

T W P F

Tyne and Wear
Pension Fund



Draft Annual Report and Accounts 2023/24

Administered by South Tyneside Council





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KEY MEMBERS AND OFFICERS OF THE FUND

THE MEMBERS OF PENSIONS COMMITTEE

South Tyneside Council

Councillor A. Walsh (Chair)
Councillor P. Hay (Vice-Chair)
Councillor J. Foreman
Councillor J. Welsh
Councillor K. Dawes
Councillor D. Herbert
Councillor P. Milburn
Councillor J. Potts

Gateshead Council

Councillor H. Kelly
(substitute – Councillor G. Haley)

Newcastle City Council

Councillor P. Frew
(substitute – Councillor V. Dunn)

North Tyneside Council

Councillor W. Samuel
(substitute – Councillor T. Mulvenna)

Sunderland City Council

Councillor S. Laws
(substitute – Councillor J. Price)

Northumberland County Council

Councillor R. Dodd
(substitute - Councillor C. Hardy)

Trade Union Representatives

J. Green - Unison
L. Brown – Unison
J. Kelly – Unite

Employers' Representatives

J. Hardy - Nexus
J. Cook – Gateshead College
C. Wallace – Bernicia

MEMBERS OF THE LOCAL PENSION BOARD

Employer Representatives

M. Brodie (Vice-Chair) – North East Regional Employers' Organisation (NEREO)
Councillor D. Purvis – South Tyneside Council
R. Dunn – NCG
T. Bell – Morpeth Town Council

Scheme Member Representatives

N. Wirz (Chair) – Unison
J. Pearson – GMB
T. Hunter – GMB
A. Carr - Unison

Members of the Pensions Committee and the Local Pension Board can be contacted through the Pensions Helpline by emailing pensions@twpf.info

SENIOR OFFICERS

Director of Business and Resources (Section 151 Officer)

S. Reid (stuart.reid@southtyneside.gov.uk)

Head of Pensions

I. Bainbridge – (retired from post)
P. McCann – (in post from May 2023).
paul.mccann@southtyneside.gov.uk

Principal Pensions Manager

H. Chambers
heather.chambers@southtyneside.gov.uk

Principal Investment Manager

N. Sellstrom
neil.sellstrom@southtyneside.gov.uk

Principal Governance and Funding Manager

E. Vollans
elizabeth.vollans@southtyneside.gov.uk

Corporate Lead Legal and Governance

J. Rumney
john.rumney@southtyneside.gov.uk

Assurance and Risk Manager

J. Gettins
john.gettins@southtyneside.gov.uk

ADMINISTRATORS OF THE FUND

The Fund is administered by the in-house Pensions Administration Team.

ADVISORS

Actuary

Aon Solutions UK Ltd – J. Teasdale

Investment Advisor

Hymans Robertson – P. Pearson

The advisors to the Fund can be contacted through the Pensions Helpline by emailing pensions@twpf.info

BANK

Lloyds Bank

CUSTODIAN

Northern Trust

EXTERNAL AUDIT

Ernst & Young LLP – R. Jones (Engagement Partner)

POOL OPERATOR

Border to Coast Pensions Partnership Ltd

INVESTMENT MANAGERS

Indexation

Legal and General Investment Management

EQUITIES

UK Equity

Border to Coast Pensions Partnership

Global Equity

Border to Coast Pensions Partnership

Japanese Equity

Lazard Asset Management

Asian ex Japanese Equity

TT International

Emerging Market Equity

JP Morgan Asset Management (until 10th July 2023)

Border to Coast Pensions Partnership (since 11th July 2023)

BONDS

Border to Coast Pensions Partnership

PROPERTY

UK Property

Abrdn

UK Property Unit Trusts

BlackRock

Schroders

UK Residential Property

Abrdn

CBRE

Hearthstone

Henley

Global Property

Partners Group

Border to Coast Pensions Partnership

PRIVATE EQUITY

Capital International

Coller Capital

HarbourVest Partners

Lexington Partners

Morgan Stanley

Neuberger Bergman

Pantheon Ventures

Partners Group

Border to Coast Pensions Partnership

Foresight Regional Investment

PRIVATE DEBT

HPS Investment Partners

Pemberton

Border to Coast Pensions Partnership

Pantheon Ventures

INFRASTRUCTURE

Antin

Digitalbridge

Global Infrastructure Partners

Infracapital

Pantheon Ventures

Partners Group

Border to Coast Pensions Partnership

ADDITIONAL VOLUNTARY CONTRIBUTIONS

Prudential Assurance Company

Utmost Life and Pensions Limited

RISK MANAGEMENT

INTRODUCTION

The Fund recognises the importance of effective risk management as an essential part of good governance.

By effectively identifying and managing risks, the Fund can:

- demonstrate good governance;
- ensure high quality proactive administration of the scheme;
- minimise the risk and effect of adverse conditions;
- identify and maximise opportunities that might arise;
- minimise threats; and
- demonstrate prudent and diligent financial management.

Effective risk management is an integral part of the Fund's activities, ensuring that threats and opportunities are identified and managed as effectively as possible.

The Fund's Risk Management Policy was reviewed and approved by Pensions Committee in March 2024 and sets out the Fund's approach to effective risk management. The [Risk Management Policy is available here.](#)

The Fund identifies risks in many ways, including:

- risk reviews undertaken by officers involved in the management of the Fund;
- monitoring performance against the Fund's Service Plan;
- feedback from the Local Pension Board, Pensions Committee, Scheme employers and other stakeholders;
- meetings with other organisations, regional and national associations and professional groups;
- keeping up to date with the latest developments in the sector;
- risks emerging from the work the Fund undertakes around Responsible Investment; and
- risks and recommendations identified as part of audits undertaken on the Fund.

The Fund remains vigilant and up to date with existing, new or emerging risks that could pose challenge or issue to the Fund and considers the overall degree of risk when managing such risks.

The Fund is committed to embedding risk management in all decision making. As such, risk management is reflected in key Fund documents including the:

- Service Plan which includes an assessment of risks to the implementation of service delivery and achieving the Fund's aims and objectives;
- Pensions Administration Strategy which is designed to improve data quality and reduce the risk of breaching statutory requirements that could result in penalties and reputational damage.

- Funding Strategy Statement which includes a summary of risks to the funding strategy and the setting and collection of employer contributions.
- Investment Strategy Statement which includes a summary of risks to the delivery of the investment strategy; and
- Responsible Investment Policy Framework, including the Climate Change Policy and Net Zero Roadmap, which assess the risks of ESG issues, with a particular focus on climate change.

THE RISK REGISTER

Whilst the above documents cover specific risks, the Fund also seeks to manage risk using a Risk Register.

Officers of the Fund maintain the Risk Register and continually review and monitor risk throughout the year. The Risk Register covers risks both internal and external to the Fund in areas including administration, investment, funding and governance. The Risk Register also documents potential risks that may materialise in the future.

The risks identified in the Risk Register are rated based on their likelihood of materialising and the potential impact should the risk materialise. The risk rating applied is the 'net risk', i.e. the likelihood and impact of the risk after controls have been applied, which is ranked on a scale of:

- Critical
- High
- Moderate
- Minor.

INTERNAL AUDIT

The Council's Internal Audit Service carries out a range of audits each year which includes regular reviews of governance and strategy and pensions administration. This is based on a three-year rolling programme that ensures appropriate coverage.

The 2023/24 Internal Audit Plan was agreed through discussions with Fund Officers and Isio, the Council's specialist partner to deliver internal audits on technical pension and investment audits, and review of key risks facing the Fund. The plan was also approved by Pensions Committee and the Local Pension Board.

During 2023/24 the following audits were completed:

- Governance Review;
- Funding and Investment Strategy;
- Benefit Awards (Child Pensions);
- Cashflow Management;
- Contributions;
- Data Quality;
- Payroll Processing;
- Performance Management; and
- Risk Management.

Based upon the work undertaken, the Fund received a rating of substantial assurance on the overall adequacy and effectiveness of the governance, risk and control framework during 2023/24.

THE ROLE OF THE COMMITTEE AND THE LOCAL PENSION BOARD

The Local Pension Board receives a quarterly monitoring report of the Risk Register and audit programme. The report provides a copy of the full Risk Register and also provides details of any audits which have completed in the quarter. Board members actively monitor progress in relation to controls and actions taken to mitigate risk.

The Committee receives an annual report on Risk Management but is also informed of any areas of concern raised through the Board's quarterly review and report, written by the Chair of the Board.

The management of risk is included in the Committee and Board training programme by way of workshops that are moderated by the Fund's internal auditors.

The Risk Register presented to the Board in March 2024 identified 38 risks to the Fund. Of the 38 risks in the Risk Register, no risks were identified as critical. There were twelve risks in the high category, seventeen identified in the moderate category and nine in the minor category. A summary of the **[Risk Register as at 31 March 2024 is available here.](#)**

CYBER RISK

The Fund operates under service level agreements with South Tyneside Council for Information Technology and Cyber Security. Fund Officers play a very active role in engaging with South Tyneside Council in these areas. We also work closely with our pensions administration software provider regarding cyber security and business continuity.

The Fund recognises the significant risks and implications of a cyber-attack. We devote staffing and financial resources to this area to mitigate the risks. Actions taken include:

- Working closely with key partners, such as South Tyneside Council and Civica, to ensure robust systems are in place.
- High quality software defence systems, including detecting potential ransomware and phishing attacks.
- Have business continuity plans in place. This includes off-site back ups and infrastructure to recover critical systems.
- Assessment against the National Cyber Security Centre Framework.
- All staff are required to undertake cyber security training before being granted access to systems.
- An ongoing training programme is in place in respect of cyber security.
- A continuous review of the Fund's governance arrangements and policies incorporates the evolving cyber risks; and
- Oversight by the Pensions Committee and Local Pension Board, who both have cyber security in their work programme.

Whilst we work closely with partners in respect of cyber security, we apply the highest standards of data protection. Access to member data is restricted to those Fund Officers who need access.

INVESTMENT AND POOLING ARRANGEMENTS

There are a number of risks involved in the investment of the Fund. The approach is to monitor and control these risks as far as possible, consistent with earning a satisfactory return on investments.

Further details are contained in the risk section of the Investment Strategy Statement, which may be viewed on the Fund's website.

The Notes to the Accounts set out the nature and extent of the risks arising from the investments, alongside a sensitivity analysis on returns.

Investment risk is also addressed within the Risk Register, principally within the Assets section.

Assurance over third party operations, such as those of the investment managers and the custodian, is obtained through a review of each organisation's Report on Internal Controls, e.g. the AAF 01/06 and SSAE 16 reports.

The Fund has appointed an external investment advisor to provide appropriate advice. This role is currently undertaken by Hymans Robertson.

The Fund undertakes an asset liability modelling exercise every three years to ensure that the strategic benchmark and investment management structure is appropriate to the liabilities. This exercise examines the financial position, the membership profile, and the nature of the liabilities and analyses the expected ranges of outcomes from differing investment policies. It is undertaken in valuation years, based upon the liability data for the valuation.

This triennial process is backed up by desk-top exercises in non-valuation years.

The strategy and structure is designed to ensure that the Fund's investments are adequately diversified.

The performance of the Fund and each manager and programme is assessed and reported quarterly to the Committee. Action is taken where performance is unsatisfactory.

The risks around asset pooling are included in the Risk Register and the Committee also receives a quarterly report which sets out the latest issues and progress against pooling targets. In addition, our pooling partner Border to Coast regularly presents to the Investment Panel and also participates in the training events for Committee and Local Pension Board members.

Work has been undertaken in 2023/24 on reviewing the governance and oversight arrangements for Border to Coast. The new arrangements will come into effect in 2024/25 and will ensure more focused monitoring of investment performance, governance and the company more generally.

MANAGING THIRD PARTY RISK

Risks presents in many ways and across all stakeholder groups, including Scheme members and employers.

Risks in respect of members and employers are mitigated by having specialised teams who focus on our key stakeholders. This is primarily through our Member Services Team and Employer Services Team.

We are very proactive at engaging with our members and employers. In particular, we provide training and support to our employers in helping them understand their duties and responsibilities. We monitor employer performance and engage directly with any employers who may be struggling.

A prime area of focus is data quality, and we work closely with employers on this. Our success is shown in this area through extremely high data scores in respect of both common and scheme specific data.

We also have robust processes in place to ensure contributions are paid to us in full and on time. Our Finance Team oversees this process, and support is provided by Governance and Funding and our Employer Services Team.

RELATIONSHIP WITH THE ADMINISTERING AUTHORITY

South Tyneside Council is the Administering Authority of the Tyne and Wear Pension Fund. The Pensions Service sits within the Business and Resources Directorate. South Tyneside Council provides support to the Fund in several areas, including HR, ICT and internal audit.

Whilst the Pensions Service operates under many of South Tyneside Council's policies, South Tyneside Council recognises the unique position of the Fund as a regional function and the Fund operates with a high degree of autonomy with steps taken to avoid / mitigate potential conflicts of interest.

The LGPS Senior Officer for the Tyne and Wear Pension Fund is the Head of Pensions. This is a senior post at South Tyneside Council and the role is solely devoted to the administration of the Fund. Our Pensions Service is very well resourced with around 90 staff focusing exclusively on pensions.

TYNE AND WEAR PENSION FUND – RISK REGISTER – 31 MARCH 2024

Risk Reference	Risk Title	Risk Category	Impact/Likelihood
Critical Risks:			
High Risks:			
S7	Performance against Disclosure Regulations fails to deliver at an appropriate level	Service Delivery	Marginal/ Near Certain
S9	Insufficient resources create problems in service delivery	Service Delivery	Marginal/ Near Certain
A4	There is inadequate monitoring of the performance of the total Fund, individual managers (including Border to Coast), Investment Programmes and custodians. Failure to undertake formal reviews, if required	Assets	Marginal/ Near Certain
S12	There is a risk of a Cyber Security attack corrupting systems and data and or stealing data	Service Delivery	Significant/ Possible
G1	There may be a lack of knowledge and understanding by the Committee and Local Pension Board	Governance	Marginal/Probable
F8	Employees do not join or remain in the Fund, either for financial reasons, regulatory change or because their employer does not promote the scheme or structures employees away from the Scheme, or prevents membership	Liabilities/Funding	Marginal/Probable
L1	Failure to apply the Regulations correctly in relation to benefits, especially where changes may be retrospective	Legal	Marginal/Probable
S2	The pensions processing software system is not fully updated in a timely manner and poor version control leads to a deterioration in the functionality	Service Delivery	Marginal/Probable
S3	Failure to develop and introduce improved working practices across pensions processing, particularly increased automation and electronic processing and communication	Service Delivery	Marginal/Probable
S6	Key people leave, and this places a strain on remaining resources to cover the role and responsibilities	Service Delivery	Marginal/Probable
S10	Failure to fully rectify the members GMP values following the GMP reconciliation process	Service Delivery	Marginal/Probable
S14	Failure to develop and introduce improved working practices as part of move to Modern Workplace programme, leads to a reduction in productivity	Service Delivery	Marginal/Probable
Moderate Risks:			
A7	An investment manager is underperforming against its investment mandate	Assets	Negligible/ Near Certain
S1	Benefits and payments are accessed by individuals who are not entitled to receive them	Service Delivery	Negligible/ Near Certain
L4	The Fund fails to comply with General Data Protection Regulations or has a data protection breach	Legal	Negligible/Probable
L5	The Fund provides inappropriate or incorrect information and guidance to a member	Legal	Negligible/Probable
A6	The failure of an investment, or broker or stock lending counterparty	Assets	Negligible/Probable
A9	That in the longer term the amount of cash coming into the Fund reduces to a level that is not sufficient to cover outgoings	Assets	Negligible/Probable

Continued overleaf

Risk Reference	Risk Title	Risk Category	Impact/Likelihood
Moderate Risks (continued):			
G2	Following the move to asset pooling the Fund has reduced control over the implementation of the Investment Strategy which may lead to sub optimal decisions being taken on behalf of Tyne and Wear Pension Fund	Governance	Marginal/Possible
G5	As a result of hybrid working, the Fund may be unable to meet the more significant actions in the Service Plan	Governance	Marginal/Possible
R1	Insufficient attention to environmental, social and governance (ESG) issues can lead to reputational damage.	Reputational	Marginal/Possible
A1	The funding level worsens or falls below 100% due to investment returns being below the levels assumed in the triennial valuations, i.e. relative return to discount rate	Assets	Marginal/Possible
A3	The Fund does not have an appropriate strategic benchmark and an appropriate investment management structure.	Assets	Marginal/Possible
A15	The potential impact of climate change has not been sufficiently reflected in the Fund's Investment Strategy or by the Investment Managers which could lead to financial losses	Assets	Marginal/Possible
F1	The funding level worsens or falls below 100%, due to outturn differing from valuation assumptions	Liabilities/Funding	Marginal/Possible
F5	The Fund is left with a deficit when an employer leaves with inadequate provision for the deficit	Liabilities/Funding	Marginal/Possible
S13	The Fund's electronic web services are not available to either individual members or employers	Service Delivery	Marginal/Possible
S16	Risk that staff suffer either physical or mental health issues as a result of changing working practices (including potentially prolonged working at home and in isolation)	Service Delivery	Marginal/Possible
S17	The Fund's AVC service provider is no longer committed to the LGPS market which impacts on the service standard provided	Service Delivery	Marginal/Possible
Minor Risks:			
A5	There is a failure of an investment manager's (including Border to Coast) process that significantly affects the Fund	Assets	Negligible/Possible
A8	There is an act of fraud and/or a breach of the investment guidelines by an investment manager (including Border to Coast)	Assets	Negligible/Possible
A10	In the short term there is insufficient cash for investment requirements or other commitments, including paying pensions	Assets	Negligible/Possible
A12	The Fund is unable to properly deal with its overseas tax liabilities and meet the requirements of overseas tax authorities	Assets	Negligible/Possible
A13	Following the move to asset pooling and the transfer of assets to Border to Coast this may not result in an improvement in net returns	Assets	Negligible/Possible
F3	Member data and record keeping is of poor quality due to inadequate data flows from an employer or inadequate data cleansing	Liabilities/Funding	Negligible/Possible
L6	Failure to provide pension tax related information to members correctly	Legal	Negligible/Possible
L7	The Fund fails to identify an issue with the health and wellbeing and financial safety of members	Legal	Negligible/Possible
L8	A transfer value is incorrectly managed	Legal	Negligible/Possible

LEGAL FRAMEWORK

INTRODUCTION

The Tyne and Wear Pension Fund is part of the Local Government Pension Scheme (the Scheme) and is administered by South Tyneside Council. The Ministry for Housing, Communities and Local Government (MHCLG) sets out the framework for the Scheme in Regulations that apply in England and Wales.

SCHEME REGULATIONS

The rules of the Scheme are contained in the following sets of regulations:

- The Local Government Pension Scheme Regulations 2013 (as amended) describe how rights accrue and how benefits are calculated with effect from 1st April 2014. These Regulations also contain the administrative provisions for the Scheme.
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended) set out how membership accrued prior to 1st April 2014 counts. These Regulations also remove the ability of Councillors in England and Wales to continue their participation in the LGPS.
- The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (as amended) provide the regulatory framework for the investment of pension fund assets.

The main provisions of the Scheme are:

- Tiered employee contribution rates.
- A Career Average Revalued Earnings (CARE) pension based on 1/49th of salary for each year of pensionable service.
- A '50:50' arrangement allowing members to opt to pay 50% of their standard contribution rate. Where this is exercised the member will accrue pension based on 1/98th of salary for each year of pensionable service.
- A Normal Retirement Age of the member's State Pension Age for the release of unreduced benefits.
- A three-tier ill health retirement package, payable from any age:
 - **Tier 1** – where it is unlikely a member will be capable of undertaking gainful employment, benefits are enhanced to the level they would have been had that member worked to normal pension age.
 - **Tier 2** - 25% enhancement where there is a prospect of return to gainful employment after three years but before Normal Retirement Age.
 - **Tier 3** - No enhancement where there is a prospect of return to gainful employment within three years. This level of ill health pension ceases on the earliest of re-employment or after three years in payment.





- The earliest age that the member may choose to release their pension is currently 55. If the member chooses to access before Normal Pension Age then their pension will be subject to reduction.
- Immediate payment of retirement benefits on grounds of redundancy or business efficiency if the member has attained age 55.
- Phased retirement arrangements that enable members under specified circumstances to draw down some or all of their accrued pension rights from the Scheme while still continuing to work.
- An option to commute pension to lump sum, at the rate of one pound of annual pension for twelve pounds of lump sum, up to a maximum tax-free lump sum of 25% of capital value of accrued benefit rights at date of retirement.
- Pensions indexed in line with the Consumer Prices Index.
- Pensions must come into payment before the 75th birthday.
- Survivor benefits for life, payable to spouses, civil partners and dependant partners (opposite and same sex) at a 1/160th accrual rate.

- Survivor benefits payable to children.
- A death-in-service tax-free lump sum of three times assumed pensionable pay.
- A post-retirement lump sum death benefit where death occurs before age 75 of up to a maximum of ten years pension.
- Transfer values to other pension arrangements or index-linked deferred benefits for early leavers.
- A refund of contributions where no other benefit is due.
- Facilities for paying additional voluntary contributions to provide benefits.

HM Revenues and Customs has granted the LGPS 'exempt approval' for the purposes of the Income and Corporation Taxes Act 1988. Since April 2006, the LGPS has been classified as a registered public service pension scheme under Part 4 of Chapter 2 of the Finance Act 2004. It complies with the relevant provisions of the Pension Schemes Act 1993, the Pensions Act 1995, the Pensions Act 2004, the Pensions Act 2021 and meets the Government's standards under the automatic enrolment provisions of the Pensions Act 2008.

MANAGEMENT AND GOVERNANCE

Whilst the Regulations are fixed on a national basis, the LGPS is managed by a designated Administering Authority and throughout England and Wales there are 86 such authorities.

South Tyneside Council is responsible for administering the Tyne and Wear Pension Fund for the benefit of its own employees and the employees of the scheme employers and admission bodies. South Tyneside Council has delegated the responsibility for the functions and responsibilities of the Fund to Pensions Committee.

Each LGPS fund must also have a Local Pension Board that is tasked with assisting the administering authority in securing compliance with LGPS regulations, other legislation and the requirements of the Pensions Regulator. Local Pension Boards must have equal representation of employer representatives and member representatives.

Under the Public Service Pensions Act 2013, MHCLG continues to be responsible for policy and the making of regulations. The Local Government Pension Scheme Advisory Board advises MHCLG on regulatory changes it considers appropriate.

POOLING OF INVESTMENTS

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.

After considering a number of options, the Fund decided to work with eleven other administering authorities of LGPS pension funds and created the Border to Coast Pensions Partnership. This is a major strategic collaboration between the partner funds, with the aim of delivering improved performance as well as cost savings over the medium to long term.

In 2017/18, Border to Coast Pensions Partnership Limited (Border to Coast) was established and registered as a company limited by shares, with each of the twelve administering authorities as equal shareholders. The transfer of investments to Border to Coast commenced in July 2018, when three internally managed partner funds moved some of their assets to Border to Coast. The Tyne and Wear Pension Fund made its first investment with Border to Coast in November 2018.

Following the successful merger of Tyne and Wear Pension Fund and Northumberland County Council Pension Fund, the shareholding in Border to Coast has been adjusted to reflect the fact that there are now eleven rather than twelve shareholders, with one vote each. The adjustments to accommodate the changes in share ownership were made in June 2020.

As at 31 March 2024, assets to the value of £36.3 billion have been invested through Border to Coast on behalf of all the partner funds. Tyne and Wear has approximately £4.3 billion invested in four sub funds covering UK equities, global equities, emerging market equities, investment grade corporate bonds and multi asset credit. Investments to the value of £1.2 billion have also been made in the private equity, infrastructure and private debt programmes through Limited Partnership structures.

Additional assets are in transition to Border to Coast in 2024/25, including regional equity mandates, UK commercial real estate and a factor-based index mandate.

The Fund expects to be fully pooled by 31 March 2025, except for legacy private market holdings which will run-off over time.

INVESTMENT REGULATIONS

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 came into force on 1st November 2016. The 2016 Regulations introduced a mixture of new legislative requirements, updates to the 2009 Regulations and dropped other requirements altogether. Overall, the new Regulations are less prescriptive.

The 2016 Regulations set out the payments that must be made into and out of the Fund restrict powers of borrowing and require "Fund money" to be in a separate bank account. The Regulations require the administering authority to maintain and publish an Investment Strategy Statement (ISS). The ISS should describe the Fund's investment strategy and its investments and must include:

- A requirement to invest money in a wide variety of investments.
- An assessment of the suitability of investments held.
- The approach to risk.
- The approach to pooling investments.
- The policy and approach to social, environmental and corporate governance.
- The policy on the exercise of rights (including voting rights) attaching to investment.

The ISS must also set out the maximum percentage of the Fund that will be invested in particular investments and/or asset classes.

The 2016 Regulations also introduce new powers for the Secretary of State to make a direction, if satisfied that an administering authority is failing to act in accordance with this guidance. The power of direction can be used to:

- Require changes to the investment strategy.
- Require investment in specific assets or asset classes.
- Transfer the investment functions to the Secretary of State or a person nominated by the Secretary of State.
- Require the administering authority to comply with any instructions.

This Regulation essentially allows the Secretary of State to intervene in whatever manner is deemed necessary to address a perceived problem. The Secretary of State must consult with the administering authority and take due consideration of reports and representations, before any direction can be issued. Although this does appear quite draconian, its use is likely to be a last resort.

GOVERNANCE ARRANGEMENTS

South Tyneside Council is the administering authority of the Local Government Pension Scheme for the administrative areas of Tyne and Wear and Northumberland. The Governance and Funding Office of the Pensions Service overseas the governance arrangements for the Fund.

The governance arrangements are set out as follows:

PENSIONS COMMITTEE

The Council has set up a Pensions Committee (the Committee) to control and resolve all matters relating to the Fund. The Council's Constitution requires the Committee to:

- Prepare, maintain and publish the Governance Compliance Statement.
- Ensure that the Fund complies with the Local Government Pension Scheme Regulations and all other legislation that governs the administration of the Fund.
- Prepare, maintain and publish the Funding Strategy Statement.
- Prepare, maintain and publish the Pensions Administration Strategy.
- Ensure that the Fund is valued as required and receive and consider reports on each valuation.
- Ensure appropriate arrangements are in place for the administration of benefits.
- Set the Admissions Policy.
- Prepare, maintain and publish the Communications Policy Statement.
- Ensure appropriate additional voluntary contributions arrangements are in place.
- Prepare, maintain and publish the Investment Strategy Statement.
- Set the investment objectives and policy and the strategic asset allocation in light of the Fund's liabilities.
- Select, appoint and dismiss an investment pooling operator to manage the Fund's assets.
- Appoint, dismiss and assess the performance of investment managers and custodians where direct investments are maintained. Where investments are made through Border to Coast, this will be done by Border to Coast itself.
- Prepare, maintain and publish the Corporate Governance Policy.
- Determine what the administering authority requires the pool to provide to enable it to execute its local investment strategy and request what it needs via its representative on the Joint Committee.
- Prepare and maintain a Responsible Investment Policy which takes account of the policy operated by Border to Coast.
- Ensure appropriate arrangements for the Local Pension Board are in place and maintaining and publishing information about the Local Pension Board.
- Ensure appropriate participation in the Joint Committee established to scrutinise the operation of Border to Coast.
- Monitor the performance and effectiveness of the investment pooling operator to ensure:
 - it is providing an effective means of delivering the investment strategy (e.g. types of assets and style of investment management)
 - it is meeting the objectives that have been set (including requirements in relation to responsible investment).
- Agree and/or amending the governance documents for Border to Coast, including the terms of reference for the Joint Committee.
- Receive and consider reports from Border to Coast and the Joint Committee and maintain an effective mechanism for making recommendations to the Joint Committee.
- Identifying and manage the risks associated with investment pooling.
- Ensure that appropriate measures are in place to monitor and report on the ongoing costs of investment pooling.

The Council's Constitution has been updated to reflect the Government's initiative on the pooling of investments and the establishment of Border to Coast. The main change is that the Committee is no longer fully responsible for appointing, dismissing and monitoring the performance of investment managers. This responsibility has transitioned to Border to Coast. The Committee will, however, continue to be responsible for setting the investment strategy and strategic benchmark. Committee will also be responsible for monitoring and overseeing the performance of Border to Coast.

The overall governance structure, including the wider responsibilities of the Committee, is set out in the Governance Compliance Statement that the Fund has to prepare, maintain and publish under the Local Government Pension Scheme Regulations 2013.

The Governance Compliance Statement was last reviewed by the Committee in January 2024 and demonstrates that the Fund is compliant with guidance provided by the Secretary of State for Housing, Communities and Local Government. The Governance Compliance Statement can be found on our website: [Governance Compliance Statement](#).

During 2023/24, the Committee had nineteen members. South Tyneside Council provided eight members and the other five councils within the Tyne and Wear and Northumberland areas provided one member each. The trade unions and the employers provided three members each, who sat on the Committee in an advisory (non-voting) capacity.

Membership of Pensions Committee for 2023/24 is shown in the Attendance at Meetings and Training section below. There were no changes to Committee membership during the year.

The Committee meets quarterly to consider pension matters. Additional meetings are called should any matter require an in-depth review. A summary of the work undertaken by the Committee in 2023/24 is as follows:

- Approved the Fund's Service Plan and Budget for 2023/24 and monitored quarterly thereafter.
- Approved the programme of training for the year.
- Reviewed the Fund's expenditure against the budget for the 2022-23 financial year and approved the budget for the 2023-24 financial year.
- Reviewed the audit and assurance reports and agreed the annual audit workplan for the year.
- Received updates on industry developments including the McCloud remedy.
- Received an update on the Stewardship Code and the Funds compliance.
- Received updates on climate related matters and reviewed and approved the Fund's TCFD report.
- Received quarterly updates on the estimated funding level for the whole Fund.

- Reviewed the management of the Fund's investments and analysed the performance of the Fund and its investment managers.
- Reviewed changes to the investment strategy and the progress towards implementing these changes.
- Received updates on asset pooling and notable issues relating to Border to Coast Pensions Partnership.
- Approved the transition of further assets to Border to Coast and private market commitments.
- Reviewed the Fund's Risk Register.
- Received a summary of the class actions activity and settlement income received.
- Reviewed and approved a number of the Fund's policy documents, including the Climate Change Policy, TCFD Report, Governance Compliance Statement and Communication Policy.
- Reviewed and approved the scope of the governance compliance audit.
- Considered and approved amendments to the Funding Strategy Statement.
- Reviewed RI policies and monitored progress of net zero commitments, including annual carbon footprint exercise.
- Considered and approved the Annual Report and Accounts.
- Completed a review of the Fund's AVC provision and the performance of the providers.

INVESTMENT PANEL

The Committee has set up an Investment Panel to provide a greater focus on, and scrutiny over, the investment strategy and the performance of the managers.

The Panel consists of three members of the Committee, the Investment Advisor, the Head of Pensions and the Principal Investment Manager. It reports its findings to the Committee and makes recommendations on any action that is required.

A summary of the work undertaken during 2023/24 by the Investment Panel is as follows:

- Reviewed a draft of the training programme for the year.
- Oversaw pensions administration performance, including KPIs and performance against Disclosure.
- Approved the approach to Investment Manager monitoring and the proposed programme of Manager meetings for the year.
- Considered the management of the Fund's investments and analysed the performance of the Fund and its investment managers.
- Considered changes to the investment strategy and the progress towards implementing these changes.
- Considered updates on asset pooling and notable issues relating to Border to Coast Pensions Partnership.
- Recommended the proposed investment in the Foresight Northeast Regional Investment Fund.
- Considered the due diligence undertaken on the Border to Coast UK Property funds.
- Reviewed a draft of the Stewardship Code Report prior to submission to the FRC.
- Considered the capital markets information provided by the Fund's Investment Consultant and current tactical views.
- Modelled private market commitments and made recommendations to Committee.
- Monitored the Fund's tactical asset allocation position and reviewed actions taken.
- Considered the Fund's progress against its Net Zero Roadmap and current carbon metrics provided by the Investment Managers.
- Met directly with a number of Investment Managers, including Border to Coast, to discuss specific investment funds and to challenge the Managers decision making, performance and risk management

THE LOCAL PENSION BOARD

The Public Service Pensions Act 2013 and the Scheme Regulations required the Council to establish a Local Pension Board to assist the Committee in ensuring that the Fund complies with legislation relating to its governance and administration, its own rules and any requirements of the Pensions Regulator.

The responsibilities to be discharged by the Local Pension Board include:

- To secure compliance with the Local Government Pension Scheme Regulations 2013 (as amended) and any other legislation relating to the governance and administration of the Fund.
- To secure compliance with any requirements imposed by the Pensions Regulator in relation to the Fund.
- To ensure the effective and efficient governance and administration of the Fund.
- To provide the Committee with such information as it requires to be satisfied from time to time that none of the members of the Local Pension Board or person to be appointed as a member of the Local Pension Board has a conflict of interest.

The Local Pension Board reports to the Committee. The Board consists of eight voting members, four Member representatives and four Scheme Employer representatives.

The four Member representatives are nominated by the Trade Unions, and the Scheme Employer representatives are identified through nominations received from Scheme Employers participating in the Fund.

Membership of the Board for 2023/24 is shown in the Attendance at Meetings and Training section below. There were no changes to the Board membership during the year.

The Board is required to produce an annual report summarising the work undertaken during the year. A copy of this annual report is available on the Fund's website ([LPB Annual Report](#)), but a summary of the work during 2023/24 is as follows:

- **Risk Management** – Considered the Fund's Risk Register and assisted the Fund in identifying, managing and monitoring risk.
- **Audit Programme** – The Board agreed the annual audit workplan and received updates on completed audits and recommendations.
- **Pensions Administration and Performance** – The Board received quarterly administration reports, details of performance against key performance indicators and non-compliance by Scheme employers.
- **Responsible Investment and Climate Change** – Responsible Investment and ESG issues have been discussed at every Board meeting.
- **Annual Report and Accounts** – Reviewed the final report and accounts and met with External Audit.
- **The Pensions Regulator Code of Practice** – The Board reviewed the Funds compliance with the Regulators Code of Practice and received updates on the new General Code.
- **Data Quality** – The Board received updates on The Pension Regulator's annual data scoring and the Funds data improvement plan.
- **Investment Pooling** – The Board received updates on the arrangements of the Border to Coast Pensions Partnership.
- **Policies and Strategies** – The Board reviewed updated policies and strategies and provided comments and recommendations prior to approval by the Pensions Committee

MANAGEMENT OF CONFLICTS OF INTEREST

Declarations of potential conflicts of interest is a requirement for Committee members, Local Pension Board members, Investment Panel members and the Fund's Officers.

A Register of Interests is maintained for members and Officers.

Declaration of interests is the opening agenda item at Committee, Local Pension Board and Investment Panel meetings. Depending on the level of the conflict, an individual may be required to take no part in discussions or voting or may be required to leave the meeting whilst the matter is considered.

ATTENDANCE AT MEETINGS AND AT TRAINING

Attendance at meetings of the Committee, the Local Pension Board, the Investment Panel and at training is summarised in the tables below.

The tables also show which members of the Committee and Local Pension Board had voting rights. In practice, the Committee and Local Pension Board generally operate by consensus, with all members having an equal right to make their views known.

PENSIONS COMMITTEE	VOTING RIGHTS	NUMBER OF MEETINGS ATTENDED	NUMBER OF INVESTMENT PANEL MEETINGS ATTENDED
Cllr. A. Walsh	Y	5 of 6	3 of 4
Cllr. P. Hay	Y	3 of 6	2 of 4
Cllr. J. Foreman	Y	3 of 6	N/A
Cllr. J. Welsh	Y	5 of 6	4 of 4
Cllr. K. Dawes	Y	5 of 6	N/A
Cllr. D. Herbert	Y	6 of 6	N/A
Cllr. P. Milburn	Y	1 of 6	N/A
Cllr. J. Potts	Y	1 of 6	N/A
Cllr. H. Kelly	Y	5 of 6	N/A
Cllr. G. Haley (substitute)	Y	4 of 6	N/A
Cllr. P. Frew	Y	6 of 6	N/A
Cllr. V. Dunn (substitute)	Y	0 of 6	N/A
Cllr. W. Samuel	Y	2 of 6	N/A
Cllr. T. Mulvenna (substitute)	Y	3 of 6	N/A
Cllr. S. Laws	Y	0 of 6	N/A
Cllr. J. Price (substitute)	Y	0 of 6	N/A
Cllr. R. Dodd	Y	3 of 6	N/A
Cllr. C. Hardy (substitute)	Y	0 of 6	N/A
L. Brown (Trade Union Representative)	N	4 of 6	N/A
J. Kelly (Trade Union Representative)	N	3 of 6	N/A
J. Green (Trade Union Representative)	N	5 of 6	N/A
J. Hardy (Employer Representative)	N	2 of 6	N/A
J. Cook (Employer Representative)	N	3 of 6	N/A
C. Wallace (Employer Representative)	N	0 of 6	N/A

LOCAL PENSION BOARD	VOTING RIGHTS	NUMBER OF MEETINGS ATTENDED	NUMBER OF INVESTMENT PANEL MEETINGS ATTENDED
N. Wirz	Y	5 of 5	N/A
Cllr. D. Purvis	Y	1 of 5	N/A
M. Brodie	Y	4 of 5	N/A
R. Dunn	Y	5 of 5	N/A
T. Bell	Y	3 of 5	N/A
A. Carr	Y	3 of 5	N/A
J. Pearson	Y	4 of 5	N/A
T. Hunter	Y	3 of 5	N/A

The substitute members on Pensions Committee from the district councils and Northumberland County Council are given full access to meetings and to the training events. They may only vote when the first named member from their council is not attending a Committee meeting.

The members of the Investment Panel and the Chair and Vice-Chair of the Local Pension Board are offered additional training opportunities in recognition of the additional governance duties placed upon them.

MEMBERS LEARNING AND DEVELOPMENT

In accordance with the Training Policy, all members (whether voting or non-voting) have an obligation to ensure that they undertake appropriate learning and development activity, and the table below illustrates the formal activity undertaken by members during the year.



COMMITTEE MEMBERS	Training Sept 2023	Training Feb 2024	Induction Training	LAPFF Conference	LGC Conference	CIPFA Seminars	Online Training*	BCPP Annual Meeting	PLSA Conference
Cllr A Walsh (Chair)	✓	✓	N/A	✓	✗	N/A	3	✓	✗
Cllr P Hay (V Chair)	✓	✗	N/A	✓	✗	N/A	0	✓	✓
Cllr J Foreman	✗	✓	N/A	N/A	N/A	N/A	2	✗	N/A
Cllr J Welsh	✓	✓	N/A	✓	✓	N/A	3	✓	✗
Cllr K Dawes	✗	✓	✓	N/A	N/A	N/A	1	✗	N/A
Cllr D Herbert	✓	✓	✓	N/A	N/A	N/A	2	✗	N/A
Cllr P Milburn	✗	✗	✗	N/A	N/A	N/A	0	✗	N/A
Cllr J Potts	✗	✗	✓	N/A	N/A	N/A	0	✗	N/A
Cllr H Kelly	✓	✗	✓	N/A	N/A	N/A	2	✗	N/A
Cllr G Haley	✓	✓	N/A	N/A	✓	N/A	1	✓	N/A
Cllr P Frew	✓	✗	N/A	N/A	N/A	N/A	2	✗	N/A
Cllr V Dunn	✗	✗	N/A	N/A	N/A	N/A	0	✗	N/A
Cllr W Samuel	✗	✗	N/A	N/A	N/A	N/A	0	✓	N/A
Cllr T Mulvenna	✗	✗	✓	N/A	N/A	N/A	3	✗	N/A
Cllr S Laws	✓	✗	N/A	N/A	N/A	N/A	0	✗	N/A
Cllr J Price	✗	✗	N/A	N/A	N/A	N/A	0	✗	N/A
Cllr R Dodd	✓	✓	N/A	N/A	N/A	N/A	1	✓	N/A
Cllr C Hardy	✗	✗	N/A	N/A	N/A	N/A	1	✗	N/A
Lorraine Brown	✓	✓	N/A	N/A	N/A	N/A	3	✗	N/A
John Kelly	✗	✓	N/A	N/A	N/A	N/A	2	✗	N/A
Janet Green	✓	✓	N/A	N/A	N/A	N/A	0	✓	N/A
Jamie Hardy	✓	✗	N/A	N/A	N/A	N/A	2	✗	N/A
Jeremy Cook	✗	✓	N/A	N/A	N/A	N/A	2	✗	N/A
Caroline Wallace	✓	✗	N/A	N/A	N/A	N/A	2	✗	N/A
BOARD MEMBER									
Nicholas Wirz (Chair)	✓	✓	N/A	✓	N/A	✓	3	✓	✗
Mick Brodie (V Chair)	✗	✓	N/A	✓	✓	✓	2	✓	✗
Cllr Doreen Purvis	✗	✗	N/A	N/A	N/A	N/A	0	N/A	✗
Rachel Dunn	✓	✓	N/A	N/A	N/A	✓	2	N/A	✗
Tracey Bell	✓	✓	N/A	N/A	N/A	N/A	2	N/A	✗
Tom Hunter	✓	✓	N/A	N/A	N/A	N/A	2	✓	✗
John Pearson	✗	✓	N/A	N/A	N/A	N/A	2	N/A	✗
Tony Carr	✗	✗	N/A	N/A	N/A	N/A	2	N/A	✗

(*3 online training sessions delivered during the year)

WIDER GOVERNANCE ARRANGEMENTS

The Fund holds an annual employer meeting for the employers and trade unions.

The agenda for the meeting includes presentations by the Actuary and the Investment Advisor and covers the actuarial position, the benefits structure and investment performance.

BORDER TO COAST PENSIONS PARTNERSHIP LIMITED

In response to the Government's initiative on the pooling of LGPS assets, the Fund, along with eleven others, created its own Financial Conduct Authority (FCA) regulated investment management company.

Border to Coast was formally established on 31st May 2017 with South Tyneside Council, as administering authority of the Tyne and Wear Pension Fund, agreeing to join and become a shareholder.

The Administering Authority has to distinguish between its role as a shareholder in Border to Coast and its role as an investor. The two are fundamentally different functions.

Shareholder functions relate to the ownership of the company and are subject to company law and key company documents. The Administering Authority acts through a nominated shareholder representative who will either vote by attendance at shareholder meetings of the company or by signing written resolutions as permitted by company law.

A Joint Committee was established on the 6th June 2017. The Joint Committee focuses on the oversight role, particularly on 'investor' issues (as distinct from shareholder issues). Investor rights relate to the investments with Border to Coast as governed by legal documents for each investment. The governance arrangements for Border to Coast have been the subject of a recent review. This work was completed during 2022/23.

Each administering authority is represented on the Joint Committee. The first meeting of the Joint Committee took place on the 6th June 2017. There are also two scheme member representatives on the Joint Committee in an advisory capacity.

It has been determined that the Chair of the Pensions Committee, or any other person nominated from time to time, will represent the Fund on both the Joint Committee and in voting at Shareholder Meetings.

The Board of Border to Coast is made up of two Executive Directors, and six Non-Executive Directors, including a Chair. Two of the five Non-Executive Directors are nominated by the partner funds in Border to Coast through the Joint Committee and are there partly to ensure the local government ethos is maintained. In 2020, Councillor Anne Walsh from South Tyneside Council was appointed as a partner fund nominated Non-Executive Director of Border to Coast. This appointment ended in September 2022.

The Board will be directly accountable to the partner funds in their roles as both Shareholders in relation to company matters and the Joint Committee for investor matters.

Under the new pooling arrangements, the Pensions Committee will remain responsible for setting the funding strategy and the high-level investment strategy, e.g. the appropriate asset allocation for the Fund. The main difference will be that the Fund will no longer be appointing and monitoring investment managers directly. Instead, the Fund will be monitoring the performance of the investments in the Pool.

The Local Pension Board will continue in its role in assisting the Pensions Committee in ensuring compliance with regulations and the effective and efficient governance of the Fund.

INFORMATION ON THE FUND

Information on the Fund is held on the Fund's website at www.twpf.info.

The information that is available includes:

- Agendas and minutes for both the Pensions Committee and Local Pension Board meetings.
- Pension Fund Service Plan, which presents the Fund's aims and objectives over three year rolling periods.
- Governance Compliance Statement, which sets out the governance arrangements.
- Actuary's Report on the 2022 valuation and the Funding Strategy Statement.
- Investment Strategy Statement, concerning the approach to the investment of the Fund.
- Corporate Governance Policy, which sets out the Fund's approach to environmental, social and governance issues.
- Climate Change Policy, which sets out how the Fund will manage climate change risks.
- Communications Policy Statement, which sets out the services we provide to members, prospective members and employers.
- Pension Administration Strategy, which is designed to assist the Fund and the employers to work effectively together to fulfil their joint responsibilities.
- A wide range of documents that set out the Fund's working arrangements.

TRAINING POLICY AND PROGRAMME

The Committee and the Local Pension Board have adopted a joint Training Policy and operate a joint approach to the delivery of training.

The policy is reviewed annually and updated where appropriate. The joint Training Policy was last approved by Committee in June 2023 and by the Local Pension Board in July 2023 and is available at [Training policy for Pensions Committee and the Local Pension Board](#).

The Pensions Committee has adopted the key recommendations of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Public Sector Pensions Finance Knowledge and Skills.

CIPFA produced an updated 'Knowledge and Skills Framework' for Committee Members and LGPS Officers in 2021. Pensions Committee adopted the new Framework at its meeting in June 2022 as the basis of its Training Policy and Programme.

CIPFA has also developed a Local Pension Board Knowledge and Skills Framework, which has been used by the Local Pension Board. It is expected that this Framework will be updated in the future.

The Pension Regulator's General Code, which replaced all the existing Codes of Practice, was introduced in March 2024. Part of the new code sets out the expectations in relation to knowledge, skills and training for Committee and Board members. The expectations are backed up by the good practice of the CIPFA Frameworks.

COMMITTEE AND LOCAL PENSION BOARD TRAINING

The Committee and the Local Pension Board consider training requirements at each of their quarterly meetings and devise a programme that builds on the training previously delivered to address the issues that will arise in coming years. The same training opportunities are available to the Committee and the Local Pension Board.

Following recent review, the Fund has continued its approach to training, focusing around two off-site training events.

Border to Coast, the Fund's investment managers, the Investment Advisor, and the Actuary assisted with the delivery of the training programme alongside Fund Officers. In addition, Border to Coast delivered an annual conference which was made available to members of the Committee and Board. Individual members have also been able to attend additional external training events, both online and in person.

Additional selected training seminars and conferences that were offered by industry wide bodies were attended by the respective Chairs and Vice-Chairs of the Committee and Local Pension Board. This recognises the higher governance duties placed upon those roles. Induction training is also provided to new Committee and Board members.





The training programme for 2023/24 covered topics including:

- The Pension Regulator's General Code of Practice.
- Residential Property.
- Infrastructure.
- Climate Opportunities and UK Opportunities.
- Economic Overview.
- Property Update – Portfolio and Strategy Review.
- Net Zero Pathways.
- Pooling Arrangements.
- Scheme Member Engagement.
- Pensions Committee and Local Pension Board Self-Assessment.
- Investment Strategy.
- Carbon Footprint.
- Approach to Responsible Investment.
- Introduction to Equities.
- Biodiversity.
- Asset Pooling.
- Private Debt.
- Border to Coast UK Property.
- Residential Property.
- Pensions Administration.

The training programme for 2024/25 is to cover topics including:

- Cyber Security.
- Roles & Responsibilities of the Pensions Committee and Local Pensions Board.
- Economic Environment.
- Refresher Training on main asset classes.
- Service Planning for 2025 – 2028.
- 2025 Valuation.
- Investment Strategy.
- Carbon Footprint.
- Net Zero Commitments.
- Border to Coast 2030 Strategy.
- Climate Literacy.
- Pensions Administration Service Delivery.
- MiFID II.
- GMP's Reconciliation, Rectification and Equalisation.
- The General Code.
- Biodiversity.

OFFICER TRAINING

The Pensions Service participates in the general approach to officer training and development that is provided by South Tyneside Council. This includes areas such as data security.

The requirement for pension specific training has been addressed through the adoption of the CIPFA Framework.

Our training initiatives include:

- An induction process to familiarise new staff members with all areas of Pensions.
- A 'buddy system' is in place to train and support staff who are learning about new areas of work and to provide ongoing support.
- Attendance at a range of seminars and conferences that are offered by industry wide bodies.
- Access to the guidance, circulars and training sessions that are available through the Local Government Employers organisation.
- Officers participate in the pension administration software supplier's user groups and technical development groups.
- At least one day a month is set aside for training.
- The pension administration software has been developed to include processing guidance notes and links to internal policies, external key documents and websites.
- The use of standard checklists and spreadsheets.
- Career grades, where advancement is geared to an ongoing assessment of knowledge and capability.



REVIEW OF THE YEAR

We are delighted to present the 2023/24 Annual Report and Accounts for the Tyne and Wear Pension Fund. The report summarises the main issues affecting the Fund and the Local Government Pension Scheme (LGPS) over the last year.

After recent years have been dominated by the Covid pandemic and the shared service and merger with Northumberland County Council Pension Fund, 2023/24 marked a more normal year. This was certainly welcome; however, the global economy has been volatile with the impacts of geo-political events continuing to be felt. Closer to home, we have seen enhanced interest in the LGPS from Central Government, particularly interest from HM Treasury, and 2024/25 may bring further change to the Scheme.

The conflict between Russia and Ukraine continued in 2023/24 and there was growing tension and escalation in the middle east. Inflation reduced from the previous year, this was particularly seen in headline inflation but there were underlying inflationary pressures which meant central banks did not feel able to cut interest rates as quickly as had first been anticipated by markets. Further consideration of the market environment is provided below.

2023/2024 has been another very busy year at the Fund, with lots of work being undertaken. 2022/23 saw the completion of the 2022 Valuation, reflected in new employer contribution rates payable with effect from 1 April 2023. The improved funding level at the 2022 Valuation has generally resulted in a reduction in contribution rates for employers. Whilst this has been positive, it has meant less contribution income coming into the

Fund necessitating careful cashflow management to finance our large-scale private markets programme.

During the year we have continued to focus on the implementation of our Investment Strategy. The strategy was subject to full review in 2022 with an interim "health check" being undertaken in 2023/24. The health check confirmed that our strategy remained appropriate, and we have therefore progressed towards implementation. This includes making greater use of income seeking assets to assist with cashflow challenges and to continue the investments in private markets.

South Tyneside Council, as the administering authority of the Fund, is the joint owner, along with ten other pension funds, of a Financial Conduct Authority (FCA) regulated investment management company called Border to Coast Pensions Partnership Limited. This company was created in response to the Government's initiative on investment pooling. The company itself was created in 2017 and assets started to transfer from our Fund during 2018.

At the year end, the Fund had assets under management at Border to Coast valued at around £5.6 billion. In addition, the Fund has further benefitted from pooling by combining with the other ten pension funds and jointly procuring the appointment of Legal and General as a manager of its indexed assets. The Fund has over £3.9 billion invested with Legal and General under this

arrangement. Taken together, this means that around 71% of the Fund's assets were either under the direct control of Border to Coast or under pool management at year end. To date, this has saved the Fund over £15.2 million.

The increase in pooled assets from 2022/23 is relatively modest, with the Fund investing in the Border to Coast Emerging Markets Equities mandate which launched in August 2023. Significant commitments were made to the Border to Coast private markets programme, but this money will be drawn down over time. The private markets programme was extended to include Global Real Estate for the first time as well as Climate Opportunities Series 2 and UK Opportunities.

Whilst only modest progress was made in 2023/24 on pooling assets, a lot of work was undertaken in the year which will see a big step forward taken in 2024/25 and the near completion of the pooling journey. Substantial work has been undertaken to develop the Border to Coast UK Real Estate mandate and the Fund committed to this in 2023/24 ahead of its launch in October 2024. This will see the Fund's segregated property mandate transfer into a pooled solution. The Fund has also lined up commitments to the Border to Coast Multi Factor Equity mandate and an internally managed Overseas Developed Equity Fund in place of the Fund's only remaining non-pooled equities mandates. All that will remain outside of the pool by 31 March 2025 will be legacy private market mandates (which will run off over time) and cash.

Responsible investment continues to be a key priority for the Fund, with an enhanced focus on climate change. During 2023/24, the Fund continued to make good progress in implementing its commitments to being net zero by "2050, or sooner". The annual carbon footprint exercise showed that the carbon emissions of the investment portfolio (based on scope 1 and scope 2 emissions) had reduced by nearly 40% between the 2019 baseline and 31 March 2023. This is excellent progress and means the Fund has

surpassed its first interim target (a reduction of between 30 – 35% by 2025) two years ahead of schedule.

We were delighted during the year that our commitment to being a responsible investor was acknowledged by the FRC as we became a signatory to the UK Stewardship Code.

As well as reducing our carbon footprint, we are keen to deploy capital to the energy transition and other climate solutions. We made an additional commitment of £200 million to the Border to Coast Climate Opportunities Fund in 2023/24, meaning we have committed a total of £665 million over the last two years to this Fund.

Another area of increasing focus is investment in the UK. The Fund has a large exposure to the UK, with around 34% of our assets being in the UK. We have made progress in investing in UK productive capital with a 2% allocation to residential property, which includes affordable housing and supported living. Further commitments were made during the year to Border to Coast's UK Opportunities Fund (£100 million) and the Foresight Regional Fund (£30 million) which invests in small and medium enterprise private equity in the North East of England and Yorkshire. Work will continue to seek further opportunities in this area in 2024/25.

Moving away from investments, the demands on our Pensions Administration Office show no signs of easing. The structural review undertaken in October 2022 has been fully implemented and we are starting to see the benefits of our new specialised teams. This includes an enhanced focus on our members and employers. We are also very pleased that the staffing challenges of recent years have eased with all posts being filled and new recruits settling in nicely.

The implementation of the McCloud remedy continues to be a laborious process at the Fund and across the wider LGPS. The late receipt of Regulations has not assisted and has caused delays in the production of the software solution which will help in automating processes. We are, however, making good progress on this project as we are with preparing for the introduction of Pensions Dashboards.

An area of ongoing priority for us is the development of our pensions administration software system. We made a number of upgrades to our system during the year, and this helped to automate more processes. We remain focused on data quality, and we continue to produce excellent data quality scores year on year.

Elsewhere, the Governance and Funding Office have been busy overseeing the implementation of the new employer contribution rates, managing admissions and exits from the Fund and monitoring the covenant strength of employers. A lot of work has also been undertaken in strengthening governance arrangements and working towards compliance with the new General Code. We have continued to provide a comprehensive training programme for Committee and Board members to ensure robust challenge and decision-making.

The investment themes of 2023/24 were still dominated by the sharp rises in interest rates across developed markets in 2022/23 in response to a surge in inflation largely driven by the energy crisis. This led to a significant fall in the valuations of real assets (Property and Infrastructure) and Private Equity as financing costs rose. Overall, equity markets rose once the cycle of rate increases was completed and Bonds benefited from the higher interest rate environment.

The impact of these conditions had a variable effect on different markets and assets classes. Equity markets performed strongly in absolute terms, North American Equities were the strongest performer (+29.0%) followed by Japanese Equities (+26.0%) but Emerging Markets (+4.2%) and Asia Pacific (ex-Japan) (+5.7%) had lower returns. The Fund's exposure to Global Equities was a major reason for overall underperformance due to the investment managers generally being underweight in the major US technology companies which were the main drivers of global growth by some distance.

In private markets, returns were generally flat which against an absolute return benchmark led to underperformance which was the other key driver of the overall underperformance.

The worst performer was Global Property (-16.4%) where ongoing fallout from the Covid pandemic and higher interest rates saw major write downs in asset values particularly in the office sector. The infrastructure portfolio (-3.2%) and Private Equity (+0.3%) struggled as deals dried up and valuations stagnated. However, over longer periods both asset classes have delivered excellent returns for the Fund.

Against this market background the Fund's total return in 2023/24 was +7.5% (after adjusting for all fees and expenses), which was 2.9% below the benchmark return of +10.4%. Inflation, as measured by the Consumer Price Index, which has risen in importance as a measure for the Scheme, was up by 3.2% over the year. Average Earnings increased by 6.0%.

The Fund underperformed its performance benchmark in 2023/24 but has consistently delivered returns in excess of the benchmark over the medium and long term. The Fund's five-year return was 6.5% per annum, which is ahead of the benchmark return of 6.3% per annum. The ten-year return is now 8.0% per annum, which is also ahead of the benchmark return for this period of 7.2% per annum.

As ever, there has been a significant amount of change, and everybody has risen to the challenge that this brings. Therefore, we would like to thank the Pensions Committee, the Local Pension Board and the staff involved with the Fund for all their considerable hard work during the year and in the delivery of services to the members and employers.



Councillor Ken Dawes
Chair of Pensions Committee



Paul McCann
Head of Pensions

FINANCIAL PERFORMANCE

INTRODUCTION

The financial control of the Fund is carried out by the Investments Office of the Pensions Service.

This includes:

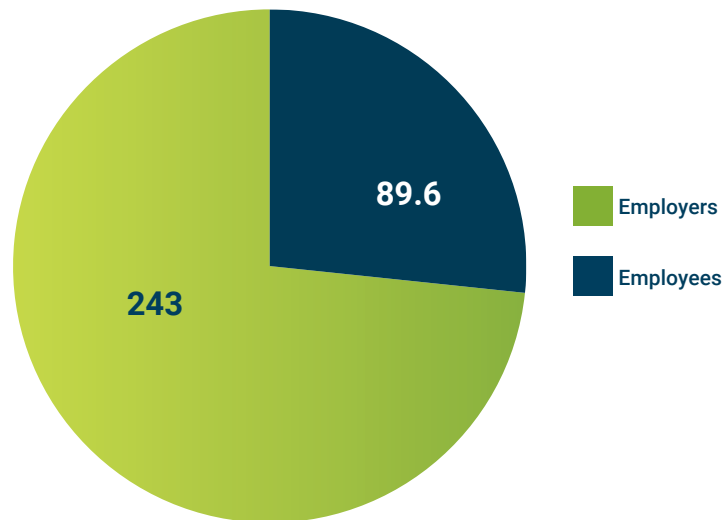
- the day-to-day pensions and investment accounting functions;
- reconciling the valuation of the investments and monitoring the collection of dividends and interest and the associated cash flows in all currencies;
- reconciling the cash flows associated with pension benefits, including the collection of contributions and the payment of pensions;
- the preparation and monitoring of the Pensions Service’s budget; and
- the preparation of the final accounts.

CONTRIBUTIONS

In 2023/24, the Fund received £332.6 million (£325.2 million in 2022/23) in pension contributions from employers and employees.

The chart below shows a breakdown of the contribution income:

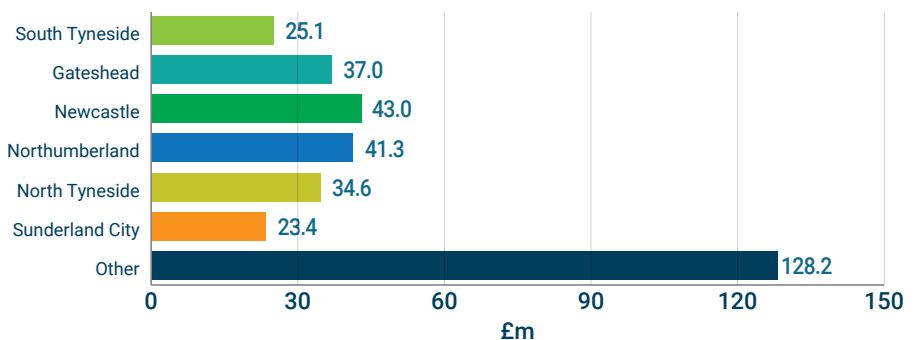
Contribution Income 2023/24 £’millions



Contributions in 2023/24 were derived from total employer payrolls of £1,381.8 million (£1,238.5 million 2022/23) which saw employers pay on average a contribution rate of 17.40% (20.04% in 2022/23) and employees at 6.47% (6.54% in 2022/23).

The table below shows the contributions paid by each of the local authorities and the other employers collectively:

Contribution Income 2023/24 £’millions



CONTRIBUTIONS RECEIVED ON OR BEFORE THE DUE DATE

The Fund requires employers to pay contributions over by the 14th of each month. This assists with the cash flow for the pension payments, which are made on the 16th of the month.

The table below shows the amounts payable each month throughout 2023/24 and the amount collected by the due date:

MONTH	AMOUNT DUE £'000	RECEIVED ON OR BEFORE DUE DATE
Apr-23	25,570	99.99%
May-23	25,768	99.85%
Jun-23	25,863	99.87%
Jul-23	25,884	100.00%
Aug-23	25,863	99.98%
Sep-23	26,247	99.99%
Oct-23	26,283	98.05%
Nov-23	30,427	100.00%
Dec-23	34,069	99.95%
Jan-24	27,909	100.00%
Feb-24	28,011	99.90%
Mar-24	28,008	99.96%

Late payments are monitored and pursued.

The following table shows the late payment history for 2023/24:

NUMBER OF DAYS PAYMENT WAS LATE	NUMBER OF LATE PAYMENTS	PERCENTAGE OF LATE PAYMENTS
Less than 10	24	77%
Between 10 and 19	6	20%
Between 20 and 29	0	0%
Between 30 and 39	0	0%
More than 40	1	3%

The number of late payments is lower than in the previous year, down to 31 (34 in 2022/23) with the majority being less than 10 days late in payment.

Amounts that were outstanding as at 31 March 2024 were paid by the 30 April 2024.

Interest is calculated in all cases but is only charged when the interest exceeds a certain amount. Interest for late payments during the year totalling £786.36 was charged to or paid by employers during the year.





PENSION BENEFITS

During the year, £476.8 million (£423.8 million in 2022/23) of pension benefits were paid to 69,844 pensioner and beneficiary members.

PENSION OVERPAYMENTS

The Fund seeks to identify and recover all cases of pension overpayments. Such overpayments are identified through a number of mechanisms including notification from family members and friends, from the Tell Us Once service, notices in the press and participation in the National Fraud Initiative.

All appropriate action is taken to recover such overpayments, including court action. Amounts are only written off when there is no realistic prospect of recovery.

The table below shows the overpayment position for the last ten years. For the years prior to 2020/21 these relate to overpayments made by Tyne and Wear Pension Fund only and excludes any overpayments made by the Northumberland County Council Pension Fund. The figures for the last four years are for the merged Tyne and Wear Pension Fund.

Year over-payment was made	Pension overpaid £	Amount recovered £	Amount written off £	Outstanding at 31st March 2024 £	Percentage outstanding at 31st March 2024
2014/15	105,196	94,858	7,755	2,583	2.5
2015/16	178,328	175,757	1,684	887	0.5
2016/17	139,754	136,915	124	2,715	1.9
2017/18	285,093	272,908	6,253	5,932	2.1
2018/19	160,921	138,846	15,243	6,832	4.2
2019/20	218,330	187,223	1,514	29,593	13.6
2020/21	237,796	230,599	0	7,197	3.0
2021/22	361,244	302,224	334	58,686	16.2
2022/23	362,775	328,183	1,100	33,492	9.2
2023/24	476,806	335,349	529	140,928	29.6

FORECAST V OUTTURN REPORT FOR THE YEAR

Forecasts	Forecast 2023/24 £m	Actual 2023/24 £m	Difference £m
Contributions	(296.520)	(332.616)	36.096
Transfers in from Other Pension Funds	(10.574)	(19.853)	9.279
Total Contributions	(307.094)	(352.469)	45.375
Benefits Payable	479.889	476.790	3.099
Payment in respect of Leavers	13.149	24.455	(11.306)
Total Costs	493.038	501.245	(8.207)
Net Reduction/(increase) from dealing with members	185.944	148.776	37.168
Management expenses	83.370	72.964	10.406
Investment Income	(169.155)	(174.304)	5.149
Change in Market Value of Investments	(919.417)	(874.523)	(44.894)
Net Return on Investment	(1,088.572)	(1,048.827)	(39.745)
(Increase)/Decrease in Net Assets Available for Benefits during the year	(819.258)	(827.087)	7.829



LONGER TERM CASH FLOW FORECASTS

The following table has been prepared in line with the Triennial Valuation cycle and shows the forecasts for the Fund Account and Net Assets Statement to 2025/26.

Longer Term Cash Flow Forecasts Forecasts	Forecast 2024/25 £m	Forecast 2025/26 £m	Forecast 2026/27 £m
Contributions	(340.931)	(348.432)	(353.658)
Transfers in from Other Pension Funds	(13.220)	(13.220)	(13.220)
Total Contributions	(354.151)	(361.652)	(366.878)
Benefits Payable	487.279	494.589	502.502
Payment in respect of Leavers	16.024	16.024	16.024
Total Costs	503.303	510.613	518.526
Net Reduction/(Increase) from Dealing with Members	149.152	148.960	151.648
Management Expenses	99.467	88.947	96.125
Investment Income	(186.770)	(189.572)	(192.605)
Change in Market Value of Investments	(1,036.262)	(1,085.083)	(1,189.326)
Net Return on Investments	(1,223.032)	(1,274.655)	(1,381.931)
Decrease/(Increase) in Net Assets Available for Benefits during the Year	(974.413)	(1,036.748)	(1,134.158)

The Fund's actual cash flow is monitored daily and forward projections are prepared to ensure that short term liquidity problems do not arise.

Longer term projections are included in the asset liability modelling work.

PERFORMANCE AGAINST BUDGET IN 2023/24

A comparison of performance against budget for the net operational expenses of the Fund for 2023/24 is shown below:

Budget Area	Budget 2023/24 £000	Actual 2023/24 £000	Variance 2023/24 £000
Employee Costs	4,026	3,651	(375)
Premises	85	85	0
IT Costs	602	463	(139)
Supplies and Services	1,709	1,576	(133)
Cost of Democracy	137	95	(42)
Investment Management Expenses	174,913	148,429	(26,484)
Total Costs	181,472	154,299	(27,173)
Miscellaneous Income	(80)	(82)	(2)
Net Expenditure	181,392	154,217	(27,175)

The main variances against the budget are discussed below.

The main area of budget variance was in relation to investment management expenses. Given that it is the largest single budget head, which covers the fees and expenses paid to the external investment managers. The most significant differences all come from alternatives such as Private Equity, Global Property, Infrastructure, and Private Debt where performance is very difficult to predict.

Employee costs are under budget due to staff vacancies arising during the year. Whilst recruitment processes were undertaken for all posts, there were often instances of posts being temporarily vacant until they were filled.

In respect of supplies and services, there were savings on the communications budget anticipated for implementing new regulations which are still not in place. There were also underspends on actuary fees and tax advisors' fees.

Some of the developments in pension administration software budgeted for in 2023/24 were delayed into 2024/25 leading to an IT budget underspend.

The cost of democracy has come in under budget primarily due to underspends on training budgets and advisors' budgets for the Committee and Local Pension Board.

There were no significant changes to non-investment assets and liabilities during the year.

FINANCIAL STATEMENTS

FUND ACCOUNT

2022/23 £m		Note	2023/24 £m
	Dealings With Members, Employers and Others Directly Involved in the Fund		
(325.157)	Contributions	7	(332.616)
(11.260)	Transfers In From Other Pension Funds	8	(19.853)
(336.417)	Total Income		(352.469)
423.750	Benefits Payable	9	476.790
16.231	Payments To and On Account of Leavers	10	24.455
439.981	Total Costs		501.245
103.564	Net (Income)/Expenditure from dealings with members		148.776
65.027	Management Expenses	11	72.964
168.591	Net (Income)/Expenditure including fund management expenses		221.740
	Returns on Investments		
(125.335)	Investment Income	12	(174.304)
248.454	(Profits)/Losses on Disposals of Investments and Changes in the Market Value of Investments	14b	(874.523)
123.119	Net Returns on Investments		(1,048.827)
291.710	Net (Increase)/Decrease in the Net Assets Available For Benefits During the Year		(827.087)
12,747.109	Net Assets of the Fund at 1st April		12,455.399
12,455.399	Net Assets of the Fund at 31st March		13,282.486

NET ASSET STATEMENT FOR THE YEAR ENDED

31 March 2023 £m		Note	31 March 2024 £m
12,420.987	Investment Assets	13	13,275.622
(6.498)	Investment Liabilities	13	(12.340)
12,414.489	Total net investments		13,263.282
50.085	Current Assets	16	30.461
(9.175)	Current Liabilities	16	(11.257)
12,455.399	Net Assets of the Fund Available to Fund Benefits as at 31st March		13,282.486

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Fund. They do not take account of obligations to pay pensions and benefits that fall due after the year end. The actuarial position of the Fund, which does take account of such obligations, is dealt with in a statement prepared by the Actuary on pages 60 and 82.

The actuarial present value of promised retirement benefits is disclosed at Note 27 which has been compiled under IAS26 and, as such, is based on different assumptions.

We certify that the financial statements along with the notes to the financial statements for the year ended 31 March 2024 set out in pages 30 to 63 present fairly the financial position of the Tyne and Wear Pension Fund as at 31 March 2024 and its income and expenditure for the year ended 31 March 2024.



Paul McCann
Head of Pensions
September 2024



Stuart Reid
Director of Business and Resources
(Section 151 Officer)
September 2024

The financial statements were approved by the Pensions Committee at its meeting on 30th September 2024.



Councillor Ken Dawes
Chair of the Pensions Committee



NOTES TO THE TYNE AND WEAR PENSION FUND FINANCIAL STATEMENTS

1. DESCRIPTION OF THE TYNE AND WEAR PENSION FUND

a) Merger of Northumberland County Council Pension Fund into Tyne and Wear Pension Fund

On the 3 June 2020 the Tyne and Wear Pension Fund (the Fund) and Northumberland County Council Pension Fund merged under the Local Government Pension Scheme (Northumberland and Tyne and Wear Pension Fund Merger) Regulations 2020, the regulations back dated the merger to the 1 April 2020. The combined Fund continues to be called Tyne and Wear Pension Fund.

b) General

The Tyne and Wear Pension Fund ('the Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by South Tyneside Council ('the Council').

It is a contributory defined benefits scheme established in accordance with statute, which provides for the payment of benefits to employees and former employees of the Council, four other local authorities within the Tyne and Wear area, Northumberland County Council, scheduled bodies and admitted employers in the Fund. Teachers, police officers and fire fighters are not included as they come within other national pension schemes.

These benefits include retirement pensions, early payment of benefits on medical grounds and the payment of death benefits where death occurs either in service or in retirement. The benefits payable in respect of service from 1 April 2014 are based on career average revalued earnings and the number of years of eligible service. Pensions are increased each year in line with the Consumer Price Index (CPI).

The Fund is governed by the Public Service Pensions Act 2013. The Fund is administered in accordance with the following secondary legislation:

- The LGPS Regulations 2013 (as amended).
- The LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended).
- The LGPS (Management and Investment of Funds) Regulations 2016.

c) Pensions Committee

The Council has delegated the management of the Fund to the Pensions Committee (the Committee) which decides on the investment policy most suitable to meet the liabilities of the Fund and has ultimate responsibility for the investment policy.

The Committee takes advice from the Fund's officers, investment advisor, investment managers and the actuary.

The Committee has nineteen members. The Council nominates eight members and the other four councils within the County area and Northumberland County Council nominate one member each. The trades unions and the employers collectively nominate three members each, who sit on the Committee in an advisory capacity.

d) Local Pension Board

The Council has established a Local Pension Board to assist with the effective and efficient management of the Fund. The Board consists of eight voting members, four member representatives and four employer representatives.

e) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the Scheme, remain in the Scheme or make their own personal arrangements outside of the Scheme.

Employers participating in the Tyne and Wear Pension Fund include:

- Scheduled bodies, which are local authorities or similar bodies whose staff are automatically entitled to be members of the Fund, and
- Admitted bodies, which are organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary and charitable organisations and private contractors that are undertaking a local authority function following an outsourcing to the private sector.

The membership numbers of the Fund are summarised below. Further details on membership are available within this Annual Report.

	31 March 2023	31 March 2024
Number of Employers in the Fund	323	335
Number of Active Members		
South Tyneside Council	4,438	4,639
Other Employers	57,070	58,162
Total	61,508	62,801
Number of Pensioners		
South Tyneside Council	5,888	6,095
Other Employers	61,369	63,749
Total	67,257	69,844
Deferred Pensioners		
South Tyneside Council	4,210	4,227
Other Employers	46,859	47,850
Total	51,069	52,077

f) Funding

The Fund is financed by contributions from employees, the Council and all other employers within the Fund, as well as from capital growth and interest and dividends on the Fund's investments. Contributions from active members of the Fund are set in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employers pay contributions based on triennial funding valuations carried out by the Fund's Actuary. The last valuation was at 31 March 2022, with the next being undertaken as at 31 March 2025. It should be noted that separate valuations were undertaken on the Tyne and Wear Pension Fund and the Northumberland County Council Pension Fund prior to the merger. The contribution rates set at each of these valuations continued to apply to the employers in each fund on the valuation date.

g) Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised in the following table.

	SERVICE PRE 1ST APRIL 2008	SERVICE POST 31ST MARCH 2008
PENSION	Each year worked is worth 1/80th x final pensionable salary.	Each year worked is worth 1/60th x final pensionable salary.
LUMP SUM	Automatic lump sum of 3 x pension. In addition, part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.	No automatic lump sum. Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is re-rated annually in line with the Consumer Prices Index.

There are a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits.

h) Investment Strategy Statement

The LGPS (Management and Investment of Funds) Regulations 2016 require an administering authority to prepare and review from time to time a written statement recording the investment policy of a fund.

The Committee approved the Investment Strategy Statement at its meeting in December 2023. This can be viewed on the Fund's website using the link below.

[Investment Strategy Statement - Tyne and Wear Pension Fund \(twpf.info\)](#)

The Committee has delegated the management of the Fund's investments to external investment managers (see note 19) which are appointed in accordance with the LGPS (Management and Investment of Funds) Regulations 2016. The managers' activities are specified in investment management agreements and are monitored on a quarterly basis.

2. BASIS OF PREPARATION

The financial statements summarise the Fund's transactions for the financial year 2023/24 and its position as at 31 March 2024. The accounts have been prepared following the "Code of Practice on Local Authority Accounting in the United Kingdom 2023/24" (The Code), which is based upon International Financial Reporting Standards (IFRS) as amended for the UK public sector.

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

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the Pension Fund will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue, this period being at least twelve months from the approval of these financial statements.

The financial statements are prepared in line with the requirements of the CIPFA Code of Practice on Local Authority Accounting, which outlines 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 Pension 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 Pension Fund has carried out an assessment on its financial position and performance during 2023/24 and beyond as part of its going concern assessment. This included consideration of the following:

- The Fund had assets of £13.3 billion as at 31 March 2024. £8.6 billion (65%) of this is held in assets which are considered to be liquid and which could be converted to cash if required.
- The Fund has estimated that in 2024/25 it will pay out approximately £463 million in benefits and other out goings in the coming twelve months and is forecasting contribution income in the region of £332 million. This shortfall in contribution income versus benefits and other expenditure of £131 million will be met from other regular investment income, which is estimated to be £173 million, in 2024/25.

On this basis, management believes it is appropriate to continue to prepare the financial statements on a going concern basis, and that there are no material uncertainties in relation to this basis of preparation.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounts have been prepared on an accrual's basis. The exception to this practice is Transfer Values which are recognised when cash is transferred.

Fund Account – Revenue Recognition

a. Contribution Income

Normal contributions, from both members and employers, are accounted for on an accrual's basis in the payroll period for which they relate. The percentage rate payable by the employers is determined by the actuary, whilst the rate payable by employees is set within the LGPS Regulations. Contributions due as at 31 March 2024 have been accrued.

Any employer deficit funding contributions are accounted for on the due dates set by the actuary or on receipt if earlier than this date.

Employer strain on the fund and any augmentation contributions are accounted for in the period in which the liability arises. Any amount due in the year but still outstanding at the year-end has been accrued.

b. Transfer Values

Transfer values represent the amounts receivable or payable in respect of members who have either joined or left the Fund during the financial year and have been calculated in accordance with the LGPS Regulations 2013.

Individual transfers either in or 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 receipts basis within Transfers In.

Bulk transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement once the amounts have been agreed between the relevant Funds.

c. Investment Income

Interest Income

Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition.

Dividend Income

Dividend income is recognised on the date the shares are quoted as ex-dividend. Any amount not received at the year-end is disclosed in the Net Assets Statement as a current financial asset.

Distributions from Pooled Funds

Distributions from pooled funds are recognised on the date of issue. 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 recognised on a straight-line basis over the term of the lease. Any lease incentives granted are recognised as an integral part of the rental income over the term of the lease. Contingent rents based on the future amount of a factor that changes other than with the passage of time, such as turnover rents, are only recognised when contractually due.

Movement in the Net Market Value of Investments

Changes in the net market value of investments (including investment properties) are recognised as income or expenditure and comprise all realised and unrealised profits or losses during the year.

d. Benefits Payable

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

e. Taxation

The Fund is a registered public sector 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 tax that is irrecoverable is accounted for as a fund expense as it arises.

f. Management Expenses

Section 6.5 of the Code requires a breakdown of pension fund administrative expenses. The Fund discloses its pension fund management expenses in accordance with CIPFA 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 directly to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

Oversight and Governance Costs

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

Investment Management Expenses

Investment management expenses payable as at 31 March 2024 have been accrued. Performance related fees, where applicable, have not been accrued at that date as they are not deemed to be earned until the end of the performance period when they are calculated and agreed.

Net Assets Statement

g. Financial Assets

The Fund's shareholding in Border to Coast Pension Partnership Ltd comprises Class A and B shares and these are valued at transaction cost. The Class A share is valued at £1 and reflects the ownership stake in the company, whilst the Class B shares represent the Fund's contribution to the company's regulatory capital requirement.

All other financial assets are included in the net assets statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes a party to the purchase of the asset. From this date, any gains and losses arising from changes in the fair value of assets are recognised in the Fund Account.

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13. For the purposes of disclosing levels of fair value hierarchy, the Fund has used the classification guidelines recommended in Practical Guidance on Investment Disclosures (PRAG/Investment Association, 2016).

h. Freehold and Leasehold Properties

Properties are shown as valued at the year-end date. The valuers are Fellows of the Royal Institute of Chartered Surveyors employed by Savills. No depreciation is provided on freehold buildings or long leasehold properties, in accordance with The Royal Institute of Chartered Surveyors Valuation Standards 9th Edition.

i. Foreign Currency Transactions

Foreign income received during the year has been converted into Sterling at the exchange rate at the date of transaction. Amounts outstanding at the year-end have been valued at the closing exchange rates at the year-end date.

End of year investment and foreign currency balances have been converted into Sterling at the closing exchange rates at the year-end date.

End of year investment and foreign currency balances have been converted into Sterling at the closing exchange rates at the year-end date.



j. Derivatives

The Fund can use derivative financial instruments to manage its exposure to specific risks arising from its investment activities. The Fund does not hold derivatives for speculative purposes. At the year end the Fund did not hold any derivatives.

k. 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 relevant manager. These are shown in note 24.

l. Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits and also includes amounts held by the Fund's external managers.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to minimal risk of changes in their valuations.

m. Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 26 and other relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (note 27).

n. Additional Voluntary Contributions

The Fund provides an additional voluntary contributions (AVCs) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed The Prudential Assurance Company as its current AVC provider. AVCs are paid to The Prudential Assurance Company by 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 during the year.

In accordance with section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, AVCs are not included in the accounts but are disclosed only as a note (note 18).

4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Directly Held Property Valuation

The Fund's UK property, including residential property, is included on a fair value basis derived by the valuers using assumptions made by them based on market rates and yields in accordance with The Royal Institute of Chartered Surveyors Valuation – Global Standards effective from 31 January 2022. The actual valuation of each property will only be known when the Fund sells the property on the open market.

The Fund also holds assets in four residential property funds and three property unit trusts, the Fund considers the valuations received from the Investment Managers concerned are still appropriate and that the total value within these assets is not material to the Fund. Management consider that the valuations are appropriate to be in the financial statements as they are from the Fund's professional property valuer, who has followed agreed procedures set out by their professional body the RCIS, which consulted with all the major valuation companies before releasing the procedures.

Unquoted Private Investments

Private investments such as private equity, infrastructure, global property and private debt are valued at fair value in accordance with guidelines issued by the British Venture Capital Association. These are based on the Private Equity Valuation Guidelines in the US and the International Private Equity and Venture Capital Valuation Guidelines outside the US as adopted by the British Venture Capital Association in the UK and the valuation principles of IFRS and US GAAP.

As none of these investments are publicly listed, there is some estimation involved in the valuations, the total of which will only be clearly known on the sale of the assets. As a result, there is a risk that current valuations may be under or over stated in the accounts.

Pension Fund Liability

The pension fund liability is calculated every three years by the appointed actuary. Assumptions underpinning the valuations are agreed with the actuary. This estimate is subject to significant variances based on changes to the underlying assumptions.

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY AND CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

The Statement of Accounts contains estimated figures that are based on assumptions made by the Fund about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. As actual results cannot be predicted with certainty, they could be materially different from the assumptions and estimates.

The items in the Net Assets Statement at 31 March 2024 for which there is significant risk of material adjustment in the forthcoming year are as follows:

ITEM	UNCERTAINTIES	EFFECT IF ACTUAL RESULTS DIFFER FROM ASSUMPTIONS
PRIVATE EQUITY, INFRASTRUCTURE, GLOBAL PROPERTY, PRIVATE DEBT AND CLIMATE OPPORTUNITIES (NOTE 15 AND NOTE 19)	Private equity, infrastructure, global property, private debt and climate opportunities are based on valuations provided by the manager of the funds in which the Fund has invested. These are based on the Private Equity Valuation Guidelines in the US and the International Private Equity and Venture Capital Valuation Guidelines outside the US as adopted by the British Venture Capital Association in the UK and the valuation principles of IFRS and US GAAP. These investments are not publicly listed and as such there is a degree of estimation in their valuation.	The Fund has a total of £1,484.643m included for private equity, £757.565m for infrastructure, £511.365m for global property, £897.753m for private debt and £135.617m for climate opportunities. Based on the sensitivity numbers included in note 15 there is a possibility that this could be under or overstated in the accounts by £501.809m, £109.847m, £88.978m, £100.548m and £22.919m respectively.
ACTUARIAL PRESENT VALUE OF PROMISED RETIREMENT BENEFITS (NOTE 27)	Estimation of the net liability to pay pensions depends on a number of judgements, for example in relation to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and the expected returns on pension fund assets. The Fund employs an actuary to provide expert advice on these assumptions.	The judgements mentioned are all under review. Therefore there is a possibility that the valuation of £16,244.400m in note 27 for the "actuarial present value of the promised retirement benefits" could be under or overstated.
FREEHOLD AND LEASEHOLD PROPERTY	Valuation techniques are used to determine the carrying amount of directly held freehold, leasehold and residential property held in residential investment funds. Where possible these valuation techniques are based on observable data, but where this is not possible management uses the best available data. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the value of property.	Based on the sensitivity number included in note 15 there is a possibility that the fair value for directly held property of £571.400m could increase or decrease by £99.424m. Similarly, residential property held in funds totalling £137.535m could increase or decrease by £23.931m and pooled property investments totalling £88.375 could increase or decrease by £15.377m.

6. EVENTS AFTER THE REPORTING DATE

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, Tyne and Wear Pension Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the actuarial present value of promised retirement benefits in its financial statements.

7. CONTRIBUTIONS

2022/23 £m	By Type	2023/24 £m
(81.836)	Employees' Normal Contributions	(89.594)
	Employers' Contributions	
(234.976)	Normal Contributions	(239.807)
(8.516)	Deficit Recovery Contributions	(4.563)
0.171	Refund of Exit Surplus	1.348
(243.321)	Total Employers Contributions	(243.022)
(325.157)	Total Contributions	(332.616)

The contributions can be analysed by type of member body as follows:

2022/23 £m	By Authority	2023/24 £m
(23.393)	South Tyneside Council (Administering Authority)	(25.089)
(175.054)	Other Councils	(179.332)
(92.580)	Other Part 1 Scheduled Bodies	(100.003)
(17.130)	Part 2 Scheduled Bodies	(18.124)
(17.000)	Admitted Bodies	(10.068)
(325.157)	Total Contributions Receivable	(332.616)

8. TRANSFERS IN FROM OTHER PENSION FUNDS

2022/23 £m	By Category	2023/24 £m
(11.260)	Individual Transfers	(19.853)
(11.260)	Transfers in From Other Pension Funds	(19.853)

9. BENEFITS PAYABLE

2022/23 £m	By Category	2023/24 £m
356.148	Pensions	396.210
71.683	Commutations and Lump Sum Retirement Benefits	80.470
7.535	Lump Sum Death Benefits	12.178
(11.616)	Recharges Out	(12.068)
423.750	Total Benefits Payable	476.790

The recharges out figure relates to pension enhancements approved by employers over the years which the Fund pays on the employers' behalf and reclaims on a regular basis from the employer. Details of the payments made can be found in note 17.

The payments can be analysed by type of member body as follows:

2022/23 £m	By Authority	2023/24 £m
33.684	South Tyneside Council (Administering Authority)	36.953
269.113	Other Councils	296.924
65.171	Other Part 1 Scheduled Bodies	77.946
13.387	Part 2 Scheduled Bodies	17.341
42.395	Admitted Bodies	47.626
423.750	Total Benefits Payable	476.790

10. PAYMENTS TO AND ON ACCOUNT OF LEAVERS

2022/23 £m	By Category	2023/24 £m
15.323	Individual Transfers to Other Schemes	23.267
0.908	Refunds to Members Leaving Service	1.191
–	State Scheme Premiums	(0.003)
16.231	Payments to and on Account of Leavers	24.455

There was no group transfers out of the Tyne and Wear Pension Fund during 2022/23 or 2023/24.



11. MANAGEMENT EXPENSES

Office expenses and other overheads have also been charged. The table below shows a breakdown of the management expenses incurred during the year:

2022/23 £m		2023/24 £m
3.279	Administrative Costs	3.398
59.224	Investment Management Expenses	67.176
2.524	Oversight and Governance Costs	2.390
65.027	Management Expenses	72.964

This analysis of the costs of managing the Fund during the period has been prepared in accordance with CIPFA guidance, "Accounting for Local Government Pension Scheme Management Expenses (2016)."

The investment management expenses can be further analysed as follows:

2022/23 £m		2023/24 £m
33.741	Management and Custody Fees	39.162
(5.237)	Performance Fees	13.004
28.106	Expenses Charged Within Pooled Vehicles	14.388
2.614	Transaction Costs	0.622
59.224	Investment Management Expenses	67.176

While Management Fees include fees relating to the management of directly held property they do not include costs relating to the property portfolio which under IAS 40 "Investment Property" should be capitalised and not expensed.

12. INVESTMENT INCOME

2022/23 £m		2023/24 £m
(7.129)	Income from Equities	(7.945)
(23.869)	Property Rents (further breakdown below)	(30.001)
(90.874)	Pooled Investments - Unit Trusts and other managed funds	(130.898)
(3.037)	Interest on Cash Deposits	(5.413)
(0.426)	Other	(0.047)
(125.335)	Total before Taxes	(174.304)
-	less taxes on income	-
(125.335)	Total Investment Income	(174.304)

Net Rents from Properties

Net rents from properties can be analysed further, as follows:

2022/23 £m	Property Income	2023/24 £m
(23.860)	Rental (Income)	(30.447)
(0.009)	Direct Operating Costs/(Income)	0.446
(23.869)	Net Income	(30.001)

13. INVESTMENTS

31 March 2023 £m		31 March 2024 £m
	Under Pooling	
	With Border to Coast	
1.182	Equities	1.182
4,705.693	Pooled Investment Vehicles	5,588.438
4,706.875		5,589.620
	With Legal and General	
3,864.166	Pooled Investment Vehicles	3,868.645
8,571.041	Total Pooled Assets	9,458.265
	Outside of Pooling	
354.573	Equities	387.511
2,871.686	Pooled Investment Vehicles	2,746.088
520.650	Properties	571.400
94.043	Cash Deposits	96.035
8.994	Other Investment Balances	16.323
12,420.987	Total Investment Assets	13,275.622
	Investment Liabilities	
(6.498)	Other Investment Balances	(12.340)
(6.498)	Total Investment Liabilities	(12.340)
12,414.489	Net Investment Assets	13,263.282

The change in 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.

2023/24	Market value 1 April 2023 £m	Purchases at Cost and Derivative Payments £m	Sales Proceeds and Derivative Receipts £m	Change in Market Value During the Year £m	Market Value 31 March 2024 £m
Equities	355.755	33.385	(62.249)	61.802	388.693
Pooled Investment Vehicles	11,441.544	1,031.219	(1,116.343)	846.751	12,203.171
Properties	520.650	79.969	–	(29.219)	571.400
	12,317.949	1,144.573	(1,178.592)	879.334	13,163.264
Cash Deposits	94.043				96.035
Other Investment Balances	2.497				3.983
Total investments	12,414.489				13,263.282

2022/23	Market value 1 April 2022 £m	Purchases at Cost and Derivative Payments £m	Sales Proceeds and Derivative Receipts £m	Change in Market Value During the Year £m	Market Value 31 March 2023 £m
Equities	372.151	65.986	(77.935)	(4.447)	355.755
Pooled Investment Vehicles	11,507.313	1,263.369	(1,181.972)	(147.166)	11,441.544
Properties	573.900	54.957	7.401	(115.608)	520.650
	12,453.364	1,384.312	(1,252.506)	(267.221)	12,317.949
Cash Deposits	257.938				94.043
Other Investment Balances	2.791				2.497
Total investments	12,714.093				12,414.489

31 March 2023 £m		31 March 2024 £m
	Equities	
14.169	UK Quoted	19.357
1.182	UK Unquoted	1.182
259.579	Overseas Quoted	304.784
80.825	Overseas Unquoted	63.370
355.755	Total Equities	388.693
	Pooled Investment Vehicles	
–	Unit Trusts UK	6.865
87.311	Property Unit Trusts UK	81.510
3,864.166	Unitised Insurance Policies UK	3,868.645
6,290.464	Other Managed Funds UK	6,877.190
1,199.603	Other Managed Funds Overseas	1,368.961
11,441.544	Total Pooled Investment Vehicles	12,203.171
	Properties	
520.650	Freehold	571.400
520.650	Total Properties	571.400
	Cash Deposits	
56.748	Sterling	44.470
37.295	Foreign Currency	51.565
94.043	Total Cash Deposits	96.035
	Other Investment Balances	
–	Outstanding Trades	(0.970)
4.531	Outstanding Dividends and Tax Recoveries	3.493
4.463	Debtors	9.716
(6.497)	Creditors	(8.256)
2.497	Total Other Investment Balances	3.983
12,414.489	Total investments	13,263.282



14. FINANCIAL INSTRUMENTS

a. Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The table below analyses the carrying amounts of financial assets and liabilities. The tables also include current assets and liabilities which are not included in note 13 above. No financial assets have been reclassified during the financial year.

31st March 2023			31st March 2024			
Designated as Fair Value Through Profit and Loss £m	Assets at Amortised Cost £m	Financial Liabilities at Amortised Cost £m		Designated as Fair Value Through Profit and Loss £m	Assets at Amortised Cost £m	Financial Liabilities at Amortised Cost £m
			Financial Assets			
355.755	–	–	Equities	388.693	–	–
11,441.545	–	–	Pooled Investment Vehicles	12,203.171	–	–
3,448	94.043	–	Cash Deposits	–	96.035	–
–	4.531	–	Other Investment Balances	–	3.493	–
–	51.100	–	Debtors	–	43.291	–
11,800.748	149.674	–	Total Financial Assets	12,591.864	142.819	–
			Non-Financial Assets			
520.650	–	–	Properties	571.400	–	–
			Financial Liabilities			
–	–	–	Cash	(2.181)	–	–
–	–	(15.673)	Creditors	–	–	(21.417)
–	–	(15.673)	Total Financial Liabilities	(2.181)	–	(21.417)
12,321.398	149.674	(15.673)	Total Assets	13,161.083	142.819	(21.417)

b. Net Gains and Losses on Financial Instruments

2022/23 £m		2023/24 £m
	Financial Assets	
(248.454)	Fair Value Through Profit and Loss	874.523
	Financial Liabilities	
–	Fair Value Through Profit and Loss	–
(248.454)	Total	874.523

c. Valuation of Financial Instruments Carried at Fair Value

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

Level 1

Financial instruments are level 1 where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Assets in this level are comprised of quoted equities, quoted fixed interest securities, quoted index linked securities and unit trusts. Also included within this level are receivables and liabilities where the amount is known even where these are not quoted on active markets.

Listed investments are shown at bid prices. The bid value is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at level 2 are those where quoted market prices are not available, for example where valuation techniques are used to determine fair value and where the techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at level 3 are those where at least one input that could have a significant effect on the value of the instrument is not based on observable market data.

Such instruments represent the Fund's private market investments, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

This level includes UK property valued independently by professional valuers and instruments which represent the Fund's private market investments. The Fund's private markets investments include private equity, private real estate, private infrastructure and private debt funds.

The values of the investments in private market funds are based on valuations provided by the investment manager of the funds in which the Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Guidelines and the valuation principles of IFRS and US GAAP. Valuations are undertaken using a mixture of a 31 March 2024 valuations or 30 September 2023 and 31 December 2023 valuations adjusted for cash flows and rolled forward to 31 March 2024 as appropriate. With £592m (15.2%) valued as at 31 March 2024, £74m (1.9%) valued at 30 September 2023 plus cash flows until the 31 March 2024 and £3,240m (82.9%) valued at 31 December 2023 plus cash flows until the 31 March 2024.

The following table provides an analysis of the assets and liabilities of the Fund into levels 1 to 3 at fair value.

	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	
Value at 31st March 2024	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Financial Assets at Fair Value Through Profit and Loss	425.385	8,260.177	3,906.303	12,591.865
Non-Financial Assets at Fair Value through Profit and Loss	-	-	571.400	571.400
Loans and Receivables	142.819	-	-	142.819
Total Assets	568.204	8,260.177	4,477.703	13,306.084
Liabilities				
Financial Liabilities at Amortised Cost	(23.598)	-	-	(23.598)
Total Liabilities	(23.598)	-	-	(23.598)
Net Assets	544.606	8,260.177	4,477.703	13,282.486

The corresponding values at 31 March 2023 were:

	Quoted Market Price	Using Observable Inputs	With Significant Unobservable Inputs	
Value at 31st March 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Assets				
Financial Assets at Fair Value Through Profit and Loss	375.512	8,007.157	3,418.079	11,800.748
Non-Financial Assets at Fair Value through Profit and Loss	-	-	520.650	520.650
Loans and Receivables	149.674	-	-	149.674
Total Assets	525.186	8,007.157	3,938.729	12,471.072
Liabilities				
Financial Liabilities at Amortised Cost	(15.673)	-	-	(15.673)
Total Liabilities	(15.673)	-	-	(15.673)
Net Assets	509.513	8,007.157	3,938.729	12,455.399

Reconciliation of Fair Value Measurement within Level 3

2022/23	Market value 1st April 2023	Purchases during the year and derivative payments	Sales during the year and derivative receipts	Unrealised gains (losses)	Realised gains (losses)	Market value 31st March 2024
Asset type	£m	£m	£m	£m	£m	£m
Private Equity	1,327.289	191.013	(102.678)	4.365	45.296	1,465.285
Investment in BCPP	1.182	–	–	–	–	1.182
Infrastructure	623.536	159.780	(34.690)	(3.032)	11.971	757.565
Global Property	530.370	56.211	(8.121)	(70.603)	3.508	511.365
Private Debt	746.067	138.393	(74.940)	88.130	0.103	897.753
UK Residential Property	130.920	8.746	(2.499)	0.368	–	137.535
UK Direct Property	520.650	79.969	–	(29.219)	–	571.400
Climate Opportunities	58.715	82.319	(6.655)	1.238	–	135.617
	3,938.729	716.431	(229.583)	(8.753)	60.878	4,477.702

Sensitivity of Assets Valued at Level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods 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 2024.

Asset Type	Assessed Valuation Range (+/-) %	Value at 31st March 2024 £m	Value on increase £m	Value on decrease £m
Private Equity	33.8	1,465.285	1,960.551	970.019
Investment in BCPP	0.0	1.182	1.182	1.182
Infrastructure	14.5	757.565	867.412	647.718
Global Property	17.4	511.365	600.343	422.387
Private Debt	11.2	897.753	998.301	797.205
UK Residential Property	17.4	137.535	161.466	113.604
UK Direct Property	17.4	571.400	670.824	471.976
Climate Opportunities	33.8	135.617	181.456	89.778
Total		4,477.702	5,441.535	3,513.869

15. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Fund's investment objective is:

- To invest in assets of appropriate liquidity to produce income and capital growth that, together with employer and employee contributions, will meet the cost of benefits; and
- To keep contributions as low and as stable as possible through effective management of the assets.

The Fund's primary long term risk is that it will be unable to meet its liability to pay the promised benefits to members from the assets it holds.

Therefore, the Fund seeks to maximise the investment return, whilst minimising the risk of loss. There is a well-diversified investment structure in place that aims to reduce the risks arising from price, interest rate and currency movements, from manager risk and from credit risk, to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there are sufficient funds to meet the forecast cash flows.

The Pensions Committee is responsible for the management of risk. A summary of the approach to monitoring and controlling risk is set out in the Statement of Investment Principles.

The analysis in the tables in this section is on a "look through" basis. This differs from the analysis in note 14 which is compiled under accounting standards.

Climate Change Risk

The Pension Fund views climate change risk as a materially important factor that could significantly impact its long-term investment performance given its systemic nature and the effects it could have on global financial markets and has produced a climate change policy to assist in managing this risk.

To assist with this the Fund has set a range of targets and actions

- A net zero carbon target for the Investment Portfolio of 2050, or sooner
- A reduction in carbon emissions of 30% to 35% by 2025
- A reduction in carbon emissions of 50% to 60% by 2030
- To undertake a carbon footprint on the Fund each year
- To undertake a formal review of the targets every three years.

Market Risk

Market risk is the risk of loss from changes to equity prices, interest rates, foreign exchange rates and credit spreads. The Fund is exposed to this risk through its investment activities, particularly through its equity holdings.

The objective of the Fund's risk management process is to identify, manage and control market risk exposure within acceptable parameters, whilst maximising the return on investment.

In general, the Fund manages excessive volatility in market risk by diversifying the portfolio in terms of geographic 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.

Risk on individual securities may also be managed by the use of equity futures and exchange traded options contracts at individual investment manager level.

Other Price Risk

Other price risk is the risk that the value of an investment will change as a result of changes in market prices, whether these changes are caused by factors specific to the individual investment or its issuer or to other factors that affect all such instruments in the market.

The Fund is exposed to share and derivative price risk arising from investments held for which the future price is uncertain. All investments present a risk of loss of capital which is limited, in general, to the fair value amount carried in the Fund's accounts, with the exception of any share sold "short" where the potential loss is unlimited.

Investment managers manage this risk on behalf of the Fund through diversification and selection of securities and other financial instruments. Each manager's process and portfolio is monitored by the Fund to ensure it is within the limits specified in their management agreement.

Other Price Risk – Sensitivity Analysis

In consultation with its performance and risk advisors, the Fund has carried out an analysis of historic data and movements in expected investment returns during the financial year. It has been determined that the following movements in market price risk are reasonably possible for the 2024/25 financial year. The equivalent movements from 2023/24 are also shown.

Asset Type	Potential Market Movements (+/-) reported in 2023/24 %	Potential Market Movements (+/-) reported in 2024/25 %
UK Equities	14.0	16.9
Overseas Equities	13.5	17.5
Global Equities	12.8	17.5
UK Bonds	9.4	7.2
Overseas Bonds	–	–
Index-Linked Securities	16.7	7.4
UK Property	9.0	17.4
UK Residential property	10.8	17.4
Overseas Property	12.5	17.4
Private Equity	29.9	33.8
Infrastructure	13.1	14.5
Private Debt	6.8	11.2
Climate Opportunities	–	16.9
Cash	0.3	–

The potential price changes highlighted above are broadly consistent with a one-standard deviation movement in the value of the assets. This analysis assumes that all other variables, in particular foreign exchange rates and interest rates, remain unchanged. The analysis is done by the Fund's performance measurer based on an LGPS agreed formula which looks at the standard deviation of the last three years performance data.

Had the market price of the Fund's investments increased or decreased in line with the above table, the change in the net assets available to pay benefits is as shown in the table below. The comparable figures for the previous year are also shown.

Asset Type	Value at 31st March 2024 £m	Percentage Change %	Value on Increase £m	Value on Decrease £m
UK Equities	882.362	16.9	1,031.481	733.243
Overseas Equities	2,614.999	17.5	3,072.624	2,157.374
Global Equities	1,813.321	17.5	2,130.652	1,495.990
UK Bonds	2,499.523	7.2	2,679.489	2,319.557
Overseas Bonds	597.336	0.0	597.336	597.336
Index-Linked Securities	158.603	7.4	170.340	146.866
UK Property	618.983	17.4	726.686	511.280
UK Residential Property	178.327	17.4	209.356	147.298
Overseas Property	511.365	17.4	600.343	422.387
Private Equity	1,484.643	33.8	1,986.452	982.834
Infrastructure	757.565	14.5	867.412	647.718
Private Debt	897.753	11.2	998.301	797.205
Climate Opportunities	135.617	16.9	158.536	112.698
Cash and Cash Equivalents	110.360	0.0	110.360	110.360
Investment Income Due	3.495	0.0	3.495	3.495
Amounts Due for Sales	3.114	0.0	3.114	3.114
Amounts Payable for Purchases	(4.084)	0.0	(4.084)	(4.084)
Total	13,263.282		15,341.893	11,184.671

Asset Type	Value at 31st March 2023 £m	Percentage Change %	Value on Increase £m	Value on Decrease £m
UK Equities	896.026	14.0	1,021.470	770.582
Overseas Equities	2,475.689	13.5	2,809.907	2,141.471
Global Equities	1,730.367	12.8	1,951.854	1,508.880
UK Bonds	2,428.196	9.4	2,656.446	2,199.946
Overseas Bonds	566.444	0.0	566.444	566.444
Index-Linked Securities	171.196	16.7	199.786	142.606
UK Property	572.239	9.0	623.741	520.737
UK Residential Property	166.642	10.8	184.639	148.645
Overseas Property	530.370	12.5	596.666	464.074
Private Equity	1,341.458	29.9	1,742.554	940.362
Infrastructure	623.536	13.1	705.219	541.853
Private Debt	746.067	6.8	796.800	695.334
Cash and Cash Equivalents	58.715	0.0	58.715	58.715
Investment Income Due	104.090	0.3	104.402	103.778
Amounts Due for Sales	3.454	0.0	3.454	3.454
Total	12,414.489		14,022.097	10,806.881

The analysis in the two tables above is on a look through basis. This differs from the analysis in note 14 and the tables on the next page which are compiled under accounting standards.

Interest Rate Risk

The Fund invests in financial assets to obtain a return on the investment. These investments are subject to interest rate risk, which represents the risk that the fair value of future cash flows will fluctuate because of changes in market interest rates.

The Fund's direct exposures to interest rate movements as at 31 March 2023 and 31 March 2024 are set out below. These represent the interest rate risk based on underlying financial assets at fair value.

Asset Type	31st March 2023 £m	31st March 2024 £m
Cash and Cash Equivalents	104.090	110.360
Fixed Interest Securities	2,994.640	3,096.859
Index-Linked Securities	171.196	158.603
Total	3,269.926	3,365.822

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets held to pay benefits. Bond instruments tend to fall in value when interest rates rise and rise in value when interest rates fall.

The following table shows the Fund's asset values that have direct exposure to these rate movements. It also shows the reasonable change predicted on the asset value of a 1% movement in interest rates up or down. The comparable figures for the previous years are also shown.

	Asset Value at 31 March 2024	Reasonable change predicted	Value on Increase of -1% rate change	Value on Decrease of +1% rate change
Asset Type	£m	%	£m	£m
Cash and Cash Equivalents	110.360	0.0	110.360	110.360
Fixed Interest Securities	3,096.859	6.0	3,283.600	2,910.118
Index-Linked Securities	158.603	7.4	170.403	146.803
Total	3,365.822		3,564.363	3,167.281

	Asset Value at 31 March 2023	Reasonable change predicted	Value on Increase of -1% rate change	Value on Decrease of +1% rate change
Asset Type	£m	%	£m	£m
Cash and Cash Equivalents	104.090	0.1	104.194	103.986
Fixed Interest Securities	2,994.640	6.6	3,192.286	2,796.994
Index-Linked Securities	171.196	19.7	204.922	137.470
Total	3,269.926		3,501.402	3,038.450



Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates. The Fund is exposed to this risk on investments denominated in any currency other than Sterling. The Fund holds both monetary and non-monetary assets denominated in overseas currencies.

The following table shows the Fund's currency exposures as at 31 March 2023 and at 31 March 2024:

Asset Type	Asset Value at 31st March	
	2023 £m	2024 £m
Overseas Fixed Interest	566.444	597.336
Overseas Quoted Equities	4,206.056	4,428.320
Overseas Unquoted Equities	80.824	63.370
Overseas Pooled Investment Vehicles	1,199.604	1,228.478
Overseas Currency	48.299	64.434
Total	6,101.227	6,381.938

Currency Risk – Sensitivity Analysis

Following an analysis of historical data that was carried out in consultation with the investment performance and risk adviser, the Fund considers the likely volatility associated with foreign exchange to be 7.0%. The following table shows the impact of a 7.0% increase or decrease in the net asset value of those assets exposed to currency risk. The value of the Fund's overseas assets in Sterling terms will increase as Sterling weakens, and decrease as Sterling strengthens.

The comparable figures for the previous year are also shown:

Asset Type	Value at 31st March 2024	Potential change	Potential market movement	Value on increase	Value on decrease
	£m	%	£m	£m	£m
Overseas Fixed Interest	597.336	7.0	41.813	639.149	555.523
Overseas Quoted Equities	4,428.320	7.0	309.982	4,738.302	4,118.338
Overseas Unquoted Equities	63.370	7.0	4.435	67.805	58.935
Overseas Pooled Investment Vehicles	1,228.478	7.0	85.993	1,314.471	1,142.485
Overseas Currency	64.434	7.0	4.150	68.944	59.924
Total	6,381.938		446.733	6,828.671	5,935.205

Asset Type	Value at 31st March 2023	Potential change	Potential market movement	Value on increase	Value on decrease
	£m	%	£m	£m	£m
Overseas Fixed Interest	566.444	6.6	37.385	603.829	529.059
Overseas Quoted Equities	4,206.056	6.6	277.600	4,483.656	3,928.456
Overseas Unquoted Equities	80.824	6.6	5.334	86.158	75.490
Overseas Pooled Investment Vehicles	1,199.604	6.6	79.174	1,278.778	1,120.430
Overseas Currency	48.299	6.6	3.188	51.487	45.111
Total	6,101.227		402.681	6,503.908	5,698.546

Manager Risk

Manager risk is the risk that the manager does not invest in a manner required by the Fund. This is controlled through the investment objectives and restrictions in each manager's agreement and through the ongoing monitoring of the managers.

The investment managers hold a diversified portfolio of investments that reflect their views, relative to their respective benchmarks. The Pensions Committee has considered and addressed the risk of underperformance by any single investment manager by appointing a range of investment managers. This is further enhanced by the selection of a range of managers by Border to Coast for the individual pooled funds that they hold on behalf of the Fund.

Credit Risk

Credit risk is the risk that the counterparty to a transaction or investment fails to discharge its obligation and the Fund incurs a financial loss. Investments are usually valued by the market after this risk has been taken into account.

To this end, almost the Fund's entire investment portfolio is exposed to some level of credit risk, with the exception being derivatives where the risk equals the net market value of a positive derivative.

The Fund seeks to minimise this risk by investing in and through high quality counterparties, brokers and financial institutions. In addition to these the Fund also lends money to local authorities which it deems to be rated at AA, the same as the UK Government which is the guarantor should any local authority fail to meet its obligations.

Contractual credit risk is represented by the net payment or receipt outstanding and the cost of replacing the derivative position in the event of a default.

The Fund's cash holding under its internal treasury management arrangements as at 31st March 2024 was £35.398m (£57.810m in 2022/23). The Fund sets its credit criteria in consultation with the Council's treasury management advisor, Link Asset Services. Deposits are only made with AAA rated money market funds and with banks and financial institutions that meet the Fund's credit criteria and are included on Link Asset Services' listing of approved institutions.

The internally managed cash was held with the following institutions:

	Rating	Value as at 31st March 2023 £m	Value as at 31st March 2024 £m
Money market funds			
CCLA	AAA	26.000	
Federated Hermes	AAA		17.579
HSBC	AAA	27.750	
Local Authorities			
North Somerset District Council			20.000
Bank deposit accounts			
Lloyds Bank	A+	4.060	(2.181)
Total		57.810	35.398



Liquidity Risk

Liquidity risk is the risk that the Fund will not be able to meet its obligations as they fall due. This is controlled by estimating the net benefit outgo or inflow and ensuring that sufficient cash balances are available.

Weekly forecasts are carried out to understand and manage the timing of the Fund's cash flows.

The Fund takes steps to ensure that it has adequate cash resources to meet its commitments and has immediate access to cash.

All financial liabilities are due within twelve months of the 31 March 2024.

16. CURRENT ASSETS AND LIABILITIES

31st March 2023 £m		31st March 2024 £m
	Current assets	
7.399	Contributions - members	9.012
28.888	Contributions and recharges due - employers	20.904
3.448	Cash balances	-
10.350	Sundry debtors	0.545
50.085	Total current assets	30.461
	Current liabilities	
(1.853)	Unpaid benefits	(2.581)
-	Cash balances	(2.181)
(7.322)	Sundry creditors	(6.495)
(9.175)	Total current liabilities	(11.257)



17. AGENCY SERVICES

The Fund pays discretionary awards to the former employees of a number of employers. The amounts paid are included in the Fund Account and then deducted as a recharge as these amounts are fully reclaimed from the employer bodies. The sums for each employer are disclosed in the table below:

2022/23 £000	Payments on Behalf of:	2023/24 £000
2.255	Newcastle City Council	2.332
2.061	Northumberland County Council	2.159
1.847	Gateshead Council	1.954
1.895	Sunderland City Council	1.943
1.577	North Tyneside Council	1.636
0.722	South Tyneside Council	0.757
0.229	Police and Crime Commissioner for Northumbria	0.245
0.260	Nexus	0.244
0.225	Newcastle International Airport	0.241
0.208	Tyne and Wear Residuary Body	0.209
0.052	Tyne and Wear Fire and Rescue Service	0.055
0.048	University of Sunderland	0.049
0.046	The Durham, Gateshead, South Tyneside and Sunderland Combined Authority	0.048
0.038	Northumbria University	0.041
0.016	Magistrates' Courts	0.017
0.014	Assessment and Qualifications Alliance	0.014
0.012	Workshops for the Adult Blind	0.010
0.009	NCG	0.010
0.009	Association of North East Councils	0.010
0.009	Newcastle Theatre Royal Trust	0.010
0.009	Northern Council for Further Education	0.009
0.008	One North East	0.008
0.007	National Parks Authority	0.007
0.006	Northumberland Magistrates Courts	0.006
0.005	Northumbria Tourist Board	0.005
0.005	Wearside College	0.006
0.005	Gateshead College	0.005
0.004	North Tyneside Disability Advice	0.005
0.004	Benton Grange School	0.004
0.004	Tyne and Wear Development Company Limited	0.004
0.003	Monkwearmouth College	0.003
0.003	South Tyneside Homes	0.003
0.003	Wallsend Hall Enterprises Limited	0.003
0.003	Catholic Care North East	0.003
0.003	Sunderland Empire Theatre Trust	0.003
0.002	City of Sunderland College	0.003
0.002	Blyth Housing Company	0.002
0.002	North Tyneside College	0.001
0.001	Age Concern Newcastle	0.001
0.003	Higher Education Funding Council for England	0.001
0.001	North East Regional Employers Organisation	0.001
0.001	Northumberland Care Trust	0.001
11.616	Total Agency Services	12.068

18. ADDITIONAL VOLUNTARY CONTRIBUTIONS (AVCS)

The Fund offers two types of AVC arrangements.

Additional periods of membership can be purchased within the LGPS, with the contributions being invested as part of the Fund's assets. In addition, the Pensions Committee appointed Equitable Life Assurance Society in 1989 and The Prudential Assurance Company in 2001 for the investment of other AVCs specifically taken out by Fund members. Contributions to these external providers are invested separately from the Fund's own assets on a money purchase basis. In accordance with the LGPS (Management and Investment of Funds) Regulations 2016, these amounts are not credited to the Fund and as such are excluded from the Fund's accounts.

During 2023/24, £5.306m of contribution income was received into the AVC funds provided by The Prudential (£3.685m in 2022/23). As at 31 March 2024, these funds were valued at £22.694m (£18.653m in 2022/23).

During 2023/24, there was no contribution income received into the AVC funds provided by Utmost Life and Pensions (£0.000m in 2022/23). As at 31 March 2024, these funds were valued at £0.050m (£0.047m in 2022/23).

The funds are valued on a bid basis by each of the providers and take no account of accruals.

19. ANALYSIS OF INVESTMENTS OVER MANAGERS

The market value of the investments in the hands of each manager was:

31st March 2023			31st March 2024 Market Value	
£m	%		£m	%
		Investment Managers		
		Under Pooling		
		With Border to Coast		
938.683	7.5%	Global Equities	931.613	7.0%
429.321	3.5%	UK Equities	452.489	3.4%
-	0.0%	Emerging Markets Equities	264.306	2.0%
1,960.455	15.8%	Investment Grade Credit	2,019.355	15.2%
566.444	4.6%	Multi Asset Credit	597.336	4.5%
259.528	2.1%	Private Equity	423.648	3.2%
215.661	1.7%	Infrastructure	343.977	2.6%
276.885	2.2%	Private Debt	419.006	3.2%
58.715	0.5%	Climate Opportunities	135.617	1.0%
-	0.0%	Global Property	2.273	0.0%
4,705.692	37.9%		5,589.620	42.1%
3,864.166	31.1%	With Legal and General	3,868.645	29.2%
8,569.858	69.0%	Total Pooling	9,458.265	71.3%
		Investments Managed Outside of the Pool		
		Outside of Pooling		
520.650	4.2%	Abrdn	571.400	4.3%
132.080	1.1%	JP Morgan Asset Management	-	0.0%
261.939	2.1%	Lazard Asset Management	307.800	2.3%
116.008	0.9%	TT International	127.615	1.0%
1,081.931	8.7%	Private Equity	1,060.994	8.0%
407.875	3.3%	Infrastructure	413.589	3.1%
530.370	4.3%	Global Property	509.092	3.8%
166.642	1.3%	Residential Property	178.354	1.3%
51.589	0.4%	UK Property Unit Trusts	47.666	0.4%
469.182	3.8%	Private Debt	478.747	3.6%
106.365	0.9%	Managed In-House	109.760	0.8%
3,844.631	31.0%		3,805.017	28.7%
12,414.489	100.0%	Total Investments	13,263.282	100.0%

20. DERIVATIVES

The Fund has in the past used a number of derivative instruments as part of its investment strategy and to assist with efficient portfolio management.

Futures

The Fund did not hold any futures contracts as at 31 March 2024 or at 31st March 2023.

Forward Currency Contracts

In past years the Fund has used Forward Currency Contracts to hedge the currency exposure on certain overseas investments. As at 31st March 2024 and 31st March 2023, the Fund did not hold any such contracts.

21. SECURITIES LENDING

The Fund operates a securities lending programme through its custodian, Northern Trust. Securities totalling £2.348 million were out on loan as at 31 March 2024. The breakdown of securities on loan was:

31st March 2023 £m		31st March 2024 £m
4.173	Overseas Equities	2.348
4.173	Total Securities Lending	2.348

The value of collateral against which the securities were lent out is £2.530m (£4.594m in 2022/23). This collateral consists of acceptable securities, Government debt and obligations issued by supranational entities. It should be noted that as the Fund is now investing mainly through Border to Coast the majority of securities lending will now be undertaken within the pooled funds and will not be shown separately.

22. PROPERTY HOLDINGS

31st March 2023 £m		31st March 2024 £m
	Direct Property Holdings	
573.900	Opening Balance	520.650
18.535	Purchases	58.001
36.299	New construction	21.746
0.188	Subsequent expenditure	0.162
(6.275)	Disposals	–
(101.997)	Net Increase/(Decrease) in Market Value	(29.159)
520.650	Closing Balance	571.400

There are no restrictions on the sale of the property or the remittance of income or proceeds on disposal and the Fund is not under any contractual obligations to purchase, construct or develop any of these properties.

The future minimum lease payments receivable by the Fund are as follows:

31st March 2023 £m		31st March 2024 £m
25.223	Within One Year	30.197
94.942	Between One And Five Years	105.142
197.432	Later Than Five Years	265.951
317.597	Minimum Due From Leases	401.290



23. SIGNIFICANT HOLDINGS

As at 31 March 2024, the Fund had two holdings that each represented more than 5% of the total Fund.

The Fund has a holding with Legal and General within a without-profit insurance contract that provides access to a pool of underlying assets. The value has been determined by reference to the underlying assets using price feeds from markets. These holdings were valued at £3,868.645 million and represented 29.1% of the total net assets of the Fund. During 2023/24, the insurance contract covered fifteen individual funds, as follows:

31st March 2023 £m	LGIM Holdings	31st March 2024 £m
259.649	UK Equities	209.859
205.874	UK Equities Future World	220.014
152.030	Asia Pacific ex. Japan Equities	159.031
66.773	Asia Pacific ex. Japan Equities Future World	67.221
190.621	Emerging Markets Equities	67.490
57.920	Emerging Markets Equities Future World	60.615
493.088	Europe (ex UK) Equities	434.327
212.860	Europe (ex UK) Equities Future World	243.468
152.805	Japan Equities	142.143
60.013	Japan Equities Future World	73.668
369.579	North America Equities (hedged)	396.039
212.333	North America Equities Future World	274.292
791.683	Global Equities	881.707
171.196	Index-Linked Gilts	158.603
467.741	Corporate Bonds	480.168
3,864.165	Total	3,868.645

The further holding was with Border to Coast under an Authorised Contractual Scheme (ACS) agreement. The value of the assets, held through this ACS, were valued at £4,265.099 million and represented 32.1% of the total net assets of the Fund. As at 31st March 2024, the ACS covered five individual funds as follows:

31st March 2023 £m	Border to Coast Holdings	31st March 2024 £m
429.321	UK Equities	452.489
938.683	Global Equities	931.613
–	Emerging Markets Equities	264.306
1,960.455	Investment Grade Credit	2,019.355
566.444	Multi Asset Credit	597.336
3,894.903	Total	4,265.099

24. OUTSTANDING COMMITMENTS

As at 31 March 2024 the Fund had one hundred and fifteen outstanding commitments to investments, as shown below.

Name of Fund	Year	Value m	Drawdowns Made m	Commitment Outstanding m	
HarbourVest Partners VII Cayman Buyout Fund	2002	\$46.0	\$43.5	\$2.5	£2.0
HarbourVest Partners VII Cayman Mezzanine Fund	2002	\$8.0	\$7.5	\$0.5	£0.4
HarbourVest Partners VII Cayman Venture Fund	2002	\$28.0	\$27.5	\$0.5	£0.4
Capital International Private Equity Fund IV	2004	\$18.0	\$17.8	\$0.2	£0.2
HarbourVest International Private Equity Partners V – Partnership	2005	€100.0	€96.0	€4.0	£3.4
HarbourVest International Private Equity Partners V – Direct	2005	€30.0	€29.2	€0.8	£0.7
Pantheon Asia Fund IV	2005	\$20.0	\$18.9	\$1.1	£0.8
Pantheon Europe Fund IV	2005	€25.0	€23.4	€1.6	£1.3
Pantheon USA Fund VI	2005	\$30.0	\$28.3	\$1.7	£1.3
Lexington Capital Partners VI-B	2005	\$30.0	\$29.5	\$0.5	£0.4
Morgan Stanley PMF III	2005	\$50.0	\$48.7	\$1.3	£1.0
Coller International Partners V	2006	\$30.0	\$23.6	\$0.3	£0.2
HarbourVest Partners VIII Cayman Buyout Fund	2006	\$112.0	\$108.6	\$3.4	£2.7
HarbourVest Partners VIII Cayman Venture Fund	2006	\$56.0	\$54.9	\$1.1	£0.9
Pantheon Europe Fund V	2006	€35.0	€33.1	€1.9	£1.6
Pantheon USA Fund VII	2006	\$35.0	\$32.6	\$2.4	£1.9
Morgan Stanley Global Distressed Opportunities Fund	2006	\$10.0	\$9.8	\$0.2	£0.2
HarbourVest Partners 2007 Direct Fund	2007	\$30.0	\$29.3	\$0.7	£0.6
Pantheon Asia Fund V	2007	\$20.0	\$19.1	\$0.9	£0.7
Pantheon Europe Fund VI	2007	€40.0	€37.9	€2.1	£1.8
Pantheon USA Fund VIII	2007	\$35.0	\$32.5	\$2.5	£2.0
Capital International Private Equity Fund V	2007	\$35.0	\$29.4	\$5.6	£4.4
Co-Investment Partners Europe	2007	€30.0	€28.5	€1.5	£1.3
Infracapital Partners I	2007	€35.0	€32.8	€2.2	£2.2
Morgan Stanley PMF IV	2007	\$30.0	\$29.8	\$0.2	£0.2
Capital International Private Equity Fund VI	2010	\$35.0	\$31.3	\$3.7	£2.9
Lexington Capital Partners VII	2010	\$29.0	\$24.4	\$4.6	£3.6
Partners Asia-Pacific & Emerging Markets Real Estate 2009 LP	2010	\$40.0	\$37.6	\$2.4	£1.9
Partners Group Real Estate Secondary 2009 (EURO)	2010	€60.0	€57.2	€2.8	£2.4
Partners Group Global Real Estate 2011 S.C.A., SICAR	2010	€145.0	€127.9	€17.1	£14.6
Partners Group Global Infrastructure 2009	2010	€70.0	€61.2	€8.8	£7.6
Partners Group Direct Infrastructure 2011	2011	€85.0	€74.8	€10.2	£8.7
Partners Group Direct Real Estate 2011 S.C.A., SICAR	2011	\$100.0	\$92.3	\$7.8	£6.1
Partners Asia-Pacific Real Estate 2011 S.C.A., SICAR	2011	\$65.0	\$55.1	\$9.9	£7.9
HarbourVest International Private Equity Partners VI – Partnership	2011	€50.0	€47.5	€2.5	£2.1
Global Infrastructure Partners II	2011	\$43.0	\$39.0	\$4.0	£3.2
Coller International Partners VI	2012	\$33.9	\$31.6	\$2.3	£1.8
Pantheon Asia Fund VI	2012	\$40.0	\$37.2	\$2.8	£2.2
Pantheon Europe Fund VII	2012	€25.0	€22.9	€2.1	£1.8
Pantheon USA Fund IX	2012	\$30.0	\$27.2	\$2.8	£2.2
Partners Group Global Infrastructure 2012	2013	€45.0	€37.1	€7.9	£6.8
Partners Group Real Estate 2014	2013	\$64.0	\$46.5	\$17.5	£13.9
Partners Group Real Estate Income 2014	2013	€23.0	€20.9	€2.1	£1.8
Partners Group Global Real Estate 2013	2013	\$130.0	\$101.3	\$28.7	£22.7
Partners Group Real Estate Secondary 2013	2013	\$65.0	\$46.8	\$18.2	£14.4
HarbourVest Dover Street VIII Cayman Fund LP	2013	\$30.0	\$27.6	\$2.4	£1.9
HarbourVest Partners IX – Cayman Buyout Fund	2013	\$60.0	\$52.8	\$7.2	£5.7
HarbourVest Partners IX – Cayman Venture Fund	2013	\$30.0	\$28.5	\$1.5	£1.2
Antin Infrastructure Partners II	2013	€24.0	€20.9	€3.1	£2.7
HarbourVest Partners 2013 Cayman Direct Fund LP	2014	\$30.0	\$29.0	\$1.0	£0.8
Lexington Capital Partners VIII	2014	\$30.0	\$24.0	\$6.0	£4.7
Infracapital Partners II	2014	£19.6	£19.2	£0.4	£0.4
HarbourVest International Private Equity Partners VII – Partnership	2014	\$70.0	\$64.1	\$5.9	£4.7
Neuberger Berman Crossroads Fund XX	2014	\$26.0	\$0.0	\$26.0	£20.6
Coller International Partners VII	2015	\$45.0	\$31.2	\$13.8	£10.9
HarbourVest Partners X – AIF Buyout Fund	2015	\$50.0	\$38.6	\$11.4	£9.0
HarbourVest Partners X – AIF Venture Fund	2015	\$25.0	\$23.5	\$1.5	£1.2
HarbourVest Dover Street IX LP	2016	\$30.0	\$26.7	\$3.3	£2.6

Name of Fund	Year	Value m	Drawdowns Made m	Commitment Outstanding m	
Partners Group Direct Infrastructure 2015	2016	\$140.0	\$117.6	\$22.4	£17.7
HarbourVest Partners Co-Investment Fund IV AIF	2016	\$30.0	\$27.9	\$2.1	£1.7
Aberdeen UK PRS Opportunities LP	2016	£64.3	£57.5	£6.8	£6.8
Pantheon Access EUR 2016	2017	€24.3	€20.0	€4.3	£3.7
Pantheon Access USD 2016	2017	\$65.0	\$57.7	\$7.3	£5.8
HIPEP VIII Partnership Fund	2017	\$80.0	\$67.0	\$13.0	£10.3
Infracapital Greenfield Partners I	2017	£20.0	£18.8	£1.2	£1.2
Pantheon Global Infrastructure III	2017	\$55.0	\$49.6	\$5.4	£4.3
Pantheon Global Infrastructure III (former NCC)	2017	\$54.0	\$48.9	\$5.1	£4.0
Infracapital Partners III	2017	£20.0	£17.6	£2.4	£2.4
Partners Group Real Estate Secondary 2017	2017	\$135.0	\$82.4	\$52.6	£41.6
Pantheon Access USD 2017	2017	\$65.2	\$52.8	\$12.4	£9.8
HarbourVest Partners XI	2018	\$100.0	\$80.8	\$19.2	£15.2
Lexington Capital Partners IX	2018	\$70.0	\$54.3	\$15.7	£12.4
Pantheon Access EUR 2018	2018	€50.0	€34.9	€15.1	£12.9
Pantheon Access USD 2018	2018	\$120.0	\$101.2	\$18.8	£14.9
HarbourVest Partners Co-Investment V Feeder AIF	2018	\$70.0	\$63.0	\$7.0	£5.5
InfraBridge Global Infrastructure II	2018	\$55.0	\$54.6	\$0.4	£0.3
Partners Group Real Estate Opportunities 2019	2018	\$380.0	\$221.7	\$158.3	£125.3
Partners Group Global Value Real Estate 2019	2018	€165.0	€120.7	€44.3	£37.9
HPS Core Senior Lending Fund	2018	\$250.0	\$187.8	\$62.2	£49.2
Pemberton European Debt Investments Jersey II	2018	£190.0	£168.5	£21.5	£21.5
Hearthstone Residential Fund I	2019	£60.0	£60.0	£0.0	£0.0
Coller International Partners VIII	2019	\$80.0	\$44.1	\$35.9	£28.4
Border to Coast Private Equity S1A	2019	£80.0	£62.4	£17.6	£17.6
HarbourVest Dover Street X	2019	\$80.0	\$59.6	\$20.4	£16.1
Border to Coast Infrastructure S1A	2019	£60.0	£44.5	£15.5	£15.5
Partners Group Global Infrastructure 2018	2019	€110.0	€91.8	€18.2	£15.6
Border to Coast Private Debt S1A&B	2019	£160.0	£119.2	£40.8	£40.8
Pantheon Private Debt PSD II	2019	\$200.0	\$165.1	\$34.9	£27.6
Border to Coast Private Equity S1B	2020	£120.0	£83.3	£36.7	£36.7
Border to Coast Infrastructure S1B	2020	£90.0	£53.8	£36.2	£36.2
Hearthstone Residential Fund II	2020	£30.0	£26.5	£3.5	£3.5
Border to Coast Private Equity S1C	2021	£350.0	£202.5	£147.5	£147.5
Border to Coast Infrastructure S1C	2021	£150.0	£123.0	£27.0	£27.0
Border to Coast Private Debt S1C	2021	£348.2	£214.1	£134.1	£134.1
Partners Group Direct Infrastructure III (2020)	2022	\$70.0	\$43.8	\$26.2	£20.7
Partners Group Real Estate Secondary 2021	2022	\$280.0	\$89.6	\$190.4	£150.7
Border to Coast Private Equity S2A	2022	£225.0	£38.2	£186.8	£186.8
Border to Coast Infrastructure S2A	2022	£250.0	£103.4	£146.6	£146.6
Border to Coast Private Debt S2A	2022	£300.0	£75.6	£224.4	£224.4
Border to Coast Climate Opportunities 1	2022	£465.0	£141.5	£323.5	£323.5
Henley Secure Income PUT	2022	£40.0	£40.0	£0.0	£0.0
CBRE UK Affordable Housing Fund	2022	£70.0	£7.4	£62.6	£62.6
M&G Shared Ownership Fund	2022	£40.0	£0.0	£40.0	£40.0
Border to Coast Private Equity S2B	2023	£200.0	£13.2	£186.8	£186.8
Border to Coast Infrastructure S2B	2023	£225.0	£17.7	£207.3	£207.3
Border to Coast Private Debt S2B	2023	£225.0	£8.2	£216.8	£216.8
Border to Coast Global Value Add Real Estate Fund	2024	£150.0	£2.3	£147.7	£147.7
Border to Coast Global Core Real Estate Fund	2024	£50.0	£0.0	£50.0	£50.0
Border to Coast Private Equity S2C	2024	£175.0	£0.0	£175.0	£175.0
Border to Coast Climate Opportunities 2	2024	£200.0	£0.0	£200.0	£200.0
Border to Coast UK Opportunities	2024	£100.0	£0.0	£100.0	£100.0
Border to Coast Infrastructure S2C	2024	£175.0	£0.0	£175.0	£175.0
Border to Coast Private Debt S2C	2024	£200.0	£0.0	£200.0	£200.0
Pantheon PSD III	2024	£50.0	£0.0	£50.0	£50.0
Foresight Regional Investment IV	2024	£30.0	£6.8	£23.2	£23.2
Total outstanding commitments					£4,065.8

The Sterling figures for these outstanding commitments are based on the closing exchange rates on 31st March 2024. The total outstanding as at 31st March 2024 was £4,065.800 million.

25. RELATED PARTY TRANSACTIONS

South Tyneside Council is the administering authority of the Tyne and Wear Pension Fund and as such assets of the Fund are held under the Council's name.

Under IAS24 "Related Party Disclosures", it is a requirement that material transactions with related parties, not disclosed elsewhere, should be included in a note to the financial statements.

Governance

There were seven members of the Pensions Committee who were members of the Fund, namely the R. Dodd, J. Foreman, G. Haley, D. Herbert, T. Mulvena, W. Samuel and A. Walsh.

An examination of returns completed by Elected Members of the Pensions Committee and Senior Officers involved in the management of the Pension Fund has not identified any other cases where disclosure is required.

Employers

During 2023/24 South Tyneside Council had related party transactions with the Fund totalling £0.530 million (£0.551 million in 2022/23), analysed as follows:

- South Tyneside Council charged the Fund £0.456 million (£0.479 million in 2022/23) in respect of services provided, primarily being legal, financial, information technology services and building costs.
- The Fund charged South Tyneside Council £0.074 million (£0.072 million in 2022/23) in respect of Treasury Management services.

There were no material contributions due from employer bodies that were outstanding at the year end.

Key Management Personnel

The key management personnel of the Fund are the Head of Pensions, the Principal Investment Manager, the Principal Pensions Manager and the Principal Governance and Funding Manager. Total remuneration payable to key management personnel is set out below:

31st March 2023 £,000		31st March 2024 £,000
361	Short Term benefits	387
63	Post-employment benefits	59
424	Total	446

Other senior managers, including the section 151 officer, linked to the Fund are employed by South Tyneside Council and the costs to the Fund are included within recharges to the Fund.

26. IMPAIRMENT LOSSES

Impairment for Bad and Doubtful debts

During 2023/24 the Fund has recognised an impairment loss of £0.193 million (£0.104 million in 2022/23) for the possible non-recovery of pensioner death overpayments.



27. PENSION FUND DISCLOSURES UNDER IAS26

Under IAS26 the Fund is required to disclose the “actuarial present value of the promised retirement benefits”, at the valuation date of 31 March 2022 these were valued by the actuary at £16,244.400 million.

This figure was calculated using the following information supplied by the actuary. These are taken from the report: IAS 26 Results – Whole of Pension Fund Accounting 2023 – 19 May 2023. A full copy is available on request.

Information Supplied by the Actuary

The information set out below relates to the actuarial present value of the promised retirement benefits in the Fund which is part of the Local Government Pension Scheme:

	Value at 31 st March 2022 £m	Value at 31 st March 2019 £m
Fair value of net assets	12,747.1	8,788.1
Actuarial present value of the promised retirement benefits	16,244.4	11,763.1
Surplus / (deficit) in the Fund as measured for IAS26 purposes	(3,497.3)	(2,975.0)

The Northumberland County Council Pension Fund merged into the Tyne and Wear Pension Fund via Regulations which came into force on 3 June 2020 (effective from 1 April 2020). The IAS 26 results as at 31 March 2022 included in this report are in respect of the merged Fund. Comparative figures shown as at 31 March 2019 are in respect of the Tyne and Wear Pension Fund only.

The principal assumptions used by the Actuary were:

	31 st March 2022 (% p.a.)	31 st March 2019 (% p.a.)
Discount rate	2.7	2.4
CPI Inflation ^{1,2}	3.0	2.2
Rate of general increase in salaries ³	4.5	3.7

1 In excess of Guaranteed Minimum Pension increases in payment where appropriate

2 The assumption for the revaluation rate of pension accounts is set equal to the assumption for pensions increases. In the 2022 assumption we have also made allowance for higher actual CPI for the period 30 September 2021 to 31 March 2022, where 30 September 2021 is the date of the reference CPI index that the Scheme's benefits had been increased by in April 2022.

3 A promotional salary scale is assumed to apply in addition to this, at the rates assumed in the relevant valuation of the Fund.

Principal demographic assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below:

Post Retirement Mortality	31st March 2022	31st March 2019
Males		
Future lifetime from age 65 (currently aged 65)	21.5	22.0
Future lifetime from age 65 (currently aged 45)	22.8	23.7
Females		
Future lifetime from age 65 (currently aged 65)	24.5	25.2
Future lifetime from age 65 (currently aged 45)	26.0	27.0

Different mortality assumptions have been used for other categories of member as set out in the actuary's report on the 2022 valuation. Assumptions for the rates of withdrawal and ill health retirements (for active members), the allowance made for cash commutation on retirement, and the proportion of members whose death gives rise to a dependant's pension are the same as those adopted in the 2022 valuation of the Fund, which are detailed in the actuary's valuation report.

Volatility of results

Results under IAS 26 can change dramatically depending on market conditions. The defined benefit obligation is linked to yields on AA-rated corporate bonds, while a significant proportion of the assets of the Fund are invested in equities and other growth assets. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the pension fund. For example:

- A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes, although this will be marginally offset by the increase in the assets as a result (to the extent the Fund invests in corporate bonds).
- The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are not perfectly correlated with inflation meaning that an increase in inflation will increase the deficit.
- The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Post balance sheet date experience

Since 31 March 2022 the Fund's assets have generally delivered lower than expected returns and inflation has been higher than expected. However, corporate bond yields have increased significantly which will have led to a reduction in the value of the defined benefit obligation (liabilities) on an accounting basis. We would expect the Funds' IAS 26 balance sheet position to have improved significantly over the year, with a lower IAS 26 deficit, at 31 March 2023 if the Fund had chosen to update the position annually.

Choice of accounting assumptions

The calculation of the actuarial present value of the promised retirement benefits involves projecting future cash-flows from the Fund many years into the future. This means that the assumptions used can have a material impact on the surplus/deficit. As such, the Fund Administering Authority should ensure that it understands the reasoning behind the assumptions adopted and is comfortable that they are appropriate.

Furthermore, the Fund Administering Authority should bear in mind that, as required by the accounting standard, the assumptions (with the exception of the discount rate) have been set so that they represent a best estimate of future experience from the Fund. In practice future experience within the Fund may not be in line with the assumptions adopted. This means that the liabilities shown in this report only represent one view of the future and the true position could be different from those shown. For example, members could live longer than foreseen or inflation could be higher or lower than allowed for in the calculations.



Sensitivity of results to key assumptions

In order to understand the magnitude of the possible volatility in the balance sheet position and to understand which assumptions are most important in determining the size of the liabilities, it is helpful to understand how sensitive the results are to the key assumptions.

IAS 19 requires entities to disclose information about the sensitivity of the defined benefit obligation to changes in key assumptions although it is not clear that IAS 26 or the CIPFA Code of Practice requires this information. Nevertheless, we have set out below how the results would alter by changing the discount rate, the pay increase assumption and pension increase assumption by plus or minus 0.1% and if life expectancy was to reduce or increase by 1 year. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

Sensitivity Analysis

Discount rate assumption		
Adjustment to discount rate assumption	+0.1% £M	-0.1% £M
£ change to present value of the defined benefit obligation	(330.7)	337.5
% change in present value of defined benefit obligation	-2.0%	2.1%
Rate of general increase in salaries		
Adjustment to salary increase rate assumption	+0.1% £M	-0.1% £M
£ change to present value of the defined benefit obligation	29.7	(29.4)
% change in present value of defined benefit obligation	0.2%	-0.2%
Rate of increase to pensions and rate of revaluation of pension accounts		
Adjustment to pension increase rate assumption	+0.1% £M	-0.1% £M
£ change to present value of the defined benefit obligation	307.8	(301.3)
% change in present value of defined benefit obligation	1.9%	-1.9%
Post retirement mortality assumption		
Adjustment to members' life expectancy	- 1 year £M	+ 1 year £M
£ change to present value of the defined benefit obligation	(701.1)	699.7
% change in present value of defined benefit obligation	-4.3%	4.3%

For figures relating to individual employers of the Fund, please refer to each employer's final accounts.

28. OTHER SENSITIVE AREAS

In accordance with the code the following notes are deemed to be containing sensitive information and are disclosed for transparency reasons.

Expenses paid to members of the Pensions Committee totalled £0.033 million in the year to 31 March 2024 (£0.034 million in 2022/23). These have been included within Oversight and Governance Costs included in note 11.

The Fund is audited by Ernst & Young who received a fee of £0.113 million (£0.040 million in 2022/23) for carrying out this audit, they received no additional income (£0.000 million in 2022/23) in respect of producing letters of assurance for auditors of other employers which need pension information for their own final accounts. These fees are included in the Administration and Oversight and Governance Cost lines in note 11.

At the end of 2021/22 and 2022/23 the final fee for completing the audit for this year is subject to referral to the body responsible for setting audit fees for local government pension funds for adjustment as agreement has not been reached on between the Fund and Ernst & Young on additional charges being levied by them.



FUNDING STRATEGY

INTRODUCTION

The Scheme benefits are paid from investment income, employees' contributions and employers' contributions.

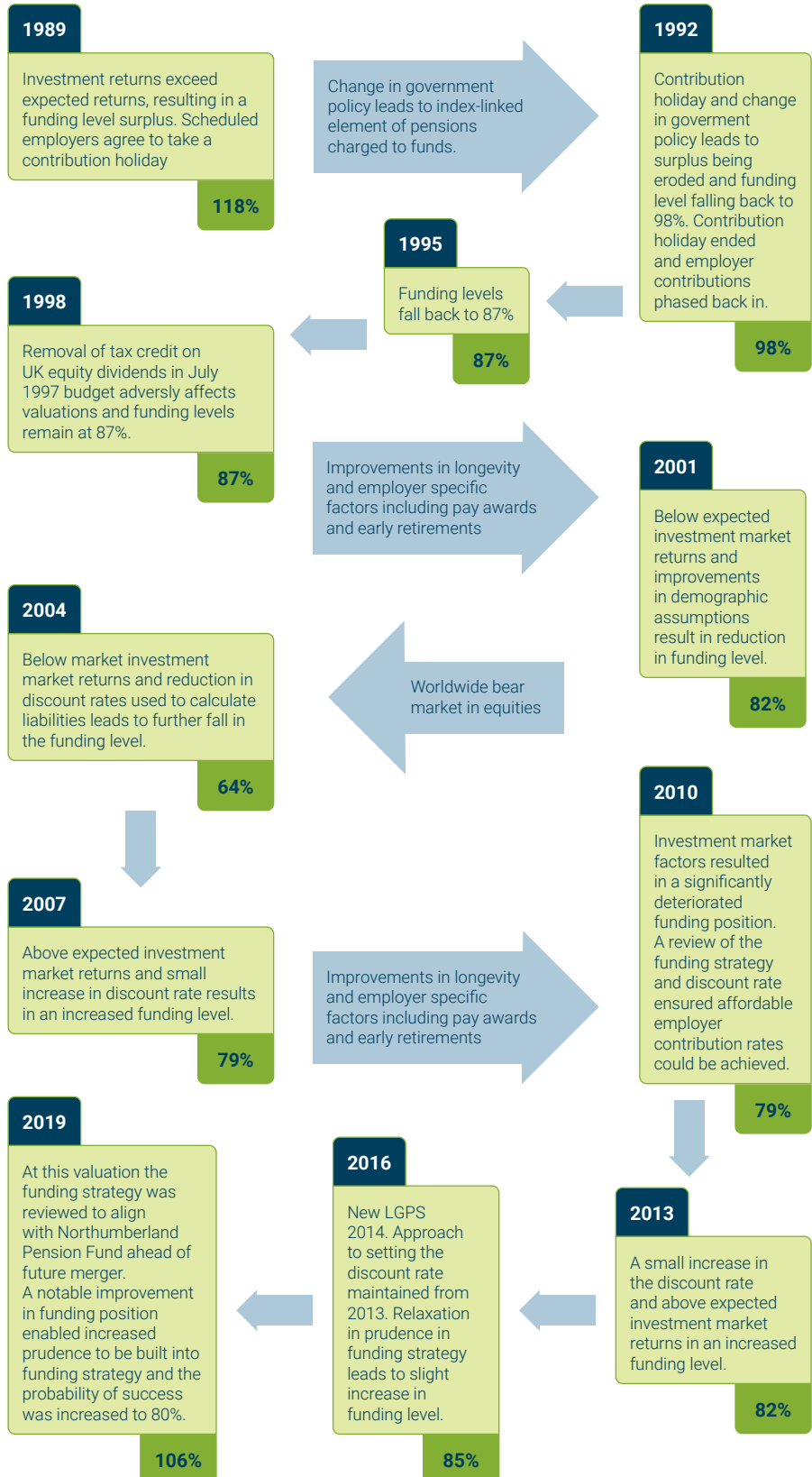
Employees' contributions are set by the Regulations, with employers' contributions being adjusted in triennial valuations to ensure that the Fund has sufficient assets to meet its liabilities.

The Governance and Funding Office of the Pensions Service oversees the Funding Strategy.

HISTORY OF THE FUNDING LEVEL

A measure of the financial health of a pension fund is its 'funding level', which is the ratio between its assets and liabilities. A pension fund that holds sufficient assets to meet all its projected liabilities would have a funding level of 100%. A fund with a funding level below 100% is described as being in deficit.

To understand the current funding strategy, it is helpful to also understand the background and the decisions taken in the past. A brief history of the funding level for Tyne and Wear Pension Fund is provided below:



THE 2022 VALUATION

The most recent valuation carried out in accordance with Regulation 62 of the Local Government Pension Scheme (2013) Regulations was carried out as at 31 March 2022 and the employer contribution rates were certified with effect from 1 April 2023. This was the first valuation of the merged Fund.

This section summarises the outcome of the 2022 valuation:

The 2022 valuation was successfully delivered against a backdrop of economic volatility and high inflation. Despite this, the valuation saw an increased funding level of 110%. The main driver for the increased funding level was asset performance being above levels assumed at the 2019 valuation.

The total fund contribution rate was 18.6%, which was a reduction from the 2019 valuation (19.7%). Whilst the position for individual employers differed, the general trend was for good stability in the employer contribution rates with small reductions for many.

No loading factor was applied to employer contribution rates at the 2022 valuation for the McCloud remedy. Instead, an employer specific allowance was made to the liability values.

A probability of funding success of 80% was used at the 2022 valuation, resulting in a discount rate of 4.45% for scheduled employers.

Given the increased funding level, the Fund took the opportunity to make modest increases in the level of prudence. Whilst a probability of funding success of 80% was retained from the 2019 valuation, the maximum deficit recovery period was reduced to 14 years reflecting the passage of three years since the previous valuation. Given the high levels of inflation at the time of the valuation, a 10% uplift was applied to liability values to reflect short-term inflation pressures.

For employers in surplus, amortisation only applied to a surplus over a funding level of 110% and over a period of 20 years.

The Fund continued with the risk-based approach to funding strategy at the 2022 valuation and again used three funding targets, depending on the covenant strength and net risk of individual employers.

In the build up to the 2022 valuation, Fund Officers undertook a review of the appropriateness of the use of gilt yields in setting discount rates. This followed a protracted period of low levels of gilt yields and feedback from employers that this was resulting in continued cost pressures.

After the review by Fund Officers, Pensions Committee decided to retain the use of gilt yields in certain discount rates but brought in a cost-control underpin based on the probability of funding success. This underpin would apply when gilt yields were at a low level.

At the 2022 valuation, it was determined that the cost-control underpin would apply and this benefitted employers on the Intermediate Funding Target and the Ongoing Orphan Funding Target.

In respect of those employers on the Intermediate Funding Target (i.e. colleges and universities), a third tier was introduced to better reflect individual employer covenant and further reductions were made to the left-service discount rate at all three tiers.

The Rates and Adjustments Certificate for the 2022 valuation was signed before 31 March 2023. The updated employer contribution rates came into effect from 1 April 2023 and apply for a three-year period.

Further information on the valuation is contained in the Statement of the Actuary section of these Report and Accounts, as well as in the Funding Strategy Statement and the Actuary's Valuation Reports. These documents are available on the Fund's website at www.twpf.info. **Funding Strategy Statement**

Previous versions of the Funding Strategy Statement are available on request by emailing pensions@twpf.info.

2025 VALUATION

The next triennial valuation is due at 31 March 2025 and any change in employers' contributions as a result of that valuation will take effect from 1 April 2026.

Preparation for the 2025 Valuation is underway and this will increase over the coming months.

INVESTMENT REPORT

INTRODUCTION

The Investment Office of the Pensions Service manages the investment and financial control of the Fund.

The formal investment objectives are:

- To invest the Fund money in assets of appropriate liquidity to produce income and capital growth that, together with employer and employee contributions, will meet the cost of benefits.
- To keep contributions as low and as stable as possible through effective management of the assets.



INVESTMENT STRATEGY

The investment strategy is derived from Asset Liability Modelling (ALM) that uses data from the triennial valuations. This examines the Fund's financial position, the profile of its membership, the nature of its liabilities and an analysis of projected returns from differing investment strategies. This exercise is undertaken by the Investment Advisor, Hymans Robertson, based on liability data provided by the Actuary, Aon.

During 2022, the Committee undertook a review of the Investment Strategy alongside the 2022 Valuation. As part of the 2022 review, Hymans Robertson undertook an asset Liability Modelling exercise and applied the results from this process across a range of different potential investment strategies. The use of member data to inform the investment strategy ensures a direct correlation between the Fund's assets and liabilities. This is further

strengthened by the process for setting the discount rate in the Fund's funding strategy which is informed by projected returns on the Fund's assets.

The analysis showed that the current strategy remained appropriate. However, it also identified some opportunities to switch assets from Growth to Income assets, which is a continuation of the Fund's longer term de-risking of the strategy which commenced in 2019. The changes also provided a good opportunity to increase allocations to lower carbon asset classes, which is supportive of the Fund's carbon emission reduction targets. This included a 3% allocation to a Climate Opportunities Fund from Border to Coast and increases in the allocations to Infrastructure and Private Debt.

At Pensions Committee in September 2022, the following long-term strategy for the Fund was agreed. This also shows the allocations as at 31 March 2024 and the level of variance:

Asset Class	Current Allocation %	Strategic Benchmark %	Variance %
Return Seeking Assets - Growth	51.2	43.0	+8.2
Quoted Equities	40.1	34.5	+5.6
Private Equity	11.1	8.5	+2.6
Return Seeking Assets - Income	27.9	34.0	-6.1
Property	9.9	13.0	-3.1
Infrastructure	5.8	6.5	-0.7
Private Debt	6.7	6.5	+0.2
Multi Asset Credit	4.5	5.0	-0.5
Climate Opportunities	1.0	3.0	-2.0
Low Risk Assets - Protection	20.9	23.0	-2.1
UK Corporate Bonds	18.9	20.0	-1.1
Index-Linked Bonds	1.2	2.0	-0.8
Cash	0.8	1.0	-0.2

An interim health check of the strategy was completed in 2023/24 and presented to the Pensions Committee in December 2023. The report concluded that the funding position is strong, the current investment strategy remains appropriate, and no immediate changes are necessary.

By the end of March 2024, the Fund had made the required changes to the long-term asset allocation and made significant progress in increasing the allocations to the private market asset classes (climate opportunities, private debt and infrastructure). It was recognised, however, that building up these allocations would take several years to implement.

QUOTED EQUITIES AND BONDS

The Fund uses a range of investment managers in relation to its quoted equity and bond assets. The mandates cover both active and passive strategies.

With regards to the Fund's active mandates, most of the assets being managed actively are through investments with the Fund's pooling partner, Border to Coast. Whilst the Fund still has some direct equity mandates with other managers, they have been identified for transition to Border to Coast in 2024/25.

The passive allocation is managed by Legal and General Investment Management. Whilst the passive assets with Legal and General are not formally part of the investment pool run by Border to Coast, they have been subject to a joint procurement exercise with the other ten funds in Border to Coast. This has helped deliver the benefits of pooling through reduced fees, and these assets have therefore been categorised by the Fund as "under pooled management".

In July 2020, the Fund switched 6% of assets from the market cap passive investments with Legal and General to a range of passive funds called Future World funds. These Future World funds incorporate 34 different environmental, social and governance (ESG) factors into the investment process, including carbon emissions. It is believed that, over time, tilting a portfolio towards

companies scoring well on these factors should result in outperformance compared to a more traditional index.

The managers and mandates are set out in the following table:

MANAGER	PORTFOLIO
Under Pooling:	
	Active Management
	- UK Equities
	- Global Equities
	- Emerging Market Equities
	- Sterling Investment Grade Credit
	- Multi Asset Credit
Legal and General	Passive Management
	- UK Equities
	- Europe ex UK Equities
	- US Equities
	- Emerging Market Equities
	- Japanese Equities
	- Asia Pacific ex Japanese Equities
	- Fundamental Global Equities
	- UK Index-Linked Gilts
	- UK Gilts
	- Corporate Bonds
	Future World Equities
	- UK
	- Europe ex UK
	- US
	- Emerging Market
	- Japanese
	- Asia Pacific ex Japanese
Outside of Pooling:	
	Active Management
Lazard	Japanese Equities
TT International	Pacific ex Japan Equities

PROPERTY

The updated ALM study in 2022 confirmed that the long-term strategic allocation to property should be 13.0%. This is comprised of 7.0% to UK direct commercial property, 2.0% to UK residential property and 4.0% to global property.

The main UK commercial property exposure is primarily through a mandate managed by Abrdn. This was valued at £571.4 million at the year end. The Fund also inherited two property unit trusts following the merger with Northumberland County Council Pension Fund. Together these were valued at £47.6 million, bringing the total within UK commercial property to £619 million, representing 4.7% of the Fund. The underweight position relative to the 7.0% strategic weighting is attributable to the slow pace of investment due to concerns over pricing in the property market.

The allocation to UK residential property was established in 2016/17. This was initially through a fund managed by Abrdn. Two funds managed by Hearthstone were added during 2018/19, and 2020/21 respectively. In 2021/22, a review of the residential property portfolio was undertaken and a decision made to make commitments to two further funds. The first was the Henley Secure Income Fund which specialises in supported living and the second was the CBRE Affordable Housing Fund. In 2022/23 a further commitment was made to the M&G Shared Ownership fund to further diversify the portfolio. At the year end, the Fund had £179.9 million, or 1.4%, invested in residential property with a further £112.9 million of capital committed. This is below the 2.0% strategic weighting. The pace of investment continues to be dependent on identifying suitable investment opportunities.

The global property programme had been built up to the target level of 5.0% through investment into funds provided by Partners Group, however, following the merger, the proportion of the total Fund invested in global property fell as Northumberland did not invest in global property. The programme with Partners Group includes fund of funds, direct and secondary investments. The proportion of the Fund invested

through this programme was 3.9% at the year-end, valued at £510.3 million. This is a little underweight compared to the new strategic allocation of 4.0% but this will be resolved through future commitments.

New commitments to global property will be made through the recently launched Border to Coast Global Property mandates.

INFRASTRUCTURE

The Fund made its first investment into infrastructure in 2006. A review of the approach in 2010 set an allocation of 2.5%, which was achieved largely through investment in funds offered by Partners Group. Between 2017 and 2019, the Fund diversified its infrastructure programme through investments with Infracapital, Pantheon and AMP Capital.

Following the merger with Northumberland, further Infrastructure assets with Antin, GIP and Pantheon were transferred into the Fund. This helped to further diversify the programme.

In 2019/20, the Fund made its first investments in infrastructure with Border to Coast. In 2023/24, the Fund committed £225 million to the Border to Coast Infrastructure programme. Future commitments to infrastructure will be made through Border to Coast.

The 2022 review of the Investment Strategy increased the strategic allocation to infrastructure to 6.5%. At the year end, the total investment in infrastructure was valued at £760.7 million, representing 5.8% of the Fund. The increased allocation will be built up over the next few years.

PRIVATE EQUITY

The programme is well developed and diversified across providers, geography, industry and vintage years.

For many years, the focus of the programme was investment into fund of funds with HarbourVest and Pantheon. The Fund also made investments into secondary funds managed by Lexington Partners, Collier Capital and HarbourVest, and into direct and co-investment funds managed by HarbourVest, Pantheon, Capital International, Partners Group and Lexington. In 2020, as a result of the merger with Northumberland, further assets were transferred into the Fund managed by Pantheon, Morgan Stanley and Neuberger Berman.

In 2019/20, the Fund made its first commitment to the private equity programme launched by Border to Coast. A further commitment of £200 million has been made in 2023/24. As with infrastructure, future commitments to private equity will be made through Border to Coast.

At the year end, £1,467.1 million was invested in private equity, equal to 11.1% of the Fund. This is above the strategic weighting of 8.5%.

PRIVATE DEBT

The Fund made its first investments into private debt in 2018. This was through funds managed by Pemberton and HPS. In 2019/20, the Fund also made commitments to funds managed by Pantheon and Border to Coast.

Initially the target allocation was 3.5%. The 2022 review of the Investment Strategy increased this target allocation to 6.5%.

Good progress towards building up this allocation has been made. In total, at the year end, the Fund had £893.4 million invested in private debt, being 6.8% of the total value of the Fund. In 2023/24, commitments of £225 million were made with Border to Coast to help increase the allocation above the target weighting.

Future commitments will be made through Border to Coast.

CLIMATE OPPORTUNITIES

At Pensions Committee in March 2022 the Fund approved an allocation of 3% to climate opportunities as part of the 2022 Investment Strategy Review. In order to reach the 3% target allocation, a commitment of £465 million was made to the Borders to Coast Climate Opportunities fund over a three-year period.

Climate Opportunities supports the energy transition and will include forestry and agriculture. The climate benefits are a key focus in the reporting for this fund.

In March 2024, the Committee approved an additional commitment of £200m to the Climate Opportunities Fund.

At the year end, £135.6 million was invested in climate opportunities, equal to 1.0% of the Fund, with further commitments outstanding of £549 million.

INVESTMENT MANAGERS' OBJECTIVES AND RESTRICTIONS

The Pensions Committee has set objectives and restrictions for some investment mandates, with the aims of ensuring a prudent approach to investment whilst allowing each manager to implement their natural investment style and process. The objectives and restrictions for Border to Coast mandates are set at pool level.

In addition to the specific restrictions on mandates, all managers, including Border to Coast, are required to comply with the requirements of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

The investment managers have been set performance targets, mostly based on appropriate indices, which generally require outperformance over three year rolling periods. Annual downside targets or tracking error targets have also been set.

Absolute return targets are in place for the private equity, infrastructure, climate opportunities, global property and private debt programmes.

CUSTODY

Northern Trust was appointed in 2002 to provide custody services for the Fund. The service has been market tested and benchmarked regularly to ensure that it remains competitive. A tender process was recently undertaken, and Northern Trust has again been awarded the contract.

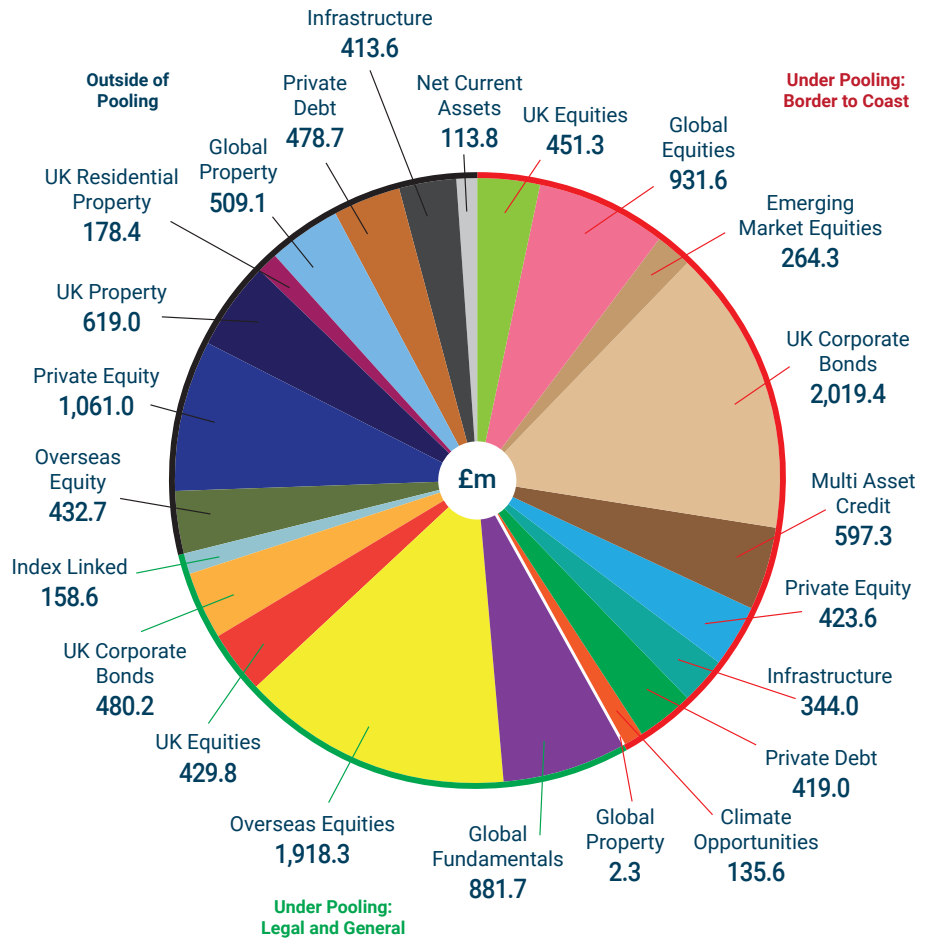
As at March 2024, Northern Trust was providing custody services for approximately £308 million of segregated assets held in one mandate.

ASSET ALLOCATION

The asset allocation is maintained within pre-determined ranges around the strategic benchmark. Action is considered to bring the Fund back within these ranges when a breach occurs. Legal and General provides management information to assist with this process.

The active managers that invest in more than one market are permitted to take tactical asset allocation decisions within their portfolios. This provides additional scope for managers to outperform their targets.

The asset allocation as at March 2024 is shown below:



Asset Table as at 31 March 2024

Asset Values £m	Pooled	Under Pooled Management	Not Pooled	Total
Equities	1,647.2	3,229.8	432.7	5,309.7
Bonds	2,019.4	638.8	-	2,658.2
Property	2.3	-	1,306.4	1,308.7
Multi Asset Credit	597.3	-	-	597.3
Private Equity	423.6	-	1,061.0	1,484.6
Private Debt	419.0	-	478.7	897.7
Infrastructure	344.0	-	413.6	757.6
Climate Opps	135.6	-	-	135.6
Cash	-	-	113.8	113.8
Total	5,588.4	3,868.6	3,806.2	13,263.2
%	42.1	29.2	28.7	100.0

With the exception of legacy private market commitments (which will run off over time) and cash, all assets currently "not pooled" will transition to Border to Coast in 2024/25. This includes UK Commercial Real Estate and Japanese and Asia Pacific Equities.

Those assets currently outside of the pool have largely not transferred to date as we have been waiting on a pooling solution to be developed. These solutions are now well advanced, and transition plans are in place for 2024/25 for the completion of our pooling journey.

UK Asset Table as at 31 March 2024

Asset Values £m	Pooled	Under Pooled Management	Not Pooled	Total
UK Listed Equity	528.0	474.4	-	1,002.4
UK Govt Bonds	114.3	158.5	-	272.8
UK Infrastructure	56.1	-	74.6	130.7
UK Private Equity	45.2	-	30.0	75.2
Total	743.6	632.9	104.6	1,481.1
% Total Assets	5.6	4.8	0.8	11.2

In addition to the above assets, the Fund also has UK Property assets (6%), UK Bonds (16%) and Private Debt (1%). Collectively, the Fund is invested around 34% in the UK.

Infrastructure and UK Growth Asset Table as at March 2024

	Pooled		Not Pooled	
	Undrawn commitments	Asset Value	Undrawn commitments	Asset Value
	£m	£m	£m	£m
Investment which supports local growth projects in the UK	100.0	0.0	129.3	183.3
Global Infrastructure	607.6	344.0	94.0	413.6

The above table illustrates how the Fund is addressing the Government priorities for the LGPS to invest in Infrastructure and UK growth assets.

PERFORMANCE MEASUREMENT

The Fund has used a fund-specific benchmark for performance measurement since January 2002.

The analysis is undertaken by Northern Trust as part of the Global Custodian contract.

MARKET CONDITIONS AND INVESTMENT RETURNS FOR 2023/24

Equity markets rose strongly over the year, particularly in the second half of the year, leading to positive absolute returns across all regions with the US and Japan being the best performers.

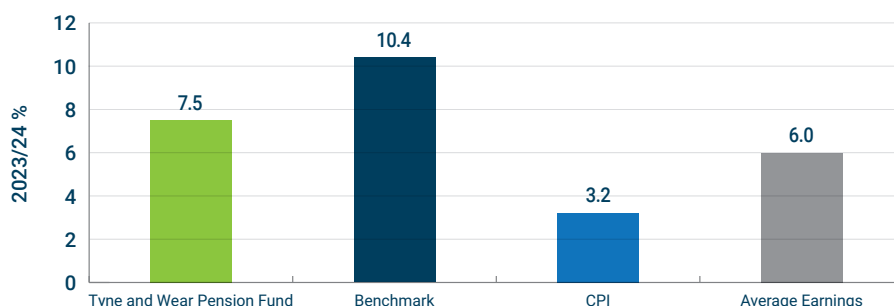
Corporate Bonds were positive as yields rose on the back of falling inflation across most major markets. Property markets continued to struggle at home and abroad with a lack of transactions and falling valuations leading to negative returns, although income yields remained healthy. Globally, the continued fallout from the Covid pandemic saw significant value taken from a range of property sectors, but office space in particular was badly impacted.

Private market assets saw flat valuations as the listed markets falls in 2022/23 were finally reflected and a lack of deal flow as buyers and sellers struggled to adapt to a new pricing environment.

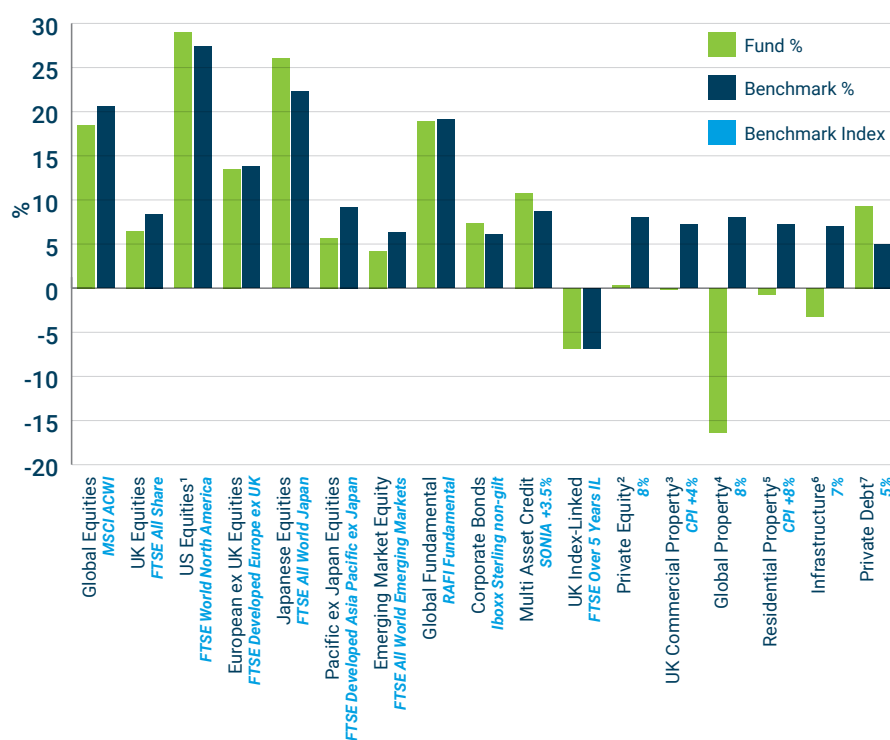
The Fund underperformed against its total fund benchmark as the absolute return benchmarks and CPI linked benchmarks in Private Market assets and Property were unachievable under the market conditions. In addition, the Global and UK active equity mandates significantly underperformed due to a lack of sufficient exposure to growth and technology (AI) stocks.

Against this market background, the Fund's total return in 2023/24 was +7.5% (after adjusting for all fees and expenses), which was 2.9% below its benchmark return of +10.4%.

Inflation, as measured by the Consumer Prices Index, which has risen in importance as a measure for the Scheme, was up by 3.2% over the year. Average Earnings increased by 6.0%.



The chart below shows the Fund's returns across the investment markets for 2023/24.



- 1 The return for US Equities is based on a split of 60% unhedged and 40% hedged against sterling benchmarks
- 2 The return for private equity is shown against an absolute return benchmark of 8% per annum net of fees.
- 3 The benchmark for UK commercial is CPI plus 4% per annum. The market return for property during the year as measured by MSCI for the Medium Life and Pension Fund Universe was 21.5%.
- 4 The benchmark for global property is shown against an absolute return of 8%.
- 5 The benchmark for residential property is CPI plus 4% per annum.
- 6 The benchmark for infrastructure is shown against an absolute return benchmark of 7% per annum net of fees.
- 7 The benchmark for private debt is shown against an absolute return benchmark of 5% per annum net of fees.

The underperformance relative to the benchmark for the year came from Private Markets, UK Property and Global Property. UK Equities and Global Equities also underperformed their benchmarks as active stock decisions failed to add value.

The US and Japan were the strongest performing equity markets with European equities also having a good year. Corporate Bonds and Private Debt benefitted from higher interest rates and also outperformed their benchmarks.

The returns from the passive strategies were satisfactory.

The return from the private equity programme is measured against an absolute return benchmark of 8% per annum net of fees. This long-term benchmark has been adopted to seek to reduce the volatility of returns relative in absolute terms. It is believed that this approach is more appropriate than the use of an index-based benchmark. The positive 0.3% return for the year is materially below the 8.0% benchmark but the longer-term returns continue to be positive.

The UK property mandate produced a negative return of -0.2% which was well below the CPI based benchmark of 7.2% for a second successive year as high inflation and interest rates led to downward valuation movement. During the year, the market return from property, as measured by the MSCI Medium Life and Pension Fund Universe, was -1.0%.

The return from the infrastructure programme is measured against an absolute return benchmark of 7% per annum net of fees. This long-term benchmark has been adopted to seek to reduce the volatility of returns in absolute terms. It is believed that this approach is more appropriate than the use of an index-based benchmark. The negative 3.2% return is well below the 7% benchmark although as the best performing asset class in 2022/23 the longer-term performance remains strong.

The global property programme was introduced in mid 2010 and is comprised of funds run by Partners Group. It has an 8% absolute return benchmark. It has underperformed its benchmark for the year, with a return of -16.4%. This asset class had been showing signs of recovery from the Covid pandemic but higher inflation and sectoral issues such as offices saw a major downward correction.

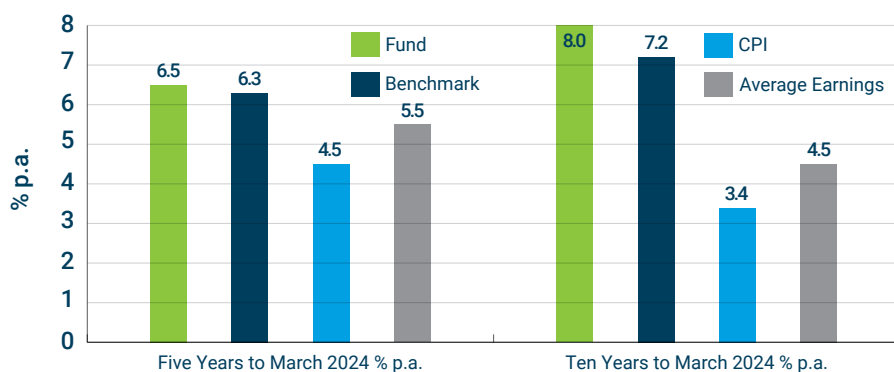
The performance figures for residential property and private debt are shown for completeness but very little reliance can be placed on these performance numbers to date due to the relatively short period that these investment programmes have been in place.

Note: The performance figures for the past three years are net of fees and expenses. The performance data for earlier years are net of fees and expenses on private market investments but gross of fees and expenses on quoted equities and bonds. All returns to 31st March 2020 are based on the pre-merger Tyne and Wear Fund only and the newly merged and combined Fund thereafter.

LONGER TERM PERFORMANCE

Pension fund returns are generally assessed over at least five-year periods. This is to avoid taking too short term a view of investment performance, bearing in mind market cycles.

The chart below shows the Fund's annual returns over five year and ten-year periods against the Consumer Prices Index and Average Earnings.

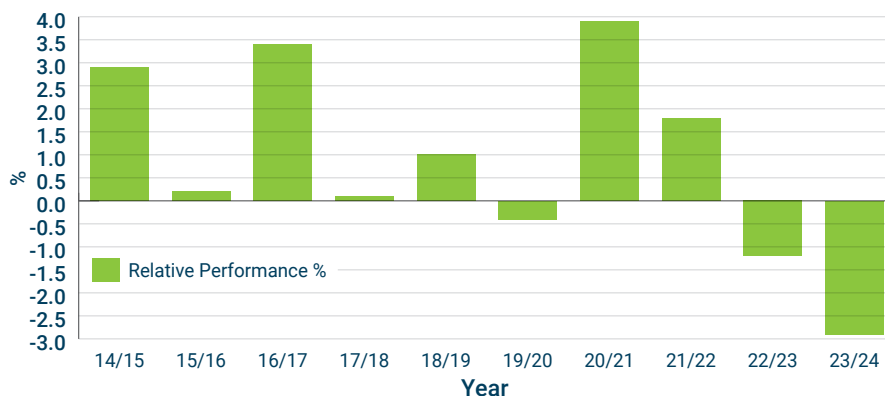
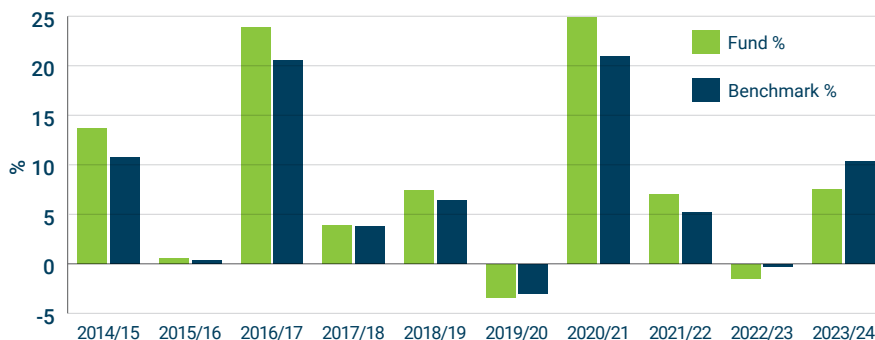


Note: All longer term returns are based on the pre-merger Tyne and Wear Fund prior to 31st March 2020 and the newly merged and combined Fund thereafter.

The five-year return is 6.5% per annum and is above the benchmark return of 6.3% per annum. The ten-year return is 8.0% per annum and is also above the benchmark return of 7.2% per annum. The returns for both periods are well above the increases in the Consumer Prices Index and in Average Earnings.

ANNUAL PERFORMANCE OVER TEN YEARS

The annual performance of the Fund over ten years is shown in the following charts



The Fund has underperformed its benchmark for the year but has outperformed for seven of the last ten years.

LONGER TERM PERFORMANCE OVER THE VARIOUS ASSET CLASSES

The table below shows the Fund's returns over the main investment markets for the three and five year periods up to 31 March 2024.

The Fund is unable to report performance over the individual asset classes for the ten-year period due to changes in the Fund's investment structure and benchmarks during that period.

	Note	THREE YEARS		FIVE YEARS	
		FUND %	BENCHMARK %	FUND %	BENCHMARK %
Fund		4.3	5.0	6.5	6.3
UK Equities		5.1	8.1	4.6	5.4
US Equities	1	11.7	11.1	15.7	15.0
European ex UK Equities		10.0	9.6	10.6	10.3
Japanese Equities		9.1	6.8	10.5	8.5
Pacific ex Japan Equities		-0.1	3.3	5.6	7.7
Emerging Market Equities		-4.0	-1.8	2.6	3.2
Corporate Bonds		-2.7	-3.3	0.5	-0.4
UK Index-Linked		-12.1	-12.1	-6.5	-6.5
Private Equity	2	8.6	8.0	15.3	8.0
UK Property	3	3.3	10.2	4.1	8.5
Global Property	4	3.0	8.0	0.6	8.0
Infrastructure	5	9.7	7.0	9.0	7.0
Private Debt		8.4	5.0	7.7	5.0

Notes

- 1 The benchmark for US equities is a mixture of hedged and unhedged against sterling indices, from 2021/22 the Fund used a position of 40% hedged against sterling and 60% unhedged. All earlier years are 100% unhedged.
- 2 The return for private equity is shown against an absolute return benchmark of 8% per annum net of fees.
- 3 The benchmark for UK property is CPI plus 4% per annum for 2021/22. Prior to this it was RPI plus 4%.
- 4 The benchmark for global property assumes that an individual fund will deliver a zero return for the first three years to allow for J-curve. An absolute return benchmark of 8% per annum net of fees is then assumed.
- 5 The benchmark for infrastructure assumes that an individual fund will deliver a zero return for the first three years to allow for J-curve. An absolute return benchmark of 7% per annum net of fees is then assumed.

Overall, the most of the Fund's equities and bond assets have produced positive returns relative to their benchmarks. However, the main driver to the Fund's good returns over the three and five year periods has been the alternatives programmes.

The private equity return of 15.3% per annum over five years is well ahead of the benchmark of 8.0%.

The UK property portfolio has now underperformed its inflation plus benchmark over the three year and the five year period due to the significant negative return in the most recent year.

Whilst the global property programme produced a strong return in 2022/23, over the three and five year period it is below the benchmark. This is because performance suffered due to the impact of Covid on the property markets.

Returns for the infrastructure programme were well above the absolute return-based benchmark for both the three and five year periods.



MANAGEMENT EXPENSES

The Chartered Institute of Public Finance and Accountancy (CIPFA) has issued recommended accounting guidance on the production of the Pension Fund Report and Accounts. Best practice guidance is that Investment Management Expenses should not reflect fees and expenses that are incurred by underlying investment vehicles, invested in by other investment vehicles. The Fund has no control over these underlying investment vehicles, the costs of which CIPFA refers to as “Tier 2” fees and expenses.

This is typically seen in private market fund of fund investments. The figures included below under tier 2 fees have been calculated from information supplied by each of the Fund’s investment managers using Scheme Advisory Board’s transparency templates or ILPA templates.

CIPFA guidance states that as the Fund has no overall control over “tier 2” expenses, they should be omitted from the Investment Management Expenses section included within the financial accounts of the Fund. Rather, they should be included for information purposes within this section of the Annual Report.

The table below shows both the Investment Management Expenses, as shown in the accounts, and the “Tier 2” fees and expenses excluded from the accounts.

31 March 2023 £m		Fund Account note	31st March 2024 £m
59.224	Investment Management Expenses	11	67.176
39.679	Tier 2 Fees and Expenses		81.253
98.903	Total Investment Management Expenses		148.429

The table shows that the “Tier 2” fees and expenses for 2023/24 are £81.253 million (£39.679 million for 2022/23). This gives an overall cost for Investment Management Expenses of £148.429 million for 2022/23 (£98.903 million for 2022/23).

The increase from the previous year relates almost entirely to the Fund’s private equity investments. Performance fees were significantly above those of the previous year when valuations had come under pressure in the face of a global slowdown. This impacted both the direct performance fees and also the “Tier 2” performance fees of the underlying managers.

Border to Coast fees increased as the amount of assets invested with them grew, and this will continue for the next few years as further private market commitments are made. Nevertheless, the Fund should see more fee savings through investing in private markets with Border to Coast rather than external managers.

POOLING OF INVESTMENTS

The Fund is a part of the Border to Coast Pension Partnership.

Many of our assets are now pooled and all remaining assets, excluding legacy private markets and cash, will transition to Border to Coast in 2024/25.

SET UP COSTS

The set-up costs for Border to Coast have been shared between the partner funds, including the Tyne and Wear Pension Fund.

The set-up phase commenced in late 2016/17 and came to an end in the first quarter of 2018/19. Border to Coast’s investment operations commenced in July 2019. The set-up costs noted below cover costs incurred by both Tyne and Wear Pension Fund and Northumberland County Council Pension Fund prior to merger.

The breakdown in set up costs are shown in the table below;

Set Up Costs	2023/24	
	Total expenditure £'000	Cumulative £'000
Recruitment	0	34
Legal	0	54
Procurement	0	72
Other Support Costs	0	4
Staff Costs	0	124
Other Costs	0	528
Total Set Up Costs	0	816





OTHER COSTS

In addition to these setup costs, there were shared purchase costs for two classes of shares. A £1 Class A share was acquired by South Tyneside Council, representing its ownership stake in Border to Coast, and is held at cost.

£833,000 of Class B shares were also acquired initially, representing the Fund's contribution to Border to Coast's regulatory capital requirement, as an investment company regulated by the Financial Conduct Authority. These Class B shares are treated as an investment.

On 1st April 2020, the Fund merged with the Northumberland County Pension Fund to form one larger Fund. This resulted in a redistribution of the share ownership to reflect the fact that there

were now only eleven shareholders and not twelve. As a result of this merger the Fund acquired an additional £75,728 of class B shares bringing the total holding to £908,728.

At the year end, the assets under management at Border to Coast were valued at £5,485.0 million (£4,110.4 million in 2022/23) and 41.4% (37.9% in 2021/22) of the Fund.

The Fund's passively managed investments with Legal and General will remain outside of direct management of Border to Coast because the legal structure in which they are held (life policies) is considered the most cost effective currently available. The Fund has, and will continue to benefit from, collaborative procurement with other funds in Border to Coast on these passive investments. Under

the definition of pooling, these assets have been classed as 'under pool management' based upon the collaborative pooling approach and the use of pooled fund structures.

The total pooled assets of the Fund with Border to Coast and Legal and General is £9,350.2 million (70.6%) which is a slight increase from 2022/23. As stated above, remaining assets outside the pool, excluding legacy private markets and cash, will transition to the pool in 2024/25.

The costs and savings which the Fund believes can be attributed to pooling since the inception of this initiative are shown in the table below. Where the Fund has budgeted for costs (either set up or operational) which relate to pooling and savings, these are also shown.

	2023/24		2022/23	
	Actual		Actual	
	In Year £'000	Since Inception Cumulative to date £'000	In Year £'000	Since Inception Cumulative to date £'000
Set up costs	0	816	0	816
Ongoing operational costs	727	5,656	846	4,929
Transition Costs	960	6,685	0	5,725
Fee Savings	(6,125)	(28,361)	(5,065)	(22,236)
Net cost/(saving)	(4,438)	(15,204)	(4,219)	(10,766)

The table shows that the Fund has already benefitted from savings from pooling and these savings are forecast to increase into the future.

The pooling proposal approved by Government in 2016 included a forecast of costs and savings. This showed that setup and transition costs were expected to be recovered over a six to seven-year period. The current situation is that the Fund is already in a net saving position which is significantly ahead of schedule. This should remain the case going forward.

INVESTMENT POLICIES

INVESTMENT PRINCIPLES

In 2008, HM Treasury introduced six Investment Principles that replaced the original ten Principles from the Myners Report in 2001.

In 2009 the Pensions Panel of CIPFA issued guidance endorsed by the Ministry of Housing, Communities and Local Government (MHCLG) on the key issues for compliance with these Principles. This was published in the same year in a document called 'Investment Decision Making and Disclosure in the Local Government Pension Scheme: A Guide to the Application of the Myners Principles'.

At that time, each administering authority was required by the regulations to set out in its Statement of Investment Principles the extent to which the authority's policy complied with the guidance. To the extent that it does not comply with the guidance, an authority was required to give the reasons for that non-compliance in its Statement. MHCLG stated that it would keep the guidance under review and would reissue it, as necessary, in light of developments.

Whilst the Statement of Investment Principles has now been replaced by the Investment Strategy Statement and the requirement to state compliance no longer applies, the Fund has decided to continue to do this as it is still considered to be best practice.

The Pensions Committee has benchmarked its practices and procedures against the guidance and has concluded that the Fund is compliant with the six Principles. The position is outlined below:

<p>PRINCIPLE 1 – EFFECTIVE DECISION MAKING</p>	<p>The Fund has a governance structure and a Training Policy and Programme in place that ensures that:</p> <ul style="list-style-type: none"> • Decisions are taken by persons with the skills, knowledge, advice and resources necessary to make them effectively and to monitor their implementation • There is the necessary expertise to evaluate and challenge advice and manage conflicts of interest.
<p>PRINCIPLE 2 – CLEAR OBJECTIVES</p>	<p>Asset liability modelling, informed by the triennial valuation data and report, is applied to set an investment objective for the Fund that takes account of its liabilities, the potential impact on local taxpayers, the strength of the covenant for non-local authority employers, and the attitude to risk of the administering authority and employers. The outcome of the modelling and the resultant investment management strategy are clearly communicated to advisors and investment managers.</p>
<p>PRINCIPLE 3 – RISK AND LIABILITIES</p>	<p>The investment strategy takes account of the form and structure of liabilities. This includes the implications for local taxpayers, the strength of covenant of employers, default risk and longevity risk.</p>
<p>PRINCIPLE 4 – PERFORMANCE ASSESSMENT</p>	<p>Arrangements are in place for the formal measurement of performance of the investments, investment managers and advisors. The Pensions Committee undertakes an annual assessment of its effectiveness as a decision-making body. It also assesses the effectiveness of its investment advisors and the Fund's Officers. The Local Pension Board also undertakes a similar assessment.</p>
<p>PRINCIPLE 5 – RESPONSIBLE OWNERSHIP</p>	<p>The Fund:</p> <ul style="list-style-type: none"> • Requires its investment managers to adopt the principles contained in the UK Stewardship Code • Is a signatory to the UK Stewardship Code • Includes a statement on its policy on responsible ownership in its Investment Strategy Statement and Corporate Governance and Responsible Investment Policy • Reports annually to members on the discharge of such responsibilities • Has developed a Climate Change Policy.
<p>PRINCIPLE 6 – TRANSPARENCY AND REPORTING</p>	<p>The Fund's policy documents, in particular the Governance Compliance Statement, Communication Policy Statement and Investment Strategy Statement demonstrate how it:</p> <ul style="list-style-type: none"> • Acts in a transparent manner, communicating with stakeholders on issues relating to the management of investment, its governance and risks, including performance against stated objectives • Provides regular communication to members.

THE INVESTMENT STRATEGY STATEMENT

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 replaced the 2009 Regulations. The 2016 Regulations require the administering authority to prepare, maintain and publish an Investment Strategy Statement (ISS).

The ISS sets out the decisions that have been taken on investment policies and describes the Fund's investments and investment strategy. The latest statement was approved by the Pensions Committee in December 2023 and is available on the Fund's website, [Investment Strategy Statement](#).

The ISS provides evidence that the Fund has considered the suitability of its investment policy and the approach to implementing the policy.

The Regulations require the ISS to cover the policy on the following areas:

- a requirement to invest money in a wide variety of investments;
- the authority's assessment of the suitability of particular investments and types of investments;
- the authority's approach to risk, including the ways in which risks are to be measured and managed;
- the authority's approach to pooling investments, including the use of collective investment vehicles and shared services;
- the authority's policy on how environmental, social and governance considerations are taken into account in the selection, non-selection, retention and realisation of investments;
- the authority's policy on the exercise of rights (including voting rights) attaching to investments.

The Pensions Committee ensures that the ISS is updated when there are material changes to the Fund's arrangements.

CORPORATE GOVERNANCE AND VOTING

The Committee believes that good corporate governance and the informed use of voting rights are an integral part of the investment process that will improve the performance of the companies in which the Fund is invested.

The Fund aims to be an active shareholder in the exercising of its company share voting rights to promote and support good corporate governance.

The Fund's approach is set out in the Corporate Governance and Responsible Investment Policy which was most recently reviewed and approved by the Committee in December 2023.

The Policy may be viewed on the Fund's website at [Corporate Governance and Responsible Investment Policy](#).

Voting rights are regarded as an asset that needs managing with the same duty of care as any other asset. The use of these rights is essential to protect the interests of the organisations participating in, and the beneficiaries of, the Fund.

It is important that this process is carried out in an informed manner. For this reason, it is believed that the investment managers are best placed to undertake voting.

Each manager, including Border to Coast, is required to prepare a policy on corporate governance and on the use of voting rights.

This policy has to provide for:

- The approach towards UK quoted companies to take account of the principles contained in the UK Corporate Governance Code and the UK Stewardship Code.
- With regard to companies outside the UK, a manager is to use its best efforts to apply the principles of the UK Stewardship Code. Other national or international standards must also be taken into account.
- The policy towards unquoted companies is to be consistent with the approach adopted for quoted companies, to the extent that this is practicable.

- Voting rights to be exercised in a manner that establishes a consistent approach to both routine and exceptional issues, in order that company directors fully understand the manager's views and intentions.

Whilst the Committee requires each manager to exercise voting rights in accordance with their individual policy, it retains the right to direct the manager in respect of any particular issue. In particular, a manager must seek direction from the Fund when a conflict of interest arises and when the Fund is involved in a class action.

Each manager is required to:

- Report any changes to their policy to the Fund for approval.
- Provide quarterly reports that set out how their policy has been implemented and their voting record.

The Fund votes globally for its segregated equity holdings. The holdings in companies in pooled funds are voted where the manager makes this possible.

An analysis of the Fund's Global ex UK and UK only voting record (including pooled funds) for 2023/24 is shown below:

	GLOBAL EX UK	UK ONLY
Number of Meetings Attended	13,374	936
Resolutions	147,827	14,320
Votes For	112,405	13,435
Votes Against	34,483	875
Abstentions	939	10
Votes Not Cast	0	0

The table shows that the Fund supported management on the majority of resolutions. A resolution was opposed or there was an abstention on 36,307 occasions (22.4%).

Examples of how the Fund's external managers voted and engaged with specific companies are included in the Stewardship Report.

The Fund is a member of the Local Authority Pension Fund Forum. This is a voluntary association of local authority pension funds and pool companies that exists to promote the investment interest of the funds, and to maximise influence as shareholders in promoting corporate social responsibility and high standards of corporate governance among the companies invested in. The Fund's Principal Investment Manager is on the Executive Committee at LAPFF.

The Fund is a signatory to the UK Stewardship Code after submitting its Stewardship Report for 2023/24 to the Financial Reporting Council. Read the report on the website: [TWPF UKSC Report 2023-24.pdf](#)

RESPONSIBLE INVESTMENT

The Fund's Investment Strategy Statement and Corporate Governance and Responsible Investment Policy cover the extent to which environmental, social and governance (ESG) considerations are taken into account in the selection, non-selection, retention and realisation of investments.

This is an important issue, and the Fund takes its responsibility in this area very seriously.

The Fund has no specific policy of investing or divesting investments wholly regarding ESG issues. However, external fund managers are expected to consider ESG issues when assessing all potential investment opportunities.

The active managers are required to include consideration of these issues as an integral part of their investment process and corporate governance policy and to act accordingly where such issues may have a financial impact on investment.

For assets managed by Border to Coast, the Fund supports their Responsible Investment Policy and will monitor voting on these assets in accordance with the Border to Coast Corporate Governance and Voting Guidelines.

Part of the Fund's assets are invested on a passive basis. Passive managers are normally not required to take account of such issues in the selection, non-selection, retention and realisation of investments but

are required to consider them in their corporate governance policy and to act accordingly where these may have a financial impact on investment.

The Fund's passive manager Legal and General, is extremely proactive in engaging with companies on ESG factors and climate change issues. Legal and General have made a Climate Impact Pledge to support efforts to limit global carbon emissions to net zero by 2050.

Legal and General have developed an approach to scoring companies from environmental, social and governance (ESG) perspectives. These scores are updated bi-annually and allow investors to monitor ESG developments across the investment universe which will incentivise companies to make fundamental changes and drive change in the market.

Legal and General has used these scores to build a different type of index, which underweights and overweights stocks relative to a traditional index, based on their views on ESG, including climate change factors. These investments have been called Future World funds.

In July 2020, the Fund invested £650 million in the range of Future World equity funds and by the end of March 2024 these have risen in value to £940 million. The investments are classified as passive, but the portfolios are tilted more towards companies that score well against ESG criteria including carbon intensity and generating green revenues.

Legal and General are also introducing a decarbonisation pathway to reduce the carbon emissions of the range of Future World funds. This provides for an immediate reduction in carbon emissions of 50% relative to its parent index (using 2021 as the base year), and 7% year-on-year thereafter. This change will align the fund range to net zero by 2050.

These investments enhance the Fund's responsible investment credentials and help demonstrate the Fund's commitment to generating sustainable long-term returns.

The Fund has been a long-standing member of LAPFF which engages directly with companies on behalf of the LGPS on a range of ESG issues from executive pay and reliable accounts to a just transition to a net zero economy.

The Forum has been engaging with major companies around climate risk for many years and works with other investors through initiatives such as Climate Action 100+ and 'Say on Climate'. More information on this work can be found on the website: [2023 Say on Climate | LAPFF \(lapfforum.org\)](#).

CLIMATE CHANGE

Climate Change is seen as a significant financial risk and is one which the Fund has been actively managing for some time. The Fund approved a Climate Change Policy at the Pensions Committee in December 2023 which includes ambitious targets to reduce carbon emissions.

The Policy demonstrates the Fund's commitment to addressing climate change and playing its part in reducing carbon emissions and supporting climate solutions as they evolve. This includes a major commitment to implement a lower carbon approach across the Fund's investments to support the targets set by the UK Government and many other countries to achieve the aims of the Paris Agreement to limit global temperature rises to 1.5 degrees.

A summary of the agreed targets and commitments are:

- Annual review of the Climate Change Policy.
- A net zero carbon target for the Investment Portfolio of 2050, or sooner.
- A net zero carbon target for the administrative functions of the Fund of 2030.
- A reduction in carbon emissions of 30% to 35% by 2025.
- A reduction in carbon emissions of 50% to 60% by 2030.
- To undertake a carbon footprint on the Fund each year.
- To undertake a formal review of the targets every three years.

The Fund's Climate Change Policy may be viewed on the Fund's website at: [Climate Change Policy](#)

The Fund's pooling partner Border to Coast has also established its own [Border to Coast Climate Change Policy](#) including a Net Zero target date of 2050 which the Fund supports.

It needs to be recognised that managing climate change risks is not just about setting decarbonisation targets or disinvesting from the Oil and Gas sector.

One of the Fund's Investment Beliefs includes the statement that there should be a focus on governance and engagement over disposal. If the Fund were to divest from the Oil and Gas sector or certain other high carbon sectors, the carbon emissions will still exist but be owned by other investors, who may be less interested in driving change going forward. An approach of disinvestment or disposal would mean that the Fund's ability to influence both the short and long term direction of individual companies would be curtailed.

In line with its Investment Beliefs, the Fund has adopted an approach of engagement with companies to influence them to move towards a lower carbon future that is consistent with the Fund's own investment strategy. Whilst the Fund believes in engagement rather than a blanket divestment from entire sectors e.g. fossil fuel companies, it does believe in divesting or not owning individual companies who are not appropriately addressing climate change risks.

This policy of active engagement is strongly supported by the Fund's investment managers, including Border to Coast, Legal and General and the investment adviser, Hymans Robertson.

Carbon metrics are backward looking, and companies' carbon disclosures can be up to two years out of date. Engagement with companies and policy makers is critical to get emissions reduction target commitments and also reporting on progress made against climate strategies.

The Fund's latest carbon footprint exercise was undertaken in 2023 and used 2019 as the base year. A high-level carbon footprint was also established back to 2010. The analysis shows that the carbon footprint of the Fund had fallen by 39.4% from 2019 to 2023. This means that the first interim target was surpassed two years early.

The Fund has committed to undertake climate based financial risk assessments and to report the results as part of the annual Task Force for Climate Related Financial Disclosures (TCFD) Report. The TCFD Report

includes the results of the annual carbon footprint analysis and was published on the website in December 2023: [Task Force for Climate Related Financial Disclosures \(TCFD\) Report](#)

As part of the Fund's Net Zero commitment, it agreed to publish a Net Zero Roadmap. The Roadmap sets out the actions the Fund will undertake in the short, medium and long term to achieve its Net Zero or sooner target and will be updated annually. The latest version of the Roadmap was published on the website in December 2023; [Net Zero Roadmap](#).

POOLING OF INVESTMENTS

The pooling arrangement with Border to Coast Pensions Partnership Limited has provided an opportunity for the Fund to strengthen its approach to Responsible Investment.

Border to Coast is taking a leading role on engagement, involving partner funds where appropriate. In particular, Border to Coast works closely with organisations including the UN PRI (United Nations Principles for Responsible Investment), Climate Action 100+, Workforce Disclosure Initiative (WDI), the IIGCC (Institutional Investor Group on Climate Change) and the 30% Club Investor Group which promotes diversity on boards and at senior management level.

Key engagement themes developed by Border to Coast, alongside the Tyne and Wear Pension Fund and the other Partner Funds are;

- Climate transition.
- Waste and Water.
- Social/supply chain.
- Diversity of thought.

Border to Coast has approved and published its Responsible Investment Policy and a Corporate Governance and Voting Guidelines, which together describe the high-level policy framework within which it operates. Both documents have been drawn up after reviewing the policies of each of the eleven partner funds investing in Border to Coast as well as examples of best practice elsewhere. They reflect the highest standards across the funds and seek to raise existing standards through the more effective use of collective resources.

The Responsible Investment Policy and a Corporate Governance and Voting Guidelines are consistent with the Fund's Corporate Governance and Responsible Investment Policy and approach to environmental, social and governance issues more generally. The Fund has been working closely with Border to Coast on the development of these issues, including being a part of the climate change working group. This group focussed on matters such as engagement, carbon metrics, transparency and reporting.

Copies of these policies along with the Border to Coast Annual Responsible Investment and Stewardship Report and its Task Force on Climate-related Financial Disclosure (TCFD) Report can be found on their website: www.bordertocoast.org.uk/sustainability

The resource that Border to Coast has deployed on responsible investment provides a clear and obvious benefit for the Fund from the move to pooling. This is a significant positive given that these issues are increasing in importance. An external engagement and proxy voting advisor, Robeco has been appointed to assist Border to Coast in this area. Robeco votes at shareholder meetings and engages with senior management of investee companies, holding them to account on responsible investment issues.

Border to Coast has appointed external managers to manage the Fund's assets, but will exercise rights on investments, including voting shares, rather than delegating this function to those managers.

VISION STATEMENT

Our goal is to provide an efficient, affordable and attractive pension arrangement that is regarded by employers and members as being an important and valued part of the employment package and to be recognised as being amongst the leading UK pension funds.

WE WILL AIM TO:

- promote membership of the Fund,
- keep contributions as low and as stable as possible through effective management of the Fund,
- invest the assets in a responsible manner,
- work with our partners to provide high quality services to employers and members, and
- make pensions issues understandable to all.

WE WILL KNOW WE ARE SUCCEEDING WHEN:

- we are consistently achieving our investment objective,
- there is sufficient money in the Fund to cover all benefits, and
- we are consistently achieving our standards of service to employers and members.



SERVICE PLAN

The vision and aims of the Fund are set out in our Service Plan. This is a three-year rolling plan that is reviewed annually. It sets out the objectives and actions that we must concentrate on to achieve our vision.

The Pensions Committee approves the Plan at a special meeting in January of each year. The Plan can be viewed on the Fund's website.

After recent years which have been dominated by the Covid-19 pandemic, 2023/24 has been a more normal year, certainly from an operational perspective.

In 2023/24 we have:

- Continued to implement the actions following the 2022 Investment Strategy Review.
- Completed a "health check" assessment of the Investment Strategy
- Continued to focus on responsible investment, with notable reductions in our carbon footprint and made substantial capital commitments to renewable energy and other climate solutions.
- Become signatories to the FRC's Stewardship Code.
- Renewed the contractual arrangements for the Fund's custodian and UK commercial property manager.
- Continued to transition assets to Border to Coast; particular focus on emerging market equities, UK and global real estate and the private markets programme.
- Reviewed the approach taken at the 2022 Valuation and started to consider the 2025 Valuation.
- Kept the funding strategy under review and responded to material developments.
- Continued to develop our pensions administration software system.
- Made good progress in the implementation of the McCloud remedy and Pension Dashboards.
- Progressed with the move to monthly data collection.
- Responded to relevant initiatives and consultations from Government, the Pensions Regulator and the national Scheme Advisory Board.

In 2024/25 we will:

- Continue with the implementation of the 2022 Investment Strategy Review.
- Continue to focus on responsible investment. This will include reviewing our net zero commitments, undertaking our annual carbon footprint assessment and producing a TCFD report.
- Look to complete the "pooling journey", except for legacy private market commitments.
- Undertake a review of the governance and oversight arrangements for Border to Coast Pension Partnership.
- Commence work on the 2025 Valuation.
- Undertake an assessment of compliance with the Pension Regulator's General Code.
- Consider further enhancements to the pensions administration software system.
- Continue to implement the McCloud remedy and prepare to be Pension Dashboard ready.
- Progress with the move to monthly data collection.
- Undertake a review of how we provide member services.
- Monitor the pensions landscape and engage in relevant consultations.

PENSIONS ADMINISTRATION

PENSIONS OFFICE STRUCTURE

The administration of the Tyne and Wear Pension Fund is overseen by the Principal Pensions Manager and managed by six specialist teams as follows:

- Two Operations Teams which focus on day-to-day processing.
- Systems Team which has the responsibility for the maintenance and support of the IT system and network.
- Member Engagement Team which focusses on the Fund's membership and serves as a single point of contact for members.
- Employer Engagement Team which focusses on the Fund's employers.
- Development Team which focuses on the identification of process improvements and efficiencies, co-ordinates the production of management information and identifies and delivers new projects.

POLICY DOCUMENTATION

The approach to pensions administration is based around two main policy documents, namely the Pensions Administration Strategy and the Communications Policy Statement.

The broad content and purpose of each document is discussed below, followed by an in-depth description of the services we provide and the work we have undertaken in 2023/24.

PENSIONS ADMINISTRATION STRATEGY

The Scheme Regulations allow an administering authority to prepare a Pensions Administration Strategy. This is a written statement prepared by the administering authority, in consultation with the Fund's employers, that sets out the authority's policies in relation to certain administrative matters.

The Pensions Administration Strategy is intended to help employers and the Fund work together more effectively in fulfilling their joint responsibilities in administering the Scheme.

The Fund's Strategy, which was updated in 2023, provides a significant impetus for improving how the Fund and employers work together.

The roles and responsibilities of both the employer and the administering authority are set out in the Pensions Administration Strategy. Detailed information is provided on the procedures for making payments to the Fund and for the provision of year end, joiner and leaver data. There is also reference to timescales for processing that have been derived from Disclosure Regulations.

The Strategy contains provisions to deal with unsatisfactory performance by either the employer or the administering authority, including a power to charge fines and recover costs caused by the unsatisfactory performance of an employer.

Over time, the benefit of the Strategy has been seen through:

- An ongoing improvement in the overall quality of the membership data. This process has over a number of years seen reductions in the resources needed for the annual contributions posting exercise.
- An increase in compliance with the requirements of the Disclosure Regulations.
- A marked improvement in performance from some of our lower performing employers.
- More employers taking a proactive approach to making policy decisions in respect of those matters requiring an employer's discretion.
- The move to electronic processing.

The latest Strategy is available on our website and can be found at: [Pensions Administration Strategy](#).

COMMUNICATIONS POLICY STATEMENT

Our Vision Statement sets out our aim of making pensions issues understandable to all our stakeholders. Effective communications and easy access to information are very important to us.

The Scheme Regulations allow an administering authority to prepare a Communications Policy Statement. Our Statement sets out:

- How we communicate with our stakeholders.
- The format, frequency and method of our communications.
- How we promote the Scheme to prospective members and employers.

The Statement is available on our website and can be found at: [Communications Policy Statement](#)



COMMUNICATING THE SCHEME TO MEMBERS

The Fund's primary method of communication with members is through their online mypension accounts, unless they have requested paper documentation instead. Our long-term strategy is to move to electronic processing and communications wherever possible and appropriate.

During the year the following documents were made available to members online:

- Active Annual Benefit Statements.
- Deferred Annual Benefit Statements.
- Pensioner P60s.
- Pensioner monthly payslips.

Where possible, the Fund produces letters via the members online mypension accounts. Where this is not possible, the information is sent to the member's address.

We participate in working groups set up by the Local Government Association to develop the Communication Strategy and materials for the Scheme. We also participate in regional communications groups to share good practice, documents, and resources.

In addition to promoting the use of the Fund's website, we signpost members to the Scheme's national website at www.lgpsmember.org and have made extensive use of the material and resources available.

SERVICES TO MEMBERS

The main services that we provide to our members are summarised below:

- We maintain the records of and pay pensions to 69,844 pensioner members of the Fund.
- We maintain the records of 52,077 deferred members of the Fund.
- We maintain the records of and receive and reconcile contributions for 62,801 actively contributing members of the Fund.
- We provide annual benefit statements for our active and deferred members. Pensioners receive an annual update in April which includes details of any pensions increase. Over the past couple of years, we successfully moved to electronic statements and pensioner annual updates, P60s and payslips for all members via our secure online "mypension" web services. Over 99% of statements were available within the required timescale of 31st August. For the small number of members that did not receive one, this was largely due to an outstanding query. Members were still able to elect to receive a paper copy and we provided 1,523 paper annual benefit statements and 13,077 paper updates to our pensioners.
- We allow members to access their personal and contact details, nominate a beneficiary for any death grant payments and do their own benefit estimate calculations to plan for their retirement through our "mypension" service. In 2023/24 71,484 estimates were carried out by members which is an increase from around 44,000 in the previous year. This is proving to be a useful tool to help members plan for their retirement.
- The Fund launched a new public website in 2022/23, which provides information on the Scheme and the Fund and links to other useful websites.
- We run a helpline that allows members who cannot use our mypension service to contact us by telephone to request leaflets and information, change certain personal and bank details, and track progress of payments and transfers.

- This helpline also helps members to access and use their mypension accounts.
- Calls to the helpline increased in 2023/24 and the Fund received over 47,000 calls. This number has increased from 38,000 in the previous year.
- We welcome personal callers to the office and an appointment is not necessary. During 2023/34, we received 452 personal callers to the office.
- We work with the Local Government Association to provide a range of booklets that help members to understand the Scheme rules. These are available on our website or on request from our helpline.
- We provide newsletters to keep members informed of changes to the Scheme.

MAKING PENSIONS ACCESSIBLE TO MEMBERS

We adopt the principles of plain English in our documents.

All information provided by the Fund is available in a range of formats including other languages, large print, and braille. We have access to audio aids and British Sign Language interpretation services.

Members can register to receive information in their required format when they join the Fund.

We have recently introduced a Member Engagement Strategy. This document sets how we will involve and consult with our members in line with our service standards. The Member Engagement Strategy can be found on our website at: [**Member Engagement Strategy**](#).

The Fund invites its members to provide feedback in the form of satisfaction surveys each year. The satisfaction survey showed a high level of satisfaction at 90% of members for 2023/24.

SERVICES TO EMPLOYERS

The main services that we provide to employers are summarised below:

- The Fund has a dedicated Employer Services Team who provide assistance to employers.
- We operate an Employers Helpline.
- We provide employers with secure access to their member records. This allows employers to validate the information held by the Fund, efficiently submit forms for pension processing, ensure greater accuracy of data, raise and respond to queries and carry out pension estimates.
- We also provide bulk data import facilities for high volumes of data.
- We provide an employer's website which includes an online Employers' Guide to the administration of the Fund.
- We offer training courses that aim to educate and inform employers on pension matters and working procedures.
- We hold an Annual Employer Meeting.
- We send out mailshots to advise all employers of developments.

We have recently introduced an Employer Engagement Strategy. This Strategy sets how we will involve and consult with our employers in line with our service standards. The Employer Engagement Strategy can be found on our website at: [Employer Engagement Strategy](#).

The Fund invites its employers to provide feedback in the form of satisfaction surveys each year. The satisfaction survey showed a high level of satisfaction at 90% of employers for 2023/24.

PROMOTION OF MEMBERSHIP, INCLUDING AUTO ENROLMENT

The employers have a range of responsibilities, under both the Scheme Regulations and the wider Auto Enrolment legislation, in respect of the admission of their employees to the Scheme.

The Fund has worked with employers to ensure they understand their legal responsibilities.

We work with organisations that are required or have opted to participate in the Scheme to ensure that their admission to the Fund is taken forward efficiently and in a timely manner, and that appropriate financial provisions, including guarantees and bonds, are put into place.

In particular, we work with new employers to ensure they understand and are complying with the rules in respect of admission and, where appropriate, the re-admission of their employees into the Scheme.

SYSTEMS

The Fund uses the Civica UPM Pension Administration system and has done since 2003.

The Fund has moved to electronic processing for employers with the use of bulk data import and online forms. In September 2017, we removed the use of paper where an electronic method was in place. The use of email, electronic communication and our website is an integral part of the service delivery package. We are committed to developing and improving these approaches going forward.

WEBSITE WWW.TWPF.INFO

Through our public website, members have access to:

- Details on how to contact the Fund.
- Latest news and topical issues.
- Our range of leaflets.
- Pension payment dates and details of pension inflation proofing.
- The Annual Report and Accounts.
- The Fund's main policy documents, including the Governance Compliance Statement, Funding Strategy Statement, Pensions Administration Strategy, Investment Strategy Statement, the Corporate Governance and Responsible Investment Policy, Climate Change Policy, Communication Policy Statement and the Service Plan.
- Links to other useful websites.

In addition to the main website, there is a password-protected area for employers. The majority of employers have registered to use these services, which provide access to:

- Pensions Committee Reports (where relevant).
- Latest news and topical issues.
- The Employers' Administration Guide.
- The pension records of their employees.
- Online administration forms for pension processing and estimates.
- The ability to carry out pension estimates and calculations.

We have developed an email alert facility to provide news and latest information to employers. All of our mailshots are now sent out electronically. This facility has greatly improved the efficiency of keeping employers informed and allows them to distribute information within their own organisation.





BENEFIT STATEMENTS

We provided all pensioners with their annual update, P60, and pension increase information in April 2023.

We also gathered all the information we needed from employers to be able to provide our members with their annual benefit statements. Our deferred member statements were released in June and active member statements in July, both well ahead of the statutory deadline of 31 August 2023.

MCCLLOUD JUDGEMENT AND REMEDY

The McCloud Judgement is a ruling made in December 2018 that public sector pension reforms unlawfully discriminated against some members on the grounds of age, by only providing protections against changes in pension arrangements for older members.

The proposed remedy to correct this position was first announced by Government in July 2020, although much of the detail has only emerged over subsequent years. Applying the remedy has been a huge undertaking and required significant staffing resource. The Fund took the decision to employ temporary staff to alleviate the work pressures arising from the implementation of the McCloud remedy.

All members records have now been updated and all members that fall within the scope of the McCloud have been identified. Fund Officers are working with the software provider to ensure the system is developed so processes are fully automated.

Whilst most of the work is completed for new retirements, the work on retrospective cases is yet to commence.

MONTHLY DATA COLLECTION

The Fund is in the process of moving towards monthly contribution and data collection from its employers and has started the onboarding of employers. Collecting data on a monthly basis will help ensure more accurate data and will provide efficiencies moving forward.

The Fund has a project plan in place, and it is expected that all employers will be onboarded by the end of 2025.

EMPLOYER HUB

The Fund is upgrading its current Employer Hub, which allows employers to transfer member data electronically.

The Fund is currently in the testing phase of the project and working closely with the software provider to ensure it provides full functionality before the go live date. The new hub will provide efficiencies, an improved look and feel, and the ability to make system improvements in the future.

PENSIONS DASHBOARD

Pensions Dashboards will be secure online platforms which will enable individuals to access their pension information in one place. The Fund must be dashboard ready by October 2025.

The Fund has a project plan in place to connect to dashboards and has chosen an Integrated Service Provider (ISP) who will be responsible for passing information between the Fund and the dashboard.

Various organisations, including the LGA, have produced guidance for administering authorities identifying the steps needed for connection. The Fund continues to refer to and review these to ensure compliance.

INTERNAL DISPUTE RESOLUTION PROCEDURES

The Local Government Pension Scheme Regulations provide for a two-tier internal dispute resolution procedure (IDRP). The IDRP provides a mechanism for dealing with complaints from active, deferred or pensioner members of the LGPS about decisions relating to their pension benefits made by either their employer or the Pension Fund.

The first stage of the IDRP involves the member referring the decision that they are disputing to the adjudicator appointed by the organisation who made that decision. In many cases this is the member's own employer, but in some cases, it is the Pension Fund. Decisions are usually communicated within two months.

If, having received the adjudicator's decision, the member remains dissatisfied then they can appeal the decision to the Pension Fund's Panel of Appointed Persons. The appointed person dealing with the case will reconsider the matter and will let the member know their decision, usually within two months of receiving the member's letter requesting reconsideration.

If members are still not satisfied once the IDRP has been completed, then they have the option of referring the matter to the Pensions Ombudsman.

Members can, at any point, contact the Pensions Advisory Service and ask for their assistance and support.

During the year, the Fund received five IDRP cases, this was the same number as the previous year. All cases, for both years, were not upheld by the adjudicator. Additionally, the Fund received 17 complaints in the year.

The Fund did not have any cases in the year referred to the Pensions Ombudsman.

PENSION SCAMS

For a number of years, the Fund has been warning members of the risk of pension scams.

The Pensions Regulator is committed to combatting pension scams and has published their Scams Strategy which sets out its aims to protect savers. In association with a number of organisations, the Regulator runs high profile campaigns to combat fraud.

The Fund has taken a number of actions to reduce the risk of fraud and to comply with the Pensions Regulator's recommendations. This includes complying with the Occupational and Personal Pension Schemes (Conditions for Transfers) Regulations 2021 and a rigorous due diligence process.

All processing and documentation is regularly reviewed and amended to ensure that members can make fully informed decisions when transferring benefits out of the Fund and links to the above campaigns are included.

TAX ON PENSIONS

When members contribute towards the Scheme, they receive tax relief on their contributions and the benefits they build up. In 2006, the Government set limits on annual and lifetime growth. These limits have reduced over time. For 2022/23, the annual allowance was £40,000 (with a tapered allowance for higher earners) and the lifetime allowance was £1.073 million.

In March 2023, the Government announced that the annual allowance limit would increase to £60,000 from 6 April 2023 (with a tapered allowance for high earners). The lifetime allowance was abolished from 6 April 2024.

Active members are advised of the current limits in their annual benefits statements and provided with guidance notes and useful contacts. Where the annual allowance has been exceeded, members are provided with a pension savings statement to assist with their tax return. In addition, tax limits are checked when benefits are paid.

THE PENSIONS REGULATOR

The Pensions Regulator has responsibility for overseeing the Local Government Pension Scheme and is committed to ensuring that every fund reaches a basic level of compliance against the law and the Regulator's Code of Practice. The new "General Code" came into effect on 28 March 2024 in place of the former Code of Practice 14.

The Regulator expects funds to self-assess their current levels of compliance against both the law and the Code of Practice. The Fund's compliance with the former Code of Practice 14 was confirmed by an independent review undertaken by Aon in 2022/23. A review for compliance with the new code is underway.

DATA QUALITY AND SECURITY

Accurate and secure data is of the utmost importance to us. To administer the LGPS and calculate and pay benefits we hold a significant amount of data. Various pieces of legislation set out how this should be managed and how we monitor compliance.

To assist with data quality, we routinely undertake data cleaning exercises, and a Data Improvement Plan is in place. An annual Data quality report is provided to the Local Pensions Board and Pensions Committee.

In respect of how we demonstrate data quality, the Pensions Regulator requires that we measure and report on two types of data:

- **Common Data** – used to identify members using data such as name, address and national insurance number. In 2023 our score was 99.9%, which was a slight increase on the previous year.
- **Scheme Specific Data** – used to calculate benefit entitlements. In 2023 our score was 99.6%, which reflected an increase from 99.3% in the previous year.

Our membership data sits within South Tyneside Council's framework and policies. The Council has stringent measures in place to ensure the security of the network and participates in national and regional groups and initiatives.

To protect the Fund and the wider Council, South Tyneside Council has increased and enhanced the resources allocated to resilience, security and business continuity. A dedicated Cyber Security Team and Cyber and Information Security Team are in place. A Cyber and Information Security Board at South Tyneside Council reviews current threats and discusses cyber improvements. Representation on the Board includes a Senior Information Risk Officer, Data Protection Officer, Information Governance Manager and Senior ICT staff.

Compliance with the GDPR was checked prior to them coming into force in May 2018 and continues to be monitored on an ongoing basis. An internal audit in 2019 provided substantial assurance.



ADMINISTRATIVE MANAGEMENT PERFORMANCE

INTRODUCTION

To demonstrate that we operate a well-run pension service that provides value for money and good quality services to Scheme members and employers, we benchmark against other pension funds.

VALUE FOR MONEY

One of our key priorities is to deliver a quality service for our members and employers, but to do so in a cost efficient way which ensures value for money.

To ensure that we continue to provide value for money, we closely monitor budgets. The Pension Fund Finance Team leads on tracking budgets with oversight by each Principal Officer. Monthly budget tracking reports are provided to the Head of Pensions and quarterly reports are taken to Pensions Committee and the Local Pension Board.

In addition to internal monitoring, we also benchmark against other pension funds. Our main source of benchmarking is through CEM. The CEM Pensions Administration Benchmarking Group is an independent benchmarking scheme that benchmarks large public and private sector pension funds across the globe with a focus on both cost and quality.

The CEM report for 2023 identified that the Fund provides a basic service at low cost, which is the same categorisation as in previous years, demonstrating that the Fund is focusing on service improvements that are being implemented cost effectively.

Key figures from the benchmarking exercise were:

OPERATIONAL EXPENSES

	2022/23	2023/24
Total Membership (No.)	179,834	184,722
Investment management expenses		
Total Cost (£'million)	59.224	67.176
Sub cost per member (£)	329.33	363.66
Administration costs		
Total Cost (£'million)	3.279	3.398
Sub cost per member (£)	18.23	18.39
Oversight and governance costs		
Total Cost (£'million)	2.524	2.390
Sub cost per member (£)	14.04	12.94
Total cost per member (£)	361.60	394.99

As can be seen, there is an increased cost for investment management expenses which relates to an increase in performance fees earned by the alternatives managers, on the back of more positive performance than the previous year.

There is an increase in the administration costs which arises mainly from updating the pensions administration software contract.

There is a decrease in the oversight and governance costs arising from reorganisation with the transfer of legal staff from South Tyneside Council into the pension service.

Overall, the increased costs per member on investment expenses has driven the increased costs per member but asset performance in the year is significantly improved from the previous year.

We believe that our internal model of service delivery ensures excellent value for money for our members, employers and taxpayers. Going forward, we plan to invest in our administration system to drive further automation which will deliver further financial savings.

AGE PROFILE OF FUND MEMBERSHIP AT 31ST MARCH 2024

AGE BAND	MEMBERSHIP TYPE					TOTAL
	ACTIVE	DEFERRED	BENEFICIARY	PENSIONER	PRESERVED REFUNDS	
<20	828	7	300	0	80	1,215
20-24	2,985	457	64	0	660	4,166
25-29	4,808	1,880	8	0	996	7,692
30-34	5,507	3,658	10	1	660	9,836
35-39	7,095	6,609	11	7	555	14,277
40-44	7,822	8,098	47	22	612	16,601
45-49	7,575	7,820	97	56	562	16,110
50-54	8,802	9,759	159	189	606	19,515
55-59	9,206	8,939	402	3,487	576	22,610
60-64	6,259	4,178	680	11,145	409	22,671
65-69	1,669	554	940	15,679	162	19,004
70-74	245	118	1,297	12,429	49	14,138
75-79	0	0	1,675	9,665	0	11,340
80-84	0	0	1,277	4,545	0	5,822
85-89	0	0	1,216	2,593	0	3,809
>89	0	0	707	1,136	0	1,843
	62,801	52,077	8,890	60,954	5,927	190,649



ANNEX A – ADMINISTRATION KEY PERFORMANCE INDICATORS

TABLE A – TOTAL NUMBER OF CASEWORK

Ref	Casework KPI	Total number of cases open as at 31 March (starting position)	Total number of new cases created in the year (1 April to 30 March)	Total number of cases completed in year	Total % of cases completed in year	Total number of cases completed in previous year	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	269	2,220	2,176	87%		
A2	New dependent member benefits	3	823	817	99%		
A3	Deferred member retirements	480	5,450	5,251	89%		
A4	Active member retirements	256	4,562	4,513	94%		
A5	Deferred benefits	2,605	4,828	4,583	62%		
A6	Transfers in (including interfunds in, club transfers)	66	692	638	84%		
A7	Transfers out (including interfunds out, club transfers)	55	1,332	1,244	90%		
A8	Refunds	450	5,308	4,812	84%		
A9	Divorce quotations issued	19	344	338	93%		
A10	Actual divorce cases	9	37	19	41%		
A11	Member estimates requested either by scheme member and employer	24	549	439	77%		
A12	New joiner notifications	24	2,718	2,527	92%		
A13	Aggregation cases	4,707	13,661	8,515	46%		
A14	Optants out received after 3 months membership						

TABLE B – TIME TAKEN TO PROCESS CASEWORK

Ref	Casework KPI	Fund Target	% completed within fund target in year	% completed in previous year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	–		
B2	Communication issued confirming the amount of dependents pension	10 days	84%	84%
B3	Communication issued to deferred member with pension and lump sum options (quotation)	30 days	37%	44%
B4	Communication issued to active member with pension and lump sum options (quotation)	15 days	68%	48%
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 days	93%	86%
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15 days	98%	96%
B7	Payment of lump sum (both actives and deferreds)	15 days	98%	96%
B8	Communication issued with deferred benefit options	30 days	99%	
B9	Communication issued to scheme member with completion of transfer in	30 days	80%	94%
B10	Communication issued to scheme member with completion of transfer out	15 days	98%	54%
B11	Payment of refund	15 days	96%	83%
B12	Divorce quotation	45 days	91%	93%
B13	Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	–		
B14	Communication issued to new starters	20 days	99%	98%
B15	Member estimates requested by scheme member and employer	15 days	68%	48%

TABLE C – COMMUNICATIONS AND ENGAGEMENT

Ref	Engagement with online portals	Percentage as at 31 March	
C1	% of active members registered	49%	
C2	% of deferred member registered	33%	
C3	% of pensioner and survivor members	42%	
C4	% total of all scheme members registered for self-service	42%	
C5	Number of registered users by age	Age	No of Registered Members
		<20	132
		20-24	924
		25-29	2,182
		30-34	2,714
		35-39	3,857
		40-44	4,789
		45-49	5,032
		50-54	7,160
		55-59	10,362
		60-64	11,201
		65-69	8,420
		70-74	4,532
		75-79	2,755
		80-84	917
85-89	432		
>89	166		
	Total	65575	
C6	% of all registered users that have logged onto the service in the last 12 months	20%	
	Communication		
C7	Total number of telephone calls received in year	29507	
C8	Total number of email and online channel queries received	8225	
C9	Number of scheme member events held in year (total of in-person and online)	0	
C10	Number of employer engagement events held in year (in-person and online)	2	
C11	Number of active members who received a one-to-one (in-person and online)	452	
C12	Number of times a communication (i.e. newsletter) issued to:		
	a) Active members	1	
	b) Deferred members	1	
	c) Pensioners	1	

TABLE D – RESOURCES

Ref	Resources	KPI
D1	Total number of all administration staff (FTE)	62
D2	Average service length of all administration staff	14
D3	Staff vacancy rate as %	0
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	3,082 per 1 member of administration staff
D5	Ratio of administration staff (excluding management) to total number of scheme members	3,472 per 1 member of administration staff

TABLE E – DATA QUALITY

Ref	Annual Benefit Statements	KPI
E1	Percentage of annual benefit statements issued as at 31 August	98% Active Benefit Statements 99% Deferred Benefit Statements
E2	Short commentary if less than 100%	Statement failure due to missing data, where a statement fails due to employer enquiries, the fund continues to work with employers to resolve and then issue a statement.
Data category		
E3	Common data score	99%
E4	Scheme specific data score	99%
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	1.29%
E6	Percentage of active, deferred and pensioner members with an email address held on file	47%
Employer performance		
E7	Percentage of employers set up to make monthly data submissions	1
E8	Percentage of employers who submitted monthly data on time during the reporting year	1

GUIDANCE NOTES

Table A	
Process Numbers	Casework data relates to all processes started/completed in these areas
Total number of cases open as at 31 March (starting position)	Starting Position at 31st March 2023
Total number of new cases created in the year (1 April to 30 March)	1st April 2023 to and including 30th April 2024
Total number of cases completed in previous year	No data reported as first year included in annual report
Total % of cases completed in previous year	No data reported as first year included in annual report
A12	Excludes BDI Joiner Data
A14	Data not recorded, to be reviewed

Table B	
Fund Target	Target for 2023-24. These are reviewed annually.
B1	KPI introduced 2024-25
B8	KPI introduced 2023-24, no data for 2022-23
B13	KPI introduced 2024-25

Table C	
C5	Members may have more than one membership record that can be accessed through one username and login. These values reflect numbers of users and not memberships

MEMBERSHIP OF THE FUND

As at 31st March 2024, there were 335 employers participating in the Fund.

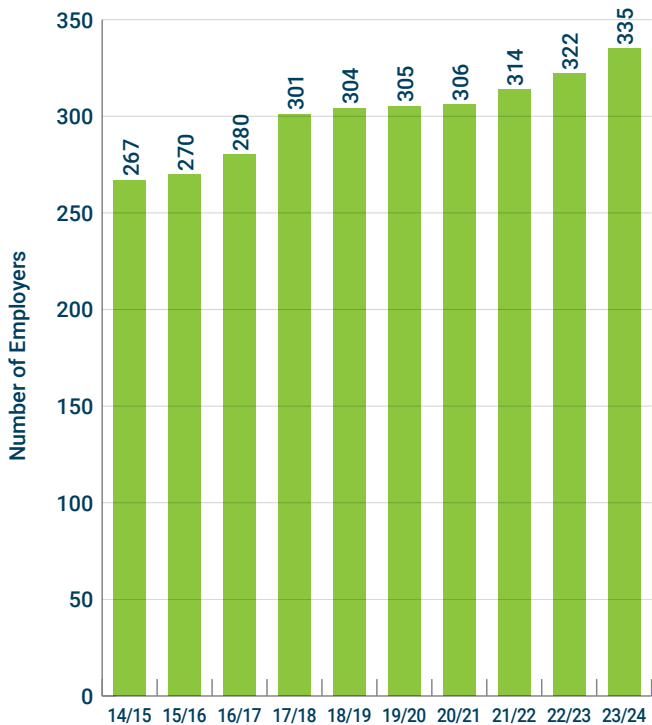
This includes the five district councils within Tyne and Wear, Northumberland County Council and a wide range of other organisations that provide a public service within the Tyne and Wear and Northumberland County areas.

As part of the merger in April 2020, 27,000 members and 39 employers were transferred into the merged Fund as at 1st April 2020.

The data shown below for 2020/21 onwards is based on the merged Fund. For earlier periods the data is a combination of the position for each Fund. This should hopefully provide a better trend on the movement in employer numbers and membership.

The number of participating employers over the past ten years in the Tyne and Wear Pension Fund and Northumberland County Council Pension Fund is shown in the chart below:

The increases are largely caused by the local authorities and academies outsourcing work to contractors that took up admitted body status in the Fund, and schools converting to academy status and taking up scheduled body status in the Fund.



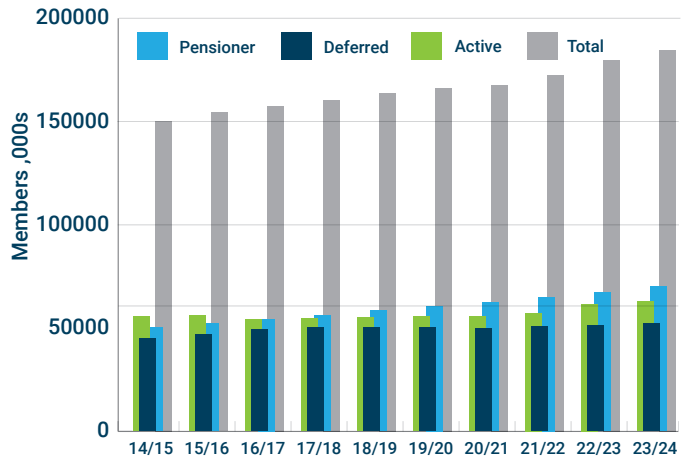
Number of Employers at 31 March 2024

	Scheduled	Designated	Admitted	Total
Employers with Active members	84	17	55	156
Employers with liabilities but no active members	34	11	134	179
Total	118	28	189	335

The Fund had 184,722 members as at 31st March 2024.

The total membership shown here excludes members who are currently only entitled to a preserved refund but have chosen not to receive this as at the year end. The total of such members as at 31st March 2024 was 5,927 (5,459 as at 31st March 2023).

The chart shows the movement in membership of the combined Funds over the past ten years.



Total membership has increased through this period, driven by an increase in all categories of membership. The active membership in the Fund was relatively stable from 2014/15 through to 2020/21 but has started to rise again in the last three years.

New Pensioners

During the year the Fund paid pensions to 3,558 new pensioners. Of these 2,593 were members who retired in advance of the normal retirement age, 817 were members who retired at their normal retirement age and 148 were ill health retirements.

TYNE AND WEAR PENSION FUND MEMBERSHIP ANALYSIS

COUNTY AND DISTRICT COUNCILS	MEMBERS AS AT 31ST MARCH 2024			CONTRIBUTIONS RECEIVED IN RESPECT OF	
	ACTIVES	DEFERRED	PENSIONERS	EMPLOYERS £'000	EMPLOYEES £'000
Gateshead Council	6,940	5,675	8,548	27,019	10,001
Newcastle City Council	7,205	6,527	11,105	31,570	11,473
North Tyneside Council	7,145	5,357	7,159	25,722	8,875
Northumberland County Council	7,548	7,328	9,735	30,940	10,382
South Tyneside Council	4,639	4,227	6,095	18,746	6,343
City of Sunderland Council	3,882	5,502	9,074	17,371	5,979
Sub Totals	37,359	34,616	51,716	151,368	53,053

SCHEDULE 2 PART 1 EMPLOYERS	ACTIVES	DEFERRED	PENSIONERS	EMPLOYERS £'000	EMPLOYEES £'000
Academy 360	0	20	21	0	0
ACER Learning Trust	0	16	4	0	0
Aim High Academy Trust	83	44	16	178	60
All Saints Academies Trust	0	14	9	0	0
Aspire North East Multi Academy	123	42	37	347	138
Balmoral Learning Trust	87	43	23	206	66
Barnes Academy Trust	33	17	6	60	22
Barnwell Academy Trust	38	23	10	119	40
Beacon of Light School	0	7	2	16	5
Berwick Academy	51	17	22	231	50
Biddick Academy Trust	44	46	22	167	65
Bishop Bewick Catholic Education Trust	1,189	281	142	2,844	895
Bishop Chadwick Catholic Education Trust	651	71	73	1,895	601
Bishop Wilkinson Catholic Education Trust	761	155	120	2,188	678
Brighter Academy Trust	0	35	25	92	30
Castle View Enterprise Academy	78	51	17	152	76
Centurion Multi Academy Trust	157	0	0	89	28
Cheviot Learning Trust	577	181	78	1,187	323
City of Sunderland College	514	765	634	1,956	631
Consilium Academies	148	45	33	488	171
Cramlington Learning Village	175	72	30	445	120
Cramlington Village Primary School	22	12	2	42	16
Dayspring Trust	0	31	19	0	0
Diamond Hall Infant Academy	31	25	5	67	26
Discover Learning Trust	152	37	31	360	129
Discovery Learning Limited	0	1	1	0	0
Durham and Newcastle Diocesan Learning Trust	102	8	6	277	93
Eden Learning Trust	80	0	0	84	28
Emmanuel Schools Foundation	316	134	60	1,154	396
Eppleton Academy Primary School	17	14	4	41	12
Extol Academy Trust	32	14	2	84	27
Former North East Regional Airport	0	0	4	0	0
Former Tyne and Wear County Council	0	0	178	0	0
Former Tyne and Wear Residuary Body	0	0	21	0	0
Gateshead College	283	468	285	1,218	412

SCHEDULE 2 PART 1 EMPLOYERS	ACTIVES	DEFERRED	PENSIONERS	EMPLOYERS £'000	EMPLOYEES £'000
Gateshead Housing Company	0	223	266	0	0
Gosforth Federated Academies Ltd	434	181	73	1,128	399
Grasmere Academy	14	16	6	35	12
Grindon Hall Christian School	0	4	3	0	0
Hadrian Learning Trust	204	74	37	519	120
Holy Trinity Church of England Academy	20	8	5	67	23
Inspire Multi Academy Trust	100	45	20	272	94
Iris Learning Trust	88	15	13	257	77
Jigsaw Learning Trust	43	22	5	119	36
Joseph Swan Academy	0	34	6	0	0
Kibblesworth Academy	15	9	12	28	7
Learning Matters Trust Limited	0	49	21	170	57
Lord Lawson of Beamish Academy	64	38	28	225	81
Meadowdale Academy	0	22	10	0	0
Monkton Infants School	11	3	2	35	12
Monkton Academy	17	1	4	25	9
Monkwearmouth College	0	0	2	0	0
NCG	1,121	2,239	1,011	4,853	1,659
Neat Academy Trust	357	151	33	883	293
Newcastle Education Action Zone	0	0	3	0	0
North East Learning Trust	175	72	43	426	140
North Tyneside College	0	30	39	0	0
North View Academy Trust	0	3	2	0	0
Northern Leaders Trust	133	118	41	402	182
Northern Lights Learning Trust	118	15	5	374	134
Northumberland Church of England Academy	349	190	127	972	361
Northumberland Magistrates Courts	0	15	78	0	0
Northumberland National Park Authority	80	84	65	358	146
Northumbria Police Authority	0	769	1,431	0	0
Northumbria University	1,581	1,674	1,603	8,145	3,121
Oak Learning Trust	137	23	19	294	99
One (Owl North East)	188	0	0	127	39
Our Lady of Mercy Catholic Education Trust	0	7	117	0	0
Pele Trust	629	76	20	937	265
Police and Crime Commissioner for Northumbria	41	4	3	284	124
Ponteland Academy Trust	31	12	6	61	18
Prosper Learning Trust	317	89	23	740	269
Red House Academy	0	13	7	0	0
Redby Primary Academy	0	5	1	0	0
River Tees Multi Academy Trust	29	10	2	112	40
Riverside Primary Academy	30	13	5	65	21
Ryhope Infant School Academy	19	3	9	59	18
Smart Multi Academy Trust	245	84	47	775	201
South Tyneside Education Action Zone	0	1	1	0	0
South Tyneside Homes	600	317	422	2,402	1,248
St Aidan's Education Trust	0	14	22	0	0
St Cuthbert's Catholic High School	0	16	19	0	0
St Jospeh's Catholic Education Trust	0	27	28	0	0
St Mary's Catholic School Trust	0	17	7	0	0
Sunderland Education Action Zone	0	0	1	0	0
The Ascent Academies Trust	126	97	46	381	165
The Cedars Academy Trust	75	34	11	194	80
The Chief Constable for Northumbria	2,215	733	559	11,231	4,524
The Durham, Gateshead, South Tyneside and Sunderland Combined Authority	47	20	81	0	134
The Eden Academy	105	29	7	206	62

SCHEDULE 2 PART 1 EMPLOYERS	ACTIVES	DEFERRED	PENSIONERS	EMPLOYERS £'000	EMPLOYEES £'000
The Illuminaire Multi Academy Trust	84	26	11	457	109
The Laidlaw Schools Trust	390	211	97	1,081	415
The Newcastle Upon Tyne, North Tyneside and Northumberland Combined Authority	150	30	7	985	493
The Northern Education Trust	515	206	133	1,655	606
Trinity Academy Newcastle	89	61	14	311	125
Tyne and Wear Fire & Rescue Service	312	197	316	1,622	595
Tyne Coast Academy Trust	201	99	34	589	226
Tyne Coast College	319	291	343	1,439	439
Tyne Community Learning Trust	0	102	32	219	57
Tyne Metropolitan College	0	181	95	0	0
Tynemouth College	0	15	17	0	0
University of Sunderland	1,158	905	1,021	7,082	2,267
Valour Multi Academy Trust	66	21	1	132	42
Vision Learning Trust	113	21	17	205	66
Wearside College	0	1	5	0	0
West Newcastle Academy	29	20	3	53	22
Whickham School and Sports College	210	60	23	394	121
Whitburn Church of England Academy	87	30	32	229	75
Wise Academies	409	221	98	1,037	355
Woodard Academies Trust	99	43	13	264	81
XP School Trust Limited (Gateshead)	9	0	0	19	8
Your Homes Newcastle	737	566	532	2,215	1,357
SUB TOTALS	20,479	13,744	11,143	73,136	26,867

SCHEDULE 2 PART 2 EMPLOYERS	ACTIVES	DEFERRED	PENSIONERS	EMPLOYERS £'000	EMPLOYEES £'000
Alnwick Town Council	4	0	0	27	7
Ashington Town Council	7	1	2	36	13
Birtley Town Council	0	0	6	0	0
Blue Square Trading Limited	0	6	6	0	0
Care and Support Sunderland Limited	0	7	3	0	0
Castle View Community and Fitness Centre Limited	0	7	1	0	0
Choppington Parish Council	3	0	1	20	8
Corbridge Parish Council	2	1	0	8	3
Hexham Town Council	7	3	8	21	7
Illuminaire Business Services Limited	5	3	1	59	9
Learning World	0	6	1	0	0
Morpeth Town Council	7	4	4	35	13
Neat Active Limited	0	6	0	3	0
Newbiggin by the Sea Town Council	2	0	1	12	4
Nexus	1,112	445	1,353	4,553	3,443
Northumberland Inshore Fisheries & Conservation Authority	16	9	9	88	32
Northumbria University Nursery Limited	6	2	7	7	4
Ponteland Town Council	3	0	0	5	1
Regent Funeral Services	7	1	0	23	7
Seaton Valley Council	0	1	0	0	0
Sunderland Care and Support Limited (SCSL)	928	196	342	2,038	590
Sunderland Live Limited	0	17	4	0	0
The Intraining Group Limited	0	22	10	0	0
Together for Children	1,038	265	127	4,974	1,948
University of Sunderland London Campus Limited	7	0	1	80	50
Victims First Northumbria	0	6	2	0	0
West Bedlington Town Council	2	0	1	7	3
Zero Carbon Futures (North) Limited	0	2	1	0	0
SUB TOTALS	3,156	1,010	1,891	11,996	6,142

ADMITTED BODIES	ACTIVES	DEFERRED	PENSIONERS	EMPLOYERS £'000	EMPLOYEES £'000
Action for Children	0	17	5	0	0
Active Northumberland	79	72	93	3	94
Age Concern Newcastle	0	17	78	0	0
Age UK Northumberland	0	8	22	0	0
AQA Education	0	0	7	0	0
Aramark Limited	1	0	0	8	1
Association of North East Councils	51	42	24	106	115
Azure Business Centres Limited	0	0	2	0	0
Balfour Beatty Living Places Limited	11	0	10	21	34
Baltic Flour Mills Visual Arts Trust	1	4	4	11	2
Barnardo's Services Limited	0	14	4	0	0
Bell Decorating Group Limited	0	1	0	0	0
Benton Grange School	0	0	3	0	0
Benwell Young Peoples Development Group	0	2	1	0	0
Bernicia Group (Berwick Housing)	5	3	15	34	9
Bernicia Group (Wansbeck Homes)	51	21	98	431	133
Brunswick Young Peoples Project	0	1	2	0	0
BT South Tyneside Limited	0	64	104	0	0
Bullough Cleaning Services (Multiple Schools)	0	4	5	0	0
Bullough Cleaning Services Limited (Southmoor)	0	5	1	54	0
Bulloughs Contract Services (Ryton)	0	1	0	0	0
Bulloughs Cleaning Services	0	0	1	0	0
Byker Community Trust	0	2	1	0	0
Capita Property and Infrastructure Limited	59	37	58	0	116
Carillion (Jarrow School)	0	1	7	0	0
Carillion (Lord Lawson Academy)	0	0	1	0	0
Carillion Integrated Services Limited (NEFRA)	0	0	2	0	0
Carillion Services Limited (SSCS)	0	2	11	0	0
Castle Morpeth Housing	0	3	8	0	0
Cater Link Limited (New York Primary)	0	2	0	12	2
Cater Link Limited (Riverside Primary School)	0	1	1	6	1
Cater Link Limited (St Joseph's Catholic Primary School)	0	2	0	15	2
Cater Link Limited (Star of the Sea Rc Primary School)	0	4	0	28	3
Cater Link Limited (Valley Gardens Middle School)	0	2	1	17	2
Catholic Care North East	0	4	29	0	0
CBS Outdoor Limited	0	2	0	0	0
CBS Security Limited	2	0	0	8	2
Childcare Enterprise Limited	0	9	10	0	0
Churchill Contract Services Limited (Cedars)	0	1	2	63	0
Churchill Contract Services Limited (Northumberland C of E Academy)	0	1	2	162	19
Compass Contract Services (U.K.) Limited (Boldon School)	0	0	1	5	1
Compass Contract Services (U.K.) Limited (Lord Lawson - 2022)	1	0	1	0	0
Compass Contract Services (U.K.) Limited (Red House Academy)	0	2	0	30	0
Compass Contract Services (U.K.) Limited (Whickham School)	0	0	3	0	0
Compass Contract Services (U.K.) Limited (Whickham School and Sports College)	2	0	0	9	1
Compass Contract Services Limited (Hilton Primary)	0	2	0	0	0
Compass Contract Services Limited (Thomas Hepburn and Thorp Academies)	0	0	2	0	0

ADMITTED BODIES	ACTIVES	DEFERRED	PENSIONERS	EMPLOYERS £'000	EMPLOYEES £'000
Compass Group Uk & Ireland Limited (North Tyneside)	0	0	1	56	0
Compass Trading (UK) Limited	0	1	2	0	0
DB Regio Tyne and Wear Limited	0	94	148	0	0
Disability North	0	11	23	0	0
Enerveo Limited	2	4	27	0	4
Equans Buildings Limited	10	2	4	75	30
Equans Services Limited (North Tyneside)	50	114	119	1	87
Equans Services Limited (PB)	5	2	4	17	11
Feversham School	0	4	29	0	0
Gateshead Law Centre	0	5	9	0	0
Gentoo Group Limited	656	896	1,204	4,301	1,541
Greenwich Leisure Limited	42	4	2	145	45
Groundwork South Tyneside and Newcastle	1	2	5	22	7
Hebburn Neighbourhood Advice Centre	0	3	1	0	0
Higher Education Funding Council for England	0	0	3	0	0
Hutchinson Catering Limited (EXTOL Trust)	4	0	1	17	2
Hutchinson Catering Limited (George Stephenson)	0	0	2	0	0
Hutchinson Catering Limited (St Stephens-St Bartholomews)	1	0	0	4	1
Hutchinson Catering Limited (Wallsend Schools Group)	13	0	0	0	0
Information North (North Regional Library System)	0	0	2	0	0
Insitu Cleaning	0	4	6	0	0
International Centre for Life	1	8	15	27	10
Involve North East	1	8	2	2	2
Jarvis Accommodation Services Limited	0	2	4	0	0
Jarvis Workspace Facilities Management Limited	0	1	4	0	0
Karbon Homes	10	2	23	110	21
Karbon Homes (Byker)	3	0	1	44	14
Kenton Park Sports Centre	0	8	4	0	0
Kgb Cleaning and Support Services Limited	0	13	9	0	0
Kier North Tyneside Limited	0	56	160	0	0
Lovell Partnership Limited	0	3	7	6	1
Maxim Facilities Management Limited (Harton Academy)	4	0	0	0	0
Maxim Facilities Management Limited (South Tyneside)	0	0	1	0	0
Mears Limited (Gateshead)	0	9	57	0	0
Mellors Catering Services Limited (George Stephenson)	1	0	0	0	0
Milecastle Housing	0	7	35	0	0
Mitie Cleaning and Environmental Services Limited (Whickham)	0	1	0	3	0
Mitie Cleaning (North) Limited	0	1	0	0	0
Mitie PFI Limited (Boldon School)	5	1	2	12	5
Mitie PFI Ltd (North Tyneside)	0	0	1	0	0
Morrison Facilities Services Limited 1	0	8	21	0	0
Morrison Facilities Services Limited 2	0	50	69	0	0
Morse	0	12	0	0	0
Museums Libraries and Archives North East	0	12	11	0	0
National Car Parks	0	0	5	0	0
National Glass Centre	0	1	0	0	0
Newcastle Family Service Unit	0	0	6	0	0
Newcastle Gateshead Initiative Limited	0	1	0	0	0
Newcastle Healthy City Project	0	11	16	0	0

ADMITTED BODIES	ACTIVES	DEFERRED	PENSIONERS	EMPLOYERS £'000	EMPLOYEES £'000
Newcastle International Airport	39	139	500	95	175
Newcastle Tenants and Residents Federation (NTRF)	0	1	0	0	0
Newcastle Tenants Federation	0	0	5	0	0
Newcastle Theatre Royal Trust Limited	255	169	84	261	170
Newcastle West End Partnership	0	2	0	0	0
Newcastle Youth Congress	0	1	1	0	0
No Limits Theatre Company	0	1	1	0	0
Norcare	0	0	2	0	0
Norland Road Community Centre	0	0	1	0	0
North Country Leisure	0	22	10	0	0
North Country Leisure 2	0	12	10	0	0
North East Innovation Centre	0	4	16	0	0
North East Law Centre	1	10	4	15	3
North East Metro Operations Limited	0	76	53	0	0
North East Regional Employers Organisation	5	2	6	94	10
North Tyneside City Challenge	0	1	3	0	0
North Tyneside Disability Advice	0	0	1	0	0
Northern Arts Association	0	11	31	0	0
Northern Council for Further Education	0	4	18	0	0
Northern Counties School for the Deaf	0	8	22	0	0
Northern Grid for Learning	0	6	5	0	0
Northumberland Aged Mineworkers Homes Association	8	0	9	111	23
Northumberland Care Trust	0	27	66	0	0
Northumbria Healthcare NHS Foundation Trust	0	2	42	-155	-7
Northumbria Tourist Board	0	9	25	0	0
OCS Group UK Limited (Jarrow)	0	1	1	0	0
OCS Group UK Limited (SSCS)	0	2	6	0	0
One North East	0	0	6	0	0
Orian Solutions Limited (Gateshead)	0	1	1	0	0
Orian Solutions Limited (Newcastle)	0	2	0	0	0
Orian Solutions Limited (Parkhead Primary School)	1	0	0	9	1
Orian Solutions Limited (Pele Trust)	0	1	0	6	0
Orian Solutions Limited (Southmoor)	0	3	0	6	1
Orian Solutions Limited (St Benet Biscop Academy)	2	0	0	7	1
Orian Solutions Ltd (Washingwell Primary)	0	1	1	0	0
Ouseburn Trust	0	1	0	0	0
Parsons Brinkerhoff	0	3	3	0	0
Passenger Transport Company	0	0	69	0	0
Percy Hedley Foundation	0	12	16	45	9
Port of Tyne Authority	0	0	1	0	0
Praxis Service	1	1	4	19	6
Property Management Integrated Services and Employment Company Limited	2	3	1	36	5
Queens Hall Arts Centre	1	2	4	7	2
Raich Carter Sports Complex	0	41	2	0	0
Remondis JBT Limited	0	0	1	0	0
Rm Education	0	2	2	0	0
Robertson Facilities Management (Newcastle Phase 2)	1	1	2	0	1
Robertson Facilities Management Limited	1	1	8	0	4

ADMITTED BODIES	ACTIVES	DEFERRED	PENSIONERS	EMPLOYERS £'000	EMPLOYEES £'000
Scolarest (Newcastle)	0	4	19	0	0
Scolarest PFI (Boldon)	0	0	1	0	0
Search Project	0	0	4	0	0
Simonside Community Centre	0	3	0	0	0
Slm Community Leisure Charitable Trust	116	124	49	92	66
SLM Fitness and Health Limited	40	23	2	34	8
SLM Food and Beverage Limited	0	3	0	0	0
Sodexo Limited	0	2	5	0	0
Sodexo Limited (Tyne Coast)	0	0	2	13	2
South Tyne Football Trust	0	0	1	0	0
South Tyneside Integrated Care Limited	11	3	6	0	17
South Tyneside Victim Support	0	0	2	0	0
St Mary Magdalene and Holy Jesus Trust	1	2	11	17	2
St Mary the Virgin Hospital	0	0	1	0	0
Stadler Rail Service Uk Limited	77	27	23	506	262
Stagecoach Services Limited	0	28	821	0	0
SUEZ Recycling and Recovery UK Limited (South Tyneside Gateshead)	2	0	0	23	4
Suez Recycling and Recovery UK Limited (Sunderland)	4	0	3	45	8
Sunderland City Training and Enterprise Council	0	18	47	0	0
Sunderland Empire Theatre Trust	0	1	4	0	0
Sunderland Outdoor Activities	0	0	2	0	0
Sunderland People First Co-Operative Community Interest Company	2	2	0	8	4
Sunderland Streetlighting Limited	10	16	42	126	35
Taylor Shaw	0	5	2	0	0
The Disabilities Trust	0	1	5	0	0
The Human Support Group Limited	3	0	3	13	2
The Ozanam House Probation Hostel Committee	33	35	24	257	53
Thomas Gaughan Community Association	0	1	1	0	0
TT2 Limited	103	20	70	259	321
Twam Enterprises Limited	6	2	0	23	8
Tyne and Wear Development Company Limited	0	17	12	0	0
Tyne and Wear Development Corporation	0	4	45	0	0
Tyne and Wear Enterprise Trust	0	8	27	0	0
Tyne and Wear Play Association	0	0	1	0	0
Tyne and Wear Small Business Service	0	5	16	0	0
Tyne Waste Limited	0	2	16	0	0
Tyneside Deaf Youth Project	0	2	1	0	0
Tyneside Training and Enterprise Council	0	16	42	0	0
Urban Green Newcastle	2	7	3	21	4
Valley Citizens Advice Bureau	0	0	1	0	0
Walker Profiles (North East) Limited	0	16	14	0	0
Wallsend Citizens Advice Bureau	0	0	3	0	0
Wallsend Hall Enterprises Limited	0	1	4	0	0
Woodhorn Charitable Trust	8	7	13	22	14
Workshops for the Adult Blind	0	3	39	0	0
SUB TOTALS	1,807	2,707	5,094	7,870	3,532
GRAND TOTALS	62,801	52,077	69,844	244,370	89,594

ADDITIONAL CONTRIBUTIONS

INTRODUCTION

Whilst the Scheme provides a good benefits package, it is normally possible for a member to increase their benefits.

The Scheme Regulations changed on 1st April 2014 and since this date members have been able to:

- **Pay into the Fund's in-house Additional Voluntary Contribution (AVC) plan**

An AVC plan can provide extra life assurance as well as allowing members to increase their pension benefits up to the maximum allowable under HM Revenue and Customs rules and the Scheme Regulations.

Subject to the above rules for new AVC plans, it is intended that members can contribute up to 100% of their pay each month and, in general, take up to 25% of their in-house AVC fund as a tax-free lump sum at retirement. Contributions must be deducted from pay and tax relief may apply.

- **Pay Additional Pension Contributions to buy extra pension**

Members of the main section of the LGPS can purchase annual pension up to a maximum annual limit. In 2023/24, the most that a member could buy was £7,579 of extra yearly pension. This amount is increased each year in accordance with any increase applied to pensions in payment.

All contracts taken out for Added Years, AVCs or Additional Regular Contributions prior to 1st April 2014 are protected and fall under earlier rules.

PRU (PART OF THE M&G GROUP FORMERLY KNOWN AS PRUDENTIAL)

Pru are the appointed provider for the Fund's in-house AVC plan. A comprehensive range of funds is provided.

Regular meetings are held with Pru to discuss the running of the plan. Pru has undergone a radical transformation programme which resulted in the outsourcing of administration to a third party and a reduction in Pru's AVC workforce.

The Fund carries out an annual review of the AVC provision. The 2023 review was undertaken by Hymans Robertson. The review concluded that Pru continue to be an acceptable AVC provider.

UTMOST LIFE & PENSIONS (FORMERLY EQUITABLE)

The AVC plan with Utmost Life and Pensions is closed to new members and transfers.

This is a group scheme with the Fund being the policyholder for individual member investments.

A bulk transfer exercise was conducted in 2003 following advice from legal and financial advisors. This involved the transfer of the majority of members' Utmost Life & Pensions AVC funds to comparable funds with Pru.

A very small number of members who have with-profits investments have remained with Utmost Life & Pensions. This is because, at the time of transfer, it was believed not to be in the individual member's best interests to transfer.

PHOENIX LIFE LIMITED

Following the merger of Northumberland County Council Pension Fund into the Tyne and Wear Pension Fund, a very small number of former Northumberland members have continued to contribute to AVC investments with Phoenix Life Limited.

This is a legacy position inherited from Northumberland County Council Pension Fund, but this AVC plan is closed to new members.

TYNE AND WEAR PENSION FUND

STATEMENT OF THE ACTUARY FOR THE YEAR ENDED 31ST MARCH 2024

INTRODUCTION

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Tyne and Wear Pension Fund (the 'Fund') is able to meet its liabilities to past and present contributors and to review employer contribution rates.

The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

ACTUARIAL POSITION

1. The valuation as at 31 March 2022 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £12,747.1M) covering 110% of the liabilities.

2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 31 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31st March 2026 are estimated to be:

Year from 1st April	% of pensionable pay	Additional contribution amount (£M)
2023	17.3%	1.279
2024	17.3%	1.327
2025	17.3%	1.378

3. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution changes and individual employers' recovery / amortisation periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.

4. The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service	4.45% p.a.
Discount rate for periods after leaving service	
Scheduled and subsumption body funding target *	4.45% p.a.
Intermediate (Tier 1 – High) funding target	3.94% p.a.
Intermediate (Tier 2 – Medium) funding target	3.69% p.a.
Intermediate (Tier 3 – Low) funding target	3.43% p.a.
Ongoing orphan funding target	1.90% p.a.
Rate of pay increases	3.80% p.a.
Rate of increase to pension accounts. **	2.30% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)**	2.30% p.a.

* The secure scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body.

** In addition, a 10% uplift has been applied to the past service liabilities on the scheduled and subsumption body, ongoing orphan and intermediate funding targets to make allowance for short-term inflation above the long-term assumption.

The assets were valued at market value.

5. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 mortality tables (Heavy) with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a.

The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	21.5	24.5
Current active members aged 45 at the valuation date	22.8	26.0

6. The valuation results summarised in paragraphs 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis



7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 31 March 2023. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.

8. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, South Tyneside Council, the Administering Authority of the Fund, in respect of this Statement.

9. The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address: [Tyne and Wear Pension Fund - 2022 Actuarial Valuation Report - Final](#)

Aon Solutions UK Limited
April 2024

INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF SOUTH TYNESIDE COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS

HOW TO CONTACT US



Our information is available in other ways on request. We can provide information in other languages, Braille or large print. We also have access to audio aids and BSL (British Sign Language) interpreters.



TYNE AND WEAR PENSION FUND,
WESTOE ROAD,
SOUTH SHIELDS,
NE33 2RL



PENSIONS HELPLINE:
TEL: 0191 424 4141

There are a number of ways you can get in touch with us. If you need further information on the LGPS, please contact us at:



EMAIL: PENSIONS@TWPF.INFO



WEB: WWW.TWPF.INFO



HELPLINE HOURS

9.00am - 4.30pm Monday to Friday

OFFICE OPENING HOURS

for visitors to the Town Hall, South Shields
10.00am - 3.00pm Monday to Friday