TEESSIDE PENSION FUND

Administered by Middlesbrough Council

PENSION FUND COMMITTEE REPORT

29 JULY 2026

CORPORATE DIRECTOR OF FINANCE – Andrew Humble

ADMISSION OF THE NORTHERN COLLEGE OF ART

Proposed Decision(s)
That Teesside Pension Fund Committee: **Approves** the admission of The Northern College of Art into the Teesside Pension Fund.

Executive summary
An existing employer in the Fund, The Northern School of Art, is going through the process of attaining the status of a higher education institution. It is proposing creating a charitable subsidiary, The Northern College of Art, to continue to provide Further Education. The Northern School of Art will remain a scheduled body eligible to be an employer in the Fund. The Northern College of Art does not have automatic eligibility into the Fund. This report is to approve the admission of the Northern College of Art into the Fund. The Northern College of Art is covered by the DfE guarantee and there is therefore no financial risk to the Fund. Agreeing to the admission will prevent any issues arising for the existing members of the Fund who will be transferring to The Northern College of Art from the Northern School of Art upon its formation.

1. Purpose of the report

2.1 This report discusses the admission of The Northern College of Art as an employer into the Teesside Pension Fund.

2. Recommendation

2.1 That the Teesside Pension Fund Committee approves the admission of The Northern College of Art into the Teesside Pension Fund.

3. Financial implications

3.1 The Department of Education (DfE) provides a crown guarantee which covers any financial risks arising from The Northern College of Art admission.

4. Background

4.1 The Northern School of Art is one of the employers in the Teesside Pension Fund with 162 active members as at 31 March 2026. As a further education institution it is in the Funds College group of employers and has a strong strength of covenant being covered by the DfE crown guarantee for FE colleges. The Northern School of Arts has been providing degree level courses since 2024 and with the backing of DfE is going through the process of converting to a university.

4.2 As part of the proposed changes the Northern School of Art will create a subsidiary to continue to provide a further education curriculum on its Middlesbrough campus. This new institution will be called The Northern College of Art.

4.3 The Northern School of Art is a scheduled body with automatic access as an employer into the Local Government Pension Scheme (LGPS). Despite benefiting from the DfE Further Education LGPS guarantee The Northern College of Arts does not have any automatic right to be an employer in the LGPS. To become an employer in the LGPS the Fund will have to approve the admission.

4.2 Under the Middlesbrough Council constitution Pension Committee make decisions relating to employers joining and leaving the Fund, including which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.

5. College Conversion process

5.1 Under the new structure, The Northern School of Art will operate as a dedicated Higher Education Corporation, focusing exclusively on undergraduate and postgraduate degree-level study at its Hartlepool campus. The Middlesbrough campus will become The Northern College of Art, continuing to deliver specialist Further Education courses for 16–19-year-olds and adult learners, alongside outreach provision including Saturday Clubs for younger students.

5.2 The change follows a period of significant development for the School, including the achievement of Degree Awarding Powers in 2024, enabling the School to award its own degrees. While the two organisations will operate under distinct identities, they will continue to work closely together, supporting students from the earliest stages of their creative journey through to degree-level study and careers in the creative industries.

5.3 The Minister for Skills, The Rt Hon Baroness Jacqui Smith has written to The Northern College of Arts confirming that the application for The Northern College of Art, (NCoA) to be designated under section 28 of the Further and Higher Education Act 1992, and for The Northern School of Art (NSoA) to become a higher education corporation under section 122ZA of the Education Reform Act 1988 has been successful.

5.4 The application was for the designation of The Northern College of Art (NCoA) under section 28 (s28) of the Further and Higher Education Act 1992, as a further education institution to be conducted by a subsidiary company requires an Order to be made. The Northern College of Art (Designated Institution in Further Education) Order 2026, Order 2026 No.2, is attached as Appendix 1 and comes into force 1 August 2026.

5.5 The application for The Northern School of Art (NSoA) to become a higher education corporation under section 122ZA of the Education Reform Act 1988 required a Statutory Instrument. The Statutory Instrument 2026 No. 740 The Northern School of Art (Becoming a Higher Education Corporation) Order 2026 is attached as Appendix 2 and comes into force on 1st August 2026.

6. The Admission Process

6.1 Employer admissions into the Fund are governed by the Funding Strategy Statement (FSS). It had been anticipated by all parties that both admissions would be scheduled employers with automatic access to the Fund. It is only recently that it has become apparent that due to a quirk in the drafting of LGPS regulations The Northern School of Art Admission will not be a scheduled body for LGPS admission.

6.2 The Northern College of Art admission is not covered by the FSS. The proposal is for an admission under The Local Government Pension Scheme Regulations 2013, Schedule 2 – Scheme employers, Part 3 Paragraph 1(a)

"a body which provides a public service in the United Kingdom which operates otherwise than for the purposes of gain and has sufficient links with a Scheme employer for the body and the Scheme employer to be regarded as having a community of interest (whether because the operations of the body are dependent on the operations of the Scheme employer or otherwise)"

6.2 The Northern College of Art is to be a not-for profit charity delivering publicly funded further education. As a subsidiary of The Northern School of Arts it has sufficient links to an existing employer in the Fund to meet the community of interest definition for admission into the Fund.

6.3 The admission agreement must require the admission body to carry out, to the satisfaction of the administering authority, taking account of actuarial advice, of the level of risk arising on premature termination. Therefore, a risk assessment must be carried out.

6.4 The Northern College of Art is being established to deliver FE and is progressing through the s.28 designation process, it will fall within the statutory FE sector. On that basis, the DfE LGPS Guarantee **does** cover this admission. The Actuary has agreed that we can take the view that the participation risk is mitigated as the DfE would meet any shortfall.

6.5 The Northern School of Art has passed across the member data detailing the split of membership between the two proposed admissions to our pensions administrator, Tyne and Wear Pension Fund (TWPF). TWPF legal team are drawing up the admission agreements to put the proposed changes into effect.

6.6 TWPF are working with the Actuary so that the employers can be assessed for their employer contribution rates. The Northern School of Art is likely to see an increase in employer contribution rate reflecting a weakening in its strength of covenant now that it is no longer covered by the crown guarantee for FE colleges. The Northern College of Art will be placed on the college pool contribution rate.

6.7 The active LGPS members of The Northern School of Art who are transferring to the Northern College of Art would lose their access to the LGPS should the admission of The Northern College of Art into the Fund not proceed.

7. Next Steps

7.1 The regulations putting the new arrangements for The Northern School of Art and The Northern College of Art come into effect 1 August 2026.

7.2 TWPF will arrange for the admission agreements to be put in place as soon as is practicable and issue all of the materials to assist new admissions.

7.3 The Fund Actuary, Hymans Robertson will issue reports setting the employer contribution rates.

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