, (whose website is www.lapfforum.org) which has 87 Local Authority funds as members. Seven of the eight LGPS asset pools including Border to Coast are also members of the Forum.

The Forum works by concentrating on a number of key long-term campaigns, covering corporate governance and corporate responsibility issues, as well as being able to mobilise support for campaigns relating to individual companies. The Forum produces a quarterly Research and Engagement report which highlights latest engagement news.

Much of this engagement work is carried out on the Fund's behalf by Border to Coast. Border to Coast has worked with its partner funds to develop jointly agreed Corporate Governance & Voting Guidelines and a Responsible Investment Policy. These can be found on Border to Coast's website: https://www.bordertocoast.org.uk/investments/responsible-investment/

Asset table

	Asset values as at 31 March 2026: £m			
Asset Class	**Pooled**	**Under pool management**	**Not pooled**	**Total**
Equities (including convertible shares)	3,469	-	3	**3,472**
Bonds	-	-	-	**-**
Property	402	-	183	**585**
Hedge funds	-	-	-	**-**
Diversified Growth Funds (including multi-asset funds)	-	-	-	**-**
Private equity	303	-	422	**725**
Private debt	-	-	167	**167**
Infrastructure	390	-	347	**737**
Derivatives	-	-	-	**-**
Cash and net current assets	-	-	456	**456**
Other	-	-	-	**-**
Total	**4,563**	-	**1,578**	**6,141**

Other Investment Balances not included	**3**
Total Investments	**6,144**

Supplementary asset table

	Asset values as at 31 March 2026: £m			
	Pooled	**Under pool management**	**Not pooled**	**Total**
UK Listed Equities	721.00		2.88	**723.88**
UK Government Bonds	-		-	**-**
UK Infrastructure	53.61		173.96	**227.57**
UK Private Equity	8.77		103.75	**112.52**
Totals	**783.38**		**280.59**	**1,063.97**

Note, in addition to the £1,063.97 million of UK investment set out in the table above, at 31 March 2026 the Fund had UK property assets of £567.27 million, meaning in total £1,631.24 million or around 27% of the Fund was invested in the UK.

Section 6 – Administration

Activities undertaken by the administration function during the year

During the year the administration function was initially delivered by the Fund's outsourced pensions administration provider, XPS Administration Limited ('XPS').

XPS lost the contract to provide administration services during 2024/2025 with the new administrator, Tyne and Wear Pension Fund, taking over from 1st June 2025. XPS have not provided performance metrics for inclusion in this Annual Report.

Internal Dispute Resolution Procedure

Where a scheme member, prospective scheme member or beneficiary, or employer has a complaint or concern they are unable to resolve after initial contact with their employer / the Fund, they can follow the Fund's dispute resolution procedure. In the first instance they should contact the Fund at the address shown at the end of the Annual Report. The Fund will send a detailed guide explaining the Internal Dispute Resolution Procedure (IDRP) and how the appeal process will be handled. Any appeal must, ordinarily, be made within six months of receipt of the notification of the decision which is being disputed.

The initial review (stage 1) of each case is conducted by a person nominated by the body who made the decision (the 'adjudicator'). Where an appeal concerns the employer's decision, the adjudicator is an individual nominated by that employer, if the appeal is about the calculation of benefits, it will be reviewed by the adjudicator for the Fund.

If, after the initial review, the member is still dissatisfied with the decision, they can apply via the second stage of the process to have decision reconsidered. This application must be made within six months of the receiving the decision of the initial review. At the second stage, if the appeal concerns an employer decision, it is reviewed by the Fund. If the appeal concerns the administrator, then an independent third-party pension specialist is appointed.

If the member is still not satisfied following the second stage decision, an appeal can be made to the Pensions Ombudsman.

Details of IDRP cases processed in the year

	Stage 1	Stage 2
Cases raised in 2025/2026	TBC	TBC
Cases completed in 2025/2026	TBC	TBC

Two of the IDRP cases have been referred to the Pensions Ombudsman for independent review.

Actuarial report on Fund – see page 77-78 above.