TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7

PENSION FUND COMMITTEE REPORT

29 JULY 2026

CORPORATE DIRECTOR OF FINANCE – ANDREW HUMBLE

TEESSIDE PENSION FUND COMMITTEE TERMS OF REFERENCE

Proposed Decision(s)
That Teesside Pension Fund Committee: **NOTES** the amendments to be made to the Teesside Pension Fund Committee Terms of Reference which will be reported to Constitution and Member Development Committee and then the next meeting of Full council for approval.

Executive summary
The Teesside Pension Committee Terms of Reference have not been amended since 2017. The Pensions Act 2026 has changed the governance landscape for the Local Government Pension Scheme and the Pensions Committee Terms of Reference should be updated to reflect this. The proposed revised Terms of Reference for the Teesside Pension Fund Committee are attached as an Appendix marking up the changes from the current Terms of Reference. The alternative decision is to continue with the existing Terms of Reference for the Committee. This is not consistent with the changes in legislation introduced through the Pensions Act 2026 and could potentially lead to a reportable breach of the law.

1. Purpose of the Report

1.1 To inform the Teesside Pension Fund Committee of proposed changes to its Terms of Reference and allow comments or suggested amendments to be noted and forwarded to Constitution and Members' Development Committee.

2. Recommendation

2.1 That the Teesside Pension Fund Committee notes the amendments to be made to the Teesside Pension Fund Committee Terms of Reference which will be reported to Constitution and Member Development Committee and then the next meeting of Full Council for approval.

3. Financial Implications

3.1 There are no specific financial implications resulting from this report but some of the potential changes discussed may create cost pressures.

4. Background

4.1 The Terms of Reference for the Pensions Committee were last updated in 2017 following a review by Aon. An abridged set of the Terms of Reference are included on the ModernGov page for the Pensions Committee. The Terms of Reference also inform the Middlesbrough Council Constitution which sets out the delegations from the Administering Authority to the Pensions Committee.

4.2 The review by Aon reflected the understanding of pooling at the time and there have been many changes to the LGPS since this review. The existing pooling arrangements with Border to Coast are not fully reflected in the Terms of Reference.

4.3 The current Terms of Reference do not permit employees of Middlesbrough Council to have a vote at Pensions Committee. This provision does not reflect the view nationally on scheme member representation at Pension Committees and Local Pension Boards.

4.4 The Pensions Act 2026 and associated secondary legislation include changes in the governance arrangements of the LGPS which should be reflected in the Teesside Pension Fund Committee Terms of Reference.

5. Pensions Act 2026

5.1 The Pensions Act 2026 and regulations flowing from it will change the governance arrangements of the LGPS. Roles and responsibilities are changing with Pensions Committee having no role in appointing investment fund managers. Pensions Committee will continue to have a strategic role in relation to investments with implementation being the responsibility of the pooling company.

5.2 The Local Government Pension Scheme (Amendment) (Governance) Regulations 2026 introduces the role of LGPS senior officer with responsibility for ensuring that the fund is "appropriately managed and resourced in respect of all matters relating to the scheme (including administration, investment and governance), in accordance with guidance issued by the Secretary of State from time to time."

5.2 The Local Government Pension Scheme (Amendment) (Governance) Regulations 2026 specifies that an administering authority must prepare;

a) a governance strategy,

b) a training strategy, and

c) a conflicts of interest policy.

6. Proposed changes to the Terms of Reference

6.1 The proposed changes to the Pension Committee Terms of Reference are marked up in the Appendix to this report.

6.2 The first amendments in section d) are to reflect the changes in the naming of the Governance Strategy and Investment Strategy. There is also a new reference to the requirement to take advice from the pool when compiling the Investment Strategy Statement.

6.3 The Conflicts of Interest Policy and Training Strategy are included in the Terms of Reference reflecting the Local Government Pension Scheme (Amendment) (Governance) Regulations 2026.

6.3 The changes in section f reflect that Border to Coast is itself an FCA regulated company and does not use an operator to manage investments. The LGPS Senior Officer will attend Officer Operations Group removing the requirement for Committee involvement.

6.4 The changes in section h reflect that Pensions Committee no longer have a role in selecting appointing and dismissing fund managers.

6.5 The Knowledge and Skills Policy has been removed at section m as this has been renamed as the Training Policy and included at section f.

6.6 Section n reflects the requirement to appoint a LGPS Senior Officer.

6.7 The opportunity has been taken to review the Committee quorum. The proposed change is to follow the quorum requirements adopted by other Middlesbrough Council committees which is the greater of three members or one quarter of the whole number of members i.e. four members. It should be noted that this would allow the possibility of the administering authority not having the majority of votes at a committee meeting.

6.8 That Middlesbrough Council employees are able to attend Committee but not vote has been removed. This stipulation does not reflect the approach which has been taken elsewhere. The LGPS Scheme Advisory Board has championed including scheme member representation in the governance arrangements of Pension Committee's, Board's and Pools. Any perceived conflict of interest should be managed through the conflicts of interest policy and also apply to elected members who since May 2026 have access to the LGPS.

6.9 The change that Middlesbrough Council appoints the Vice Chair reflects current practice.

6.10 The introduction of LGPS Senior Officer "who has senior responsibility across all pension functions of the authority, in accordance with guidance issued by the Secretary of State from time to time" is reflected in the Officer Delegations section.

6.11 Teesside Pension Fund is the only Border to Coast Partner Fund where the shareholder is not an officer. Currently the Committee Chair is the shareholder representative for the Teesside Pension Fund. The current arrangements are more complicated for this fund than any of the other partner funds with both the Chair and Officers having to be included in communications, meetings and arrangements for signing shareholder documents. The Section 151 Officer is best placed to represent the interests of the Administering Authority and the Pensions Fund as an owner in the Border to Coast Pensions Partnership.

6.12 The change in clause numbering in relation to the Deadlock Situation of the Shareholder Agreement reflects the latest version of that document.

7. Other potential alternative(s) and why these have not been recommended

7.1 Do nothing – If the Pension Committee Terms of Reference remains unchanged, it risks becoming outdated and failing to reflect current working practices and legislation. Failure to put in place the new requirements introduced by recent legislation could potentially lead to a reportable breach of the law

8. Next Steps

8.1 The recommended changes to the Pensions Committee Terms of Reference will need to be noted by Middlesbrough Council Constitution and Members' Development Committee and then approved by Full Council.

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