

Teesside Pension Fund

Annual Report and Accounts
for the year ended

31 March 2015

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Report of those charged with Governance

Chairman's Introduction

During the last twelve months, equity and bond markets performed strongly again, with some indices finishing the year at all-time highs. Equity markets were volatile again as investors dealt with the US ending their quantitative easing (QE) programme and market rumours abound of increasing interest rates, the European Central Bank embarking on a full programme of QE following Greek elections, the Swiss discontinuing their currency peg to the Euro, and Japan resuming their QE programme.

Strength in bond markets continued with some Governments, such as Switzerland, able to issue bonds with negative interest rate. In other words, you pay them for owning their bond. The divergence in monetary policies between the US, looking to tighten monetary policy and raise interest rates, and the Eurozone and Japan, loosening monetary policy through QE also caused the US Dollar to strengthen against other major currencies.

The other big financial story of the year was the rapid demise of the oil price. The price of Brent Crude fell from over \$100 a barrel to \$55 at 31 March 2015.

The financial performance of the Fund for the year to 31 March 2015 was positive. The Fund's value rose to £3,244 million, an increase over the year of £195 million. The rise was due to strong equity and property markets.

The membership of the Fund continues to increase, with total membership at the year end now standing at 68,054, an increase of 1,528 over last year. The number of active members has decreased by 1,168 (4.9%) over the year, and decreased by 9.1% over the past five years. The number of pensioners increased by 411 (2.0%) over the year, and increased by 20.8% over the past five years. The number of deferred members increased last year by 2,285 (10.3%), and increased by 41% over the past five years.

Where a member retires early there is a cost to the Fund arising from the fact that Contributions are no longer being received for the member, and a Pension is drawn earlier than the Actuary had assumed. It is the policy of the Fund to recharge the actuarial cost of these retirements to the employers. This policy has the advantage that the Fund recovers the cost of an early retirement at the outset. For the employer the advantages are twofold;

- 1 the impact of retirement decisions is transparent; and
- 2 the cost is invoiced separately rather than being recovered in the employers Contribution Rate, which was once the case.

In this financial year the Fund received over £5.5 million from these early retirement recharges, up on last year figure of £4.8 million, a 13.7% increase on last year.

Every three years the Fund actuary, AON Hewitt, carries out a full actuarial valuation of the Fund. The purpose of this is to calculate how much employers in the scheme need to contribute going forward to ensure that the Fund's liabilities, the pensions due to current and future pensioners, will be covered. Unlike most other Public Sector schemes the Local Government Scheme is a funded scheme. That means there is a pool of investments producing income which meet a significant part of the liabilities. The actuary calculates to what extent the Fund's assets meet its liabilities. This is presented as a Funding Level. The aim of the fund is to be 100% funded, and at the last valuation the actuary was able to declare a funding level of 100%. This allowed many of the employers in the Fund to decrease the amount of their contribution for the next three years, releasing money for front-line services. The next valuation is due to be carried out in March 2016.

Nature of the Scheme

The Teesside Pension Fund (the Fund) is part of the Local Government Pension Scheme. From April 2014 the scheme is governed by:

- The Local Government Pension Scheme Regulations 2013 (as amended); and
- The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014.

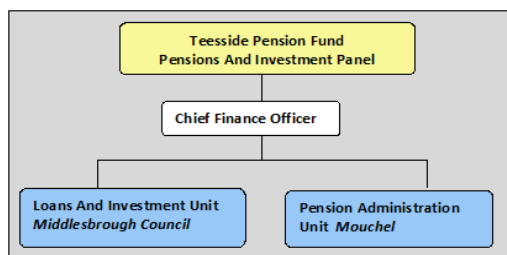
These regulations replaced the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008. Full details of the changes to the Scheme, along with updated scheme guides, are on our website at: www.teespen.org.uk.

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

The Fund is financed by way of contributions from employers and employees, based upon a percentage of pensionable pay, and supplemented by earnings from Fund investments. The surplus funds, after payment of benefits, are invested by an Investment Panel. The Panel comprises elected members of Middlesbrough Council, representatives of the other unitary authorities, the Trade Unions and the Fund's Investment Advisers.

Management of the Fund

The Fund is administered by **Middlesbrough Council** via **the Teesside Pension Fund Pensions and Investment Panel** which has plenary powers to make decisions without reference to the Council. This panel acts in a similar manner to the Board of Trustees of a private sector pension fund.



The day to day running of the Teesside Pension Fund is delegated to the **Chief Finance Officer** of Middlesbrough Council who is responsible for implementing the strategies and policies set by the Pensions and Investment Panel. Supporting him is a team of staff split into two units. **The Pensions Administration Unit** is responsible for the calculation and payment of pension benefits and for looking after employer interests in the Fund. **The Loans and Investment Unit** manages the investment of the Fund in conjunction with the advice of the Fund's external Investment Advisers.

The Teesside Pension Fund Pensions and Investment Panel

Panel membership and meeting attendance during the year 2014/15

Members	With voting rights	18 Jun	17 Sep	10 Dec	11 Mar
Chair	Councillor SE Bloundele	✓	✓	✓	✓
Vice Chair	Councillor J Rostron	✓		✓	
Middlesbrough Council	Councillor R Brady			✓	✓
	Councillor JG Cole		✓		✓
	Councillor J Hobson		✓	✓	
	Councillor N Hussain	✓	✓	✓	✓
	Councillor G Purvis	✓	✓		✓
	Councillor P Sharrocks	✓			
Redcar & Cleveland BC	Councillor V Jeffries	✓	✓		✓
Stockton BC	Councillor J Beall	✓	✓		✓
Hartlepool BC	Councillor P Jackson				
Other Employers	Mr P Fleck	✓			
	Without voting rights				
Trades Unions	Unison, GMB and ACTS			✓	

The current Panel consists of representatives from all the district councils in the former Cleveland County area as well as representatives from the Trade Unions. The Panel held 4 quarterly meetings during the year.

The size and political make-up of the Panel is determined annually by Middlesbrough Council, and the Councillors are then nominated by each political party. Representatives of the other district Councils are nominated by them. The 'Other Employers' representative, is chosen by election by the admitted bodies of the Fund.

Terms of Reference – Teesside Pension Fund & Investment Panel

Terms of Reference

1. For Members of the Council to act as Trustees of the Fund.
2. To have delegated powers to manage the investments of the Fund within the requirements of the Local Government Pension Scheme Regulation as amended from time to time.
3. To manage the Fund in accordance with the Management Agreement:

- (i) To ensure that the Fund complies with the Local Government Pension Scheme Regulations 1997 (as amended), the Inland Revenue requirements for Pension Funds and any other relevant statutory provision.
- (ii) The selection, appointment and dismissal of investment managers, scheme administrators, independent advisors and ad hoc advisors.
- (iii) The formulation of investment strategy and risks strategy for the Fund under its stewardship, after receiving advice from its independent advisors and the Loans and Investment Manager.
- (iv) Setting investments targets and monitoring the investment performance and financial control of the Funds' assets and commissioning the preparation of actuarial valuations and accounts.
- (v) Ensuring that value for money is achieved from all the specialists supplying services to the Fund through a competitive and qualitative selection process and through budgetary control.
- (vi) Commissioning any actuarial valuation and taking appropriate action in the light thereof.
- (vii) Receiving and agreeing the annual report and accounts.
- (viii) Ensuring effective communication with scheme members and pensioners.
- (ix) Receiving and dealing with general complaints from scheme members and pensioners.
- (x) To determine the exercise of the discretions allowed to the administering authority, as laid down in the Local Government Pension Scheme Regulations 1997.
- (xii) Any other responsibilities delegated to it by the Authority.
- (xii) To submit an annual report to Council.

Fund Administrators and Advisors

Administration

Chief Finance Officer	Mr Paul Slocombe
Head of Investments	Mr. Paul Campbell
Pensions Administration Manager	Mr Mike Hopwood
Solicitor to the Fund	Mr Bryn Roberts

Advisors to the Fund

Actuary	Aon Hewitt Limited
Solicitors	Nabarro LLP & Freeth Cartwright LLP
Auditor	Deloitte LLP
Investment Advisors	Mr Peter Moon Mr Fred Green
Property Managers	CBRE
Custodian	BNP Paribas Securities Services
AVC Providers	Prudential Assurance, Phoenix Life
Bankers	The Co-Operative Bank Plc

The Pensions Landscape

All of the major public sector schemes change radically from April 2015, with new public sector schemes established and operated in accordance with the Public Service Pensions Act 2013. However, due to its unique ‘funded’ status amongst these schemes, the LGPS changed a year earlier, avoiding increases to contribution rates ahead of April 2015 which the other schemes imposed. More detail on the changes to the scheme is contained in the “Scheme specific changes” section.

Government changes to the wider pensions’ landscape are also introduced from April 2015, promoting “Freedom and choice” whereby people will have greater flexibility in how and when they access their pension savings. These changes announced will largely impact upon defined contribution schemes and, due to the nature of the LGPS, should not have major impact upon the scheme or its operation.

The overall limits on tax relief available for pension saving have reduced further, with the annual allowance figure now set at £40,000 and the lifetime allowance reducing to £1m in 2016. The lifetime allowance limit is only breached by a very small proportion of LGPS membership, but the reduction to the annual allowance will mean that more members could face a potential tax charge in the future.

Scheme specific changes

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

From 1 April 2014;

- The LGPS became a Career Average Revalued Earnings (CARE) scheme using CPI as the revaluation factor (the previous scheme was a final salary scheme)
- The scheme accrual rate is 1/49th, where the previous scheme was 1/60th
- There is no fixed scheme pension age, instead each member's Normal Pension Age (NPA) is their State Pension Age, with a minimum of 65 (the former scheme had a fixed pension age of 65)
- Average member contributions to the scheme remain at 6.5% with the rate determined on actual pay (previously, part-time contribution rates were based on full time equivalent pay). While there is no change to *average* member contributions, the lowest paid pays the same or less and the highest paid pays higher contributions on a more progressive scale after tax relief
- There is a facility for members considering opting out of the scheme to instead elect to pay half contributions for half the pension. This is known as the 50/50 option (earlier schemes had no such option)
- Members' benefits for service prior to 1 April are protected, including remaining 'Rule of 85' protection. Protected past service continues to be based on final salary and age 65 NPA

All existing members of the previous scheme (the 2008 scheme) automatically became members of the 2014 scheme where their employment continued beyond 31 March 2014. A summary of the 2014 scheme provisions and a comparison to the 2008 scheme is highlighted in section Summary of LGPS benefits.

Promoting Scheme Membership

The focus on promoting scheme membership has largely been carried out through employer education this year. We have been sending regular communications and facilitating employer training events as much as possible.

The national workplace pension reform initiative, known as Auto Enrolment, is well underway with each employer having its own, 'Staging Date'. This meant that employers are getting a lot more involved with pensions now – and whilst the majority of employers are relishing the new challenges, there is a lot to learn.

The staging date is the date that every employer in the country has to automatically enrol eligible employees into a registered pension scheme. By educating employers about the scheme, this gives them the knowledge to confidently engage with their staff during the auto enrolment process.

The scheme structure has also been amended to accommodate more people by introducing a 50/50 option. The idea behind this is to try and retain those members who may want to opt out of the scheme, by providing an option where a member can temporarily halve their contributions to the scheme rather than opt out completely. This was communicated via our Outlook newsletter which is distributed to every active scheme member.

An important element which we make our members aware of are the companies that offer cash in pension scheme benefits by transferring them from the safety of the LGPS to a private/overseas pensions arrangement. The Pension Regulator has issued guidance on this and we have adopted this into our communications to members.

Risk management

The Statement of Investment Principles 2015 sets out the approach of the Fund in identifying, mitigating and managing risk.

There are three forms of risk:

- a) that associated with security of the Fund's assets;
- b) that associated with loss of value relating to those assets;
- c) that associated with the ability of those assets to provide required rates of return.

a) Security of the Fund's Assets

The Fund's Custodian, BNP Paribas, holds the majority of the Fund's Assets. An agreement is in place protecting the Fund against fraudulent loss and regular checks are made by independent auditors regarding the integrity of the Custodian's systems. In addition the Fund's Direct Property assets are registered in the name of Middlesbrough Council and the Title Deeds and documents held by the Fund's solicitors, Freeth Cartwright. Cash balances belonging to the Fund are invested in accordance with agreed criteria, which take into account an appreciation of risk.

b) Asset Risk

The value of all investments can go down as well as up. Even investments in Gilts, securities issued by HM Government, are not without risk. Individual companies can cease to trade, with shareholders well down the list of creditors.

The best way to protect the Fund against asset risk is by diversifying into a number of asset classes, a range of countries and a range of companies. The Local Government Pension Scheme (LGPS) Regulations 1986 imposed certain limits on the proportion of the value of the Fund which could be invested in different types of investment. The LGPS (Management and Investment of Funds) Regulations 1998, revised in 2004, 2009 and 2013, sets out these limits, subject to certain conditions being met. The Investment Panel on 11 March 2004 decided that advantage should not be taken of the increased flexibility provided by the changes.

c) Investment Risk

One of the Trustees' most important duties is to make sure that the Fund has enough Assets to pay the benefits already earned by scheme members. On top of that they are looking to achieve sufficient return on those Assets to keep down the cost of building up future benefits. In order to meet these responsibilities the Trustees set a performance benchmark against which they can measure the progress of the Fund's investments. Funds which outperform their benchmark can reduce costs compared with those which under-perform.

For the Fund to significantly out-perform its benchmark it needs to have an asset mix which is different from that of its benchmark. The more out-performance is required the greater the differences will need to be. In other words out-performance cannot be achieved without taking risks. Measurement of risk can identify whether the risk profile is, on one hand, large enough to deliver the required relative returns or alternatively so great as to lead to the possibility of serious underperformance.

The Teesside Pension Fund, as at 31 March 2015, has an asset mix, which varies significantly from that of the average fund, as measured by WM Company.

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

	Fund %	Average %
UK Equities	37	21
Overseas Equities	47	40*
Bonds	5	17
Property	6	8
Cash	3	3
Alternatives	2	11**
Total	100	100

* includes Global Equity Investments Funds (incl. UK)

** includes Pooled Multi-Asset Funds

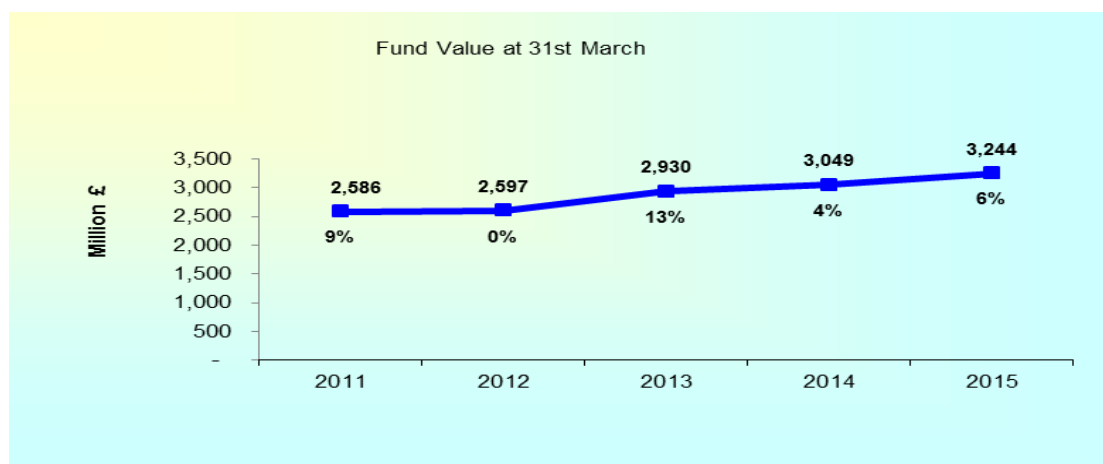
The result of holding an asset mix, which differs significantly from that of the average, is that investment performance returns can be volatile compared with those achieved by the average fund. This could result in periods of underperformance.

The Asset/Liability Study, carried out every three years by the Fund Actuary in conjunction with the Fund's Investment Advisors, assesses the degree of risk which the Fund needs to incorporate into its investment strategy, mainly expressed as the split between bonds and equities, in order to meet its liabilities and in particular to achieve the goal of employer contribution rates which are both low and stable.

Financial Performance Report

Income, Expenditure and Fund value

The Funds Financial Statements show that the net assets of the Scheme have increased by 6 % compared to the previous year and by 37 % over the last 5 years from the 2010 value of £ 2,371 million.



Finance Performance Report

	Re-stated				
	2010/11	2011/12	2012/13	2013/14	2014/15
	£000	£000	£000	£000	£000
Fund Value at the start of the year	2,371,622	2,586,495	2,596,664	2,929,601	3,049,227
Income	183,264	184,988	182,219	210,051	186,072
Expenditure	(114,705)	(109,841)	(113,604)	(121,358)	(206,109)
Change in Market Value of Investments	146,314	(64,978)	264,322	30,933	214,604
Increase in Fund during the year	214,873	10,169	332,937	119,626	194,567
Fund Value at the end of the year	2,586,495	2,596,664	2,929,601	3,049,227	3,243,794
Change in Fund Value %	9%	0%	13%	4%	6%

Financial Highlights

	£000	£000	£000	£000	£000
Pensions Paid	70,532	77,256	83,943	89,648	94,860
Administration Costs *	1,479	1,531	1,565	1,579	1,599
Investment Management Costs	1,253	1,222	1,367	2,717	2,779
Oversight and Governance Costs				247	230

Membership

	2011	2012	2013	2014	2015
	No	No	No	No	No
Active	24,341	23,856	23,908	23,734	22,566
Deferred	18,609	19,717	20,738	22,144	24,429
Pensioner	18,438	19,389	19,850	20,648	21,059
Total	61,388	62,962	64,496	66,526	68,054

Fund Averages

	£	£	£	£	£
Fund value per member	42,134	41,242	45,423	45,835	47,665
Average Pension Paid	3,825	3,985	4,229	4,342	4,504
Investment management expenses cost per member				68	68
Administration Cost per member	24	24	24	24	23
Investment Management cost per member	20	19	21	41	41

* Excluding Actuarial , Legal and Audit costs

Note

Administration costs, Investment management costs, oversight and Governance costs have changed since prior year due to change in the management cost presentation as required by CIPFA guidance.

Analytical review of the financial year

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

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

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

Summary of Analytical Review 2014/15

Fund Account	Notes	2014/15 £ ' 000	Restated 2013/14 £ ' 000	Change
Contributions and Other Income				
Employers Normal and Deficit recovery	1	58,984	62,882	-6%
Employers Additional	2	48	550	-91%
Employees Normal	3	25,488	25,418	0%
Transfers in	4	5,243	31,070	-83%
Capital Costs of Early Retirements	5	5,528	4,864	14%
Other Income		1,228	1,222	0%
Total Income		96,519	126,006	-23%
Benefits and Other Expenditure				
Benefits	6	94,860	89,648	6%
Benefits - Basic Lump Sum	7	23,701	18,683	27%
Benefits - Lump Sums on Death		2,185	2,786	-22%
Individual & Bulk Transfers to other Schemes	8	80,635	5,683	1319%
Administrative Expenses	9	1,599	1,579	1%
Investment Management Expenses	10	2,779	2,717	2%
Oversight and Governance Costs	11	230	247	-7%
Other Expenditure	12	120	15	700%
Total Expenditure		206,109	121,358	70%
Return on Investments				
Dividends	13	79,701	76,146	5%
Rents	14	9,317	7,035	32%
Interest	15	535	864	-38%
Profit on Sale of Investments		62,088	49,199	26%
Unrealised (loss)/gain on Revaluation		152,516	(18,266)	935%
Total Return on Investments		304,157	114,978	165%
Net Increase in the Fund in the Year		194,567	119,626	63%

Note

The analytical review of Administration expenses, Investment management expenses and oversight and Governance costs shows changes in the presentation of those costs as required by CIPFA guidance.

Explanation of variances (k= £'000)

	2014/15	2013/14	
1 Employers Normal Contributions & Deficit contributions - £'000	58,984	62,882	Fall of 6%

Pensionable pay of the 8 largest employers decreased in the year by 1%. The reduction in additional deficit recovery payments from a number of employers and the general reduction in normal contribution rates, as a result of the 2013 valuation has contributed to the overall fall of 6% in the year.

	2014/15	2013/14	
2 Employers Additional Contributions - £'000	48	550	Fall of 91%

In 2014/15 there were a number of employers which paid additional contributions. In 2013/14, Ofsted made a special one off contribution of £550k.

	2014/15	2013/14	
3 Employees Normal Contributions - £'000	25,488	25,418	No Change

Despite active membership reducing by 4.9% in 2014/15, total employee contributions remain constant, mainly resulting from the new scheme changes. The automatic enrolment process and the ability for employees to pay 50% contributions has had a positive effect in the year.

	2014/15	2013/14	
4 Transfers In - £'000	5,243	31,070	Fall of 83%

In 2014/15, 96 transfers were received into the Scheme at an average value of £ 54.5k, compared to 118 transfers at an average value of £28k in 2013/14. In 2013/14, there was an additional large bulk transfer in accrual made regarding Durham Tees Valley Probation (£27.8 mill).

	2014/15	2013/14	
5 Capital Cost of Early Retirements - £'000	5,528	4,864	Increase of 14%

The number of early retirements has levelled this year, with the overall average cost also remaining unchanged. Note, the early retirement figures relate to those made in the year and the balancing figure relates to retirements made in previous years but are being charged over a five year period.

	Number	Total Cost	Average
2014/15	226	£4,901,779	£21,689
2013/14	229	£4,863,641	£21,239

The retirements from the Councils processed by the year end were as follows:

	Number	Total Cost	Average
Hartlepool BC	18	£580,999	£32,278
Middlesbrough BC	70	£1,771,236	£25,303
Stockton BC	38	£695,359	£18,299
Redcar & Cleveland BC	12	£294,913	£24,576
Total	138	£3,342,507	£24,221

6 Benefits - £'000

2014/15	2013/14	
94,860	89,648	Increase of 6%

Total cost has increased by 6% which in part is accounted for by the 2.7% Pensions Increase. 868 new pensioners retired in the year (2013/14 1,047) to whom pensions of £5.2 million were paid (2013/14 £4.0 million).

7 Benefits - Basic Lump Sum - £'000

2014/15	2013/14	
23,701	18,683	Increase of 27%

There has been an increase in the value of Lump Sums paid by 27% in the year with the number of recipients increasing to 1,049 (2013/14 1,021).

8 Individual Transfers to Other Schemes - £'000

2014/15	2013/14	
80,635	5,683	Increase of 1,319%

Transfers out can vary markedly year on year depending on both numbers and the type of people transferring. For 2014/15, £75.1 million relates to the group transfer out of Durham Tees Valley Probation to Greater Manchester Pension Fund. Taking this out of the equation, individual transfers out are £5,486k, which is a reduction in the year of 3.5%, and the number of transfers out are 85 in 2014/15 (2013/14 98). In taking out the bulk transfer out, the average value has increased by 11% to £64,534 (2013/14 £57,987).

	Number	Total Cost	Average
2014/15	85	£5,485,357	£64,534
2013/14	98	£5,682,749	£57,987

9 Administrative Expenses - £'000

2014/15	2013/14	
1,599	1,579	Increase of 1%

There has been a slight increase of 1% in the year, in line with average rate of inflation for the year. 2013/14 figures have been re-stated as a result of the new CIPFA guidance on accounting for management expenses.

10 'Investment Management Expenses - £'000

	2014/15	2013/14	
	2,779	2,717	Increase of 2%

There has been a marginal increase of 2% in the year. Both 2014/15 and 2013/14 figures include transaction costs that were previously included in the cost of assets, as per the new CIPFA guidance on accounting for management expenses.

11 Oversight and Governance Costs - £'000	2014/15	2013/14	Fall of 7%
	230	247	

There has been a fall of 7% in the year. This is a new category of cost for 2014/15 and 2013/14 has been re-stated to show these figures, which have been included as a result of the new CIPFA guidance on accounting for management expenses.

12 Other Expenditure - £'000	2014/15	2013/14	Increase of 700%
	120	15	

There has been a significant increase in other expenditure in the year as a result of increased refunds to leaving members.

13 Dividend Income - £'000	2014/15	2013/14	Increase of 5%
	79,701	76,146	

Overall Dividend Income has risen by almost £3.6 million (2013/14 £3.6 million) which is due to increased income from equity investments offset against a reduction in income from pooled investments, fixed interest securities and index linked securities.

14 Rent - £'000	2014/15	2013/14	Increase of 32%
	9,317	7,035	

At the year-end 2014/15, the Fund owns 33 properties on which the net income earned has increased by £2.2 million in the year. The rise in rental income is mainly due to purchase of three significant valued properties and generally, as a result of upward rent reviews, reduction in incentives for tenants when the introductory period has expired and an improvement in leasing properties in the commercial housing market.

15 Interest - £'000	2014/15	2013/14	Fall of 38%
	535	864	

A higher level of average cash on deposit in 2014/15 and a constant low interest rate produced a lower return of interest compared to the previous year.

16 Investments - £'000	2014/15	2013/14	Increase of 10%
	3,132,186	2,856,505	

There has been an increase in Investment values reflecting the improving position in the World's Equity markets during 2014/15. The Fund has approximately 80% of its assets invested in equities.

17 Cash - £'000	2014/15	2013/14	Fall of 40%
	81,158	135,697	

The fall in investment cash balances is due to a lower level of funds placed on short term deposit. At the year-end £73.8 million was on a short term deposit compared to £132.2 million at 31/03/2014.

Cashflow Statements for the year ended 31 March 2015

£000

Cashflow from Operating Activities

Cash received for Contributions	84,694
Cash received for Early Retirements	2,885
Cash Received from Transfers In	33,043
Cash Received from Investments	88,245
Cash Received from Sales of Investments	62,088
Cash from Other Income	1,228

Total Cash Received

272,183

Cash paid for Benefits	120,746
Cash paid for Transfers Out	80,755
Cash paid for Management Expenses	2,040

Total Cash Paid

203,541

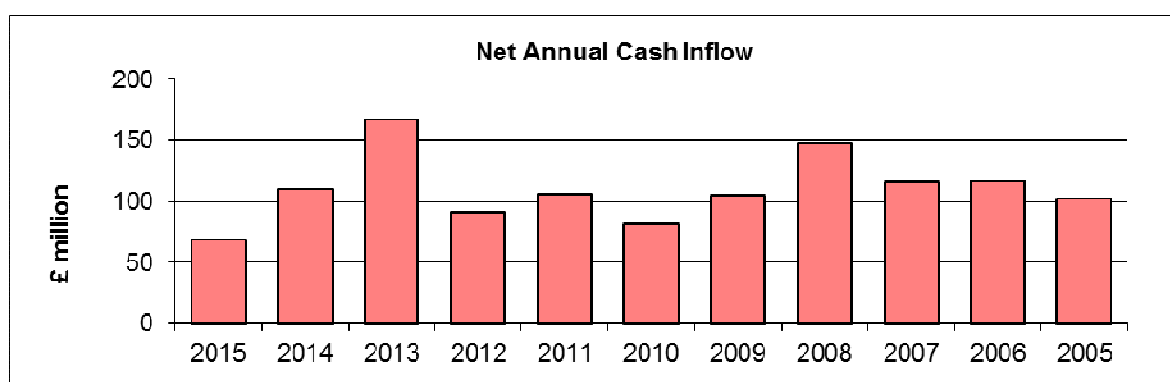
Net Cash Inflow from Operating Activities

68,642

Application of Cash

Net Purchase of Investments	123,162
Increase in Cash with Custodian	3,858
Reduction in Cash on Deposit	(58,397)
Increase in Cash at Bank	120
Decrease in Other Debtor Balances	(235)
Decrease in Other Creditor Balances	134

68,642



The net annual cash flow of the Fund has, to date, always been positive and the realised profit and losses on the sale of investments can have a very significant impact in any one year.

Asset Allocation Strategy

The Funding Strategy Statement sets out the Investment Strategy of the Fund. This strategy is set for the long term and is reviewed every 3 years as part of the Fund's Asset/Liability study to ensure that it remains appropriate to the Fund's liability profile. As part of the strategy the Administering Authority has adopted a strategic benchmark representing the mix of assets best able to meet the long term liabilities of the Fund. As at 31 March 2015 the actual assets compared to the benchmark as follows;

	Fund Assets % 31.03.2015	Benchmark %	Fund Assets % 31.03.2014
UK Equities	37	30	39
Overseas Equities	47	40	42
Bonds & Cash	8	15	11
Property	6	10	6
Alternatives	2	5	2

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

Amounts due to the Fund from Employers

	2014/15 £ ' 000	2013/14 £ ' 000
Current Assets		
Contributions in Respect of Employers	4,851	5,067
Contributions in Respect of Members	2,079	2,038
Amounts due in respect of early retirements	2,229	2,428
Debtors due over 1 year		
Amounts due in respect of early retirements	299	935
	9,458	10,468

The Contributions due are in respect of March 2015 and were received in April 2015.

Early Retirement costs

Scheduled Bodies have the option to spread early retirement costs over 5 years. The debts due over 1 year are the amounts which are receivable from 2015/16 onwards.

Payment of Contributions to the Fund

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

Analysis of Contributions received

Total number of Contribution payments received	<u>1,543</u>
Number received late	<u>6</u>

Details of late receipts

Fleet Factors

Two payments were received late. One in June, received on 27th July 2014 and one in October, received on 2nd December 2014. All other payments were received on time. No reason was provided as to the reason why the payments were late.

Creative Management Services Ltd

This is a new admitted body to the scheme. They were due to start paying contributions in December 2014. All payments from December 2014 to March 2015 were received late. No explanation has been provided.

Because the incidence of late payment of contributions is so low the Fund has not exercised its option to levy interest on overdue contributions.

Analysis of Contribution rates and amounts received 2014-15

		2014/15	
	Employers Rate % *	Employees £ 000's	Employers £ 000's
All Saints Academy	14.60	21	52
Ashtree Academy	14.60	21	53
Beamish Museum Ltd	13.30	139	296
Billingham Town Council	14.10	5	11
Brambles Academy	14.60	14	33
Business and Enterprise NE	9.70	10	66
Caldicotes Primary Academy	14.60	8	21
Capita Managed IT Solutions	13.00	10	22
Care Quality Commission	17.00	1,704	3,842
Carillion AM Ltd	19.10	22	71
Carillion JM Ltd	16.60	14	41
Catcote Academy	14.60	72	179
Chandlers Ridge Academy	14.60	10	26
Cleveland College of Art & Design	13.60	96	210
Cleveland Fire Brigade	14.00	208	469
Cleveland Fire Support Network	14.00	3	5
Cleveland Police	12.60	99	185
Coast and Country Housing	16.40	711	1,759
Community Integrated Care	21.00	3	10
Conyers School	14.60	67	153
Creative Management Services	15.10	7	19
Diocese of Middlesbrough Trustee	25.60	6	16
Dormanstown Primary Academy	14.60	22	55
Durham Tees Valley Airport Limited	21.20	82	238
Durham Tees Valley Probation Trust	19.20	150	438
Dyke House Academy	14.60	76	179
Easterside Academy	14.60	20	52
Ecocleen Services Ltd	15.00	0	0
English Martyrs Educational Trust	14.60	56	138
Erimus Housing	17.90	273	759
Eskdale Academy	14.60	15	38
Eston Park Academy	14.60	15	36
Extol Academy (Eldon)	14.60	19	49
Fabrick Housing Group Ltd	15.30	93	192
Fleet Factors Ltd	20.40	1	4
Fleet Factors RCBC	20.50	2	5
Forward Swindon Ltd	19.20	18	44
Four Children	13.40	4	9
Frederick Nattrass Primary Academy	14.60	16	41
Freebrough Academy	14.60	49	117
Future Regeneration of Grangetown	18.30	2	5

Gillbrook Academy	14.60	7	18
Grangefield Academy	14.60	49	119
Green Lane Primary Academy	14.60	27	70
Guisborough Town Council	14.10	4	10
Hardwick Green Primary Academy	14.60	12	30
Harrowgate Primary Academy	14.60	18	46
Hartlepool BC	14.20	2,982	6,581
Hartlepool College of FE	13.60	163	361
Hartlepool 6 th Form College	13.60	61	84
Hemlington Hall Academy	14.60	16	41
Hillsview Academy	14.60	24	59
Horizons Specialist Academy Trust	14.60	132	323
Housing Hartlepool	14.80	440	959
Ian Ramsey C of E Academy	14.60	16	38
Ingleby Barwick Town Council	14.10	2	5
Ingleby Manor Free School & 6 th Form	14.60	4	10
Kader Academy	14.60	11	28
KGB Cleaning & Support Services Ltd	15.00	1	3
Kings Academy	14.60	74	177
KTS Academy	14.60	45	112
Liberata UK Ltd	0	47	0
Lockwood Parish Council	14.10	1	2
Loftus Town Council	14.10	1	3
Macmillan Academy	14.60	75	177
Manor Community Academy	14.60	7	16
Mellors Catering Ltd Dormanstown	15.10	1	3
Mellors Catering Ltd Eston	15.10	15	20
Mellors Catering Ltd Central	15.10	14	37
Mellors Catering Ltd Normanby	15.00	2	7
McAlpine Govt Services Ltd	20.00	15	20
Middlesbrough College	13.60	407	865
Middlesbrough Council	14.40	3,733	8,612
Mouchel	14.40	327	714
Normanby Primary School	14.60	17	44
North Ormesby Primary Academy	14.60	12	30
North Shore Academy	14.60	39	92
Norton Primary Academy	14.60	24	63
Nunthorpe Academy	14.60	79	181
Nunthorpe Primary Academy	14.60	9	22
Oak Tree Primary Academy	14.60	26	65
Oakfields Community College	15.40	6	16
OCS Ltd	14.90	1	2
Ofsted	26.70	2	309
One Awards Ltd	13.60	43	90
One IT Services & Solutions Ltd	14.20	34	73
Ormesby School	14.60	55	133
Our Lady & St Bede Catholic Academy	14.60	10	24

Outwood Academy Acklam	14.60	46	114
Outwood Academy Bydales	14.60	5	11
Pennyman Primary Academy	14.60	30	74
Prior Pursglove College	13.60	68	151
Police & Crime Commissioner for Cleveland	12.60	48	74
Redcar Academy	14.60	35	83
Redcar & Cleveland BC	15.10	3,047	7,862
Redcar & Cleveland College	13.60	88	193
Rosewood Academy	14.60	18	47
Saltburn Marske & New Marske Parish Council	14.10	3	6
Skelton and Brotton Parish Council	14.10	3	6
Skelton Primary School	14.60	29	71
SLM Community Leisure Charitable Trust	16.60	48	133
SLM Fitness & Health Ltd	16.60	6	16
SLM Food & Beverage Ltd	16.60	2	6
St Bede's Catholic Academy	14.60	15	37
St Bede's Primary Catholic Voluntary Academy	14.60	6	14
St Gabriel's Catholic Voluntary Primary Academy	14.60	9	22
St Gregory's RC Academy	14.60	16	41
St Joseph's Primary Catholic Voluntary Academy	14.60	5	13
St Margaret Clitherow's Catholic Voluntary Primary Academy	14.60	14	36
St Mary's Catholic Voluntary Primary Academy	14.60	11	27
St Michael's Catholic Academy	14.60	25	64
St Paulinus Primary Catholic Voluntary Academy	14.60	6	14
St Peter's Catholic Voluntary Academy of Maths & Computing	14.60	30	71
Stagecoach Transit	23.20	21	241
Steria Ltd	12.60	578	1,123
Stockton BC	14.30	4,863	10,826
Stockton Riverside College	13.60	163	348
Stockton 6 th Form College	13.60	21	47
Stranton Academy Trust Stranton	14.60	23	56
Sunnyside Academy	14.60	38	97
Tascor Services Ltd – Custody	16.40	18	47
Tascor Services Ltd - PFI	16.40	2	7
Taylor Shaw – Holy Rosary	15.00	1	3
Taylor Shaw – Riverdale	15.00	1	3
Taylor Shaw – St Peters	15.00	2	6
Tees Active Ltd	13.10	140	290
Teesside University	13.30	1,714	3,650
The Big Life Company Ltd	14.50	3	10
The Chief Constable for Cleveland	12.60	452	850

Thornaby Academy	14.60	40	93
Tristar Homes Ltd	14.80	448	1,264
Unity City Academy	14.60	53	128
Viewley Hill Academy Trust	14.60	13	34
West View Primary School & Sports Academy	14.60	9	22
West Park Primary School	14.60	1	3
Wolseley UK Ltd	22.00	3	62
Yarm Primary School	14.60	20	50
Yarm Town Council	14.10	2	4

Note: net rate of contribution payable by each employing Organisation for the period 1 April 2014 to 31 March 2015 under regulation 79 of the LGPS Regulations 1997.

Performance Monitoring

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

Performance

The pension administration unit aim to perform 97.5% of the procedures within each target timescale. The table below highlights the performance of the administration unit against the key procedure targets.

Procedure	Target 2014/15	Achieved within timescale
Processing New Starters	20 days from receipt	100%
Processing Transfer Values (TV's)	10 working days from the date of notification	100%
Refund of Contributions	10 working days from the request date	100%
Estimates of Benefit Entitlements	10 working days from date of request	100%
Pension benefits	10 working days from the receipt of all relevant information	100%
Deferred Benefits	10 working days from notification of leaving	100%

Key procedure volumes

The volumes of the key procedures performed by the Pensions administration unit have increased, compared to the previous year.

Procedure	2014/15	2013/14
Processing New Starters	2,759	2,178
Processing Transfer Values (TV's)	157	817
Refund of Contributions	220	34
Estimates of Benefit Entitlements	2,432	2,122
Pension benefits	2,024	1,926

Deferred Benefits	1,700	2,416
Deaths	521	675
Divorces	119	134
General Enquiries	1,143	1,611
Total	11,075	11,913

Actuarial Valuation of the Fund

Every three years the Fund is required to appoint a suitably qualified actuary to assess solvency and to measure the level of assets compared to liabilities. This process is known as a valuation and the most recent one, carried out by the actuarial firm Aon Hewitt Ltd valued the Fund as at 31 March 2013. The principal conclusions of this valuation were:

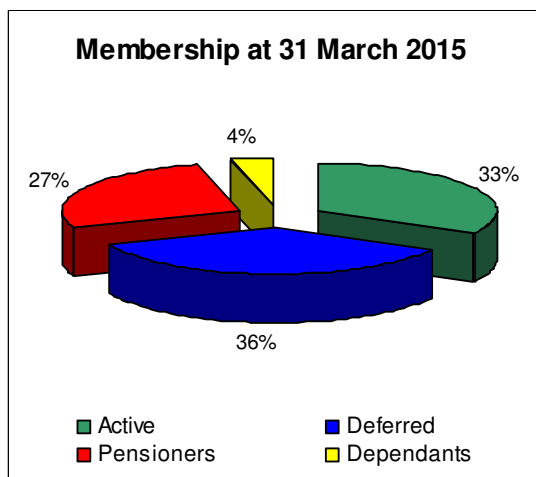
- ◆ The ongoing funding level of the Fund on 31 March 2013 was 101% (2010 – 99%).
- ◆ The surplus of assets compared to the past service liabilities was £37.0 million (2010 – deficit of assets compared to past service liabilities £17.6 m).
- ◆ The modest improvement in the funding level was due to the following factors:
 - Higher than anticipated returns on Fund assets
 - Increases in pay being lower than expected
 - Contributions being paid by employers towards the shortfall identified at the 2010 valuation, and
 - Allowance for the asset transfer from the Durham Pension Fund in relation to the transfer of staff to the Durham and Tees Valley Probation Trust, which was slightly offset by the following factors:
 - Changes in the financial assumptions used, mainly from a reduction in the future assumed returns, partially offset by a reduction in the assumption made for pay and pension increases, and the removal of the smoothing adjustment that was adopted in the 2010 valuation, and
 - Changes to the demographic assumptions adopted, in particular the mortality assumptions and allowance for future longevity improvements.
- ◆ The average cost of accruing benefits payable by the employers, including administration expenses and lump sum death in service benefits, is 14.4% of pensionable pay.
- ◆ Employers will pay revised levels of contributions that will take in to account their specific circumstances and having regard to the principles set out in the funding strategy statement. The total aggregate Employer contribution rates to the Fund are anticipated to be 14.6% of Pay plus £1.94m (2014/15), 14.5% of Pay plus £1.93m (2015/16) and 14.5% of Pay plus £1.80m (2016/17).

In accordance with the provisions of the Regulations the next triennial valuation of the Fund is due to be carried out as at 31 March 2016.

Membership

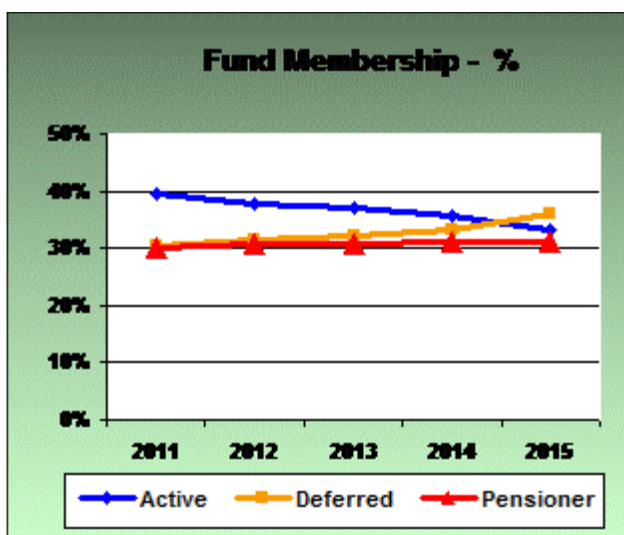
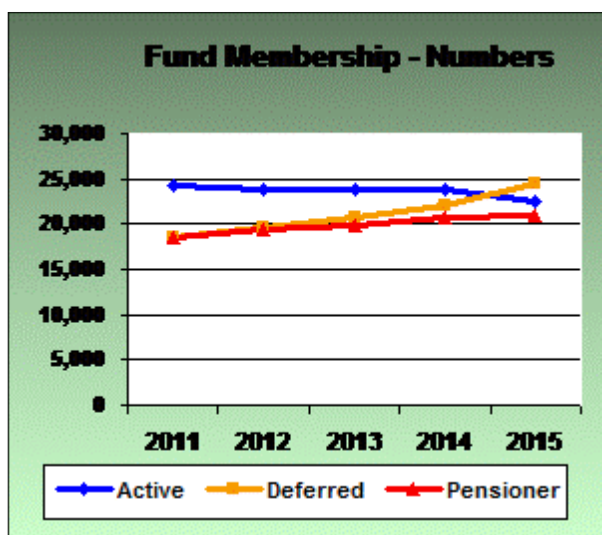
In the 2014/15 financial year the total membership of the Fund has increased by 1,528 to the current total of 68,054.

The number of deferred members of the scheme has risen by 41% in the last 5 years and now forms 36% of the total membership.



Membership Numbers

	2011	2012	2013	2014	2015
Active	24,341	23,856	23,908	23,734	22,566
Deferred	18,609	19,717	20,738	22,144	24,429
Pensioner	18,438	19,389	19,850	20,648	21,059
Total	61,388	62,962	64,496	66,526	68,054



Summary of Membership Changes

	Active Members	Deferred Members	Pensioners Members	Dependants	Total
At 01/04/2014	23,734	22,144	18,028	2,620	66,526
Adjustments	(1,525)	1,574	214	79	342
New Members	2,279	10	0	210	2,499
Change in Status	(1,696)	838	853	(1)	(6)
Leavers	(226)	(137)	(719)	(225)	(1,307)
At 31/03/2015	22,566	24,429	18,376	2,683	68,054
% of Total at 01/04/14	35.7%	33.3%	27.1%	3.9%	100.00%
% of Total at 31/03/15	33.2%	35.9%	27.0%	3.9%	100.00%

During the year, 22 employers joined the scheme as scheduled bodies and 5 employers joined as admitted bodies. Also, 2 admitted employers ceased to have active members in the scheme. At the year end, 31 March 2015, the fund had 133 employers with active members.

A full list of participating employers and their membership numbers are as follows;

Membership by Employer at 31 March 2015						
Current Employers	Active Members	Deferred Members	Pensioners - Members	Pensioners - Dependants	2014/15 Total	2013/14 Total
Stockton BC	4,951	5,843	3,215	440	14,449	13,988
Middlesbrough BC	3,649	4,835	2,969	421	11,874	11,721
Redcar & Cleveland BC	2,909	4,198	2,643	329	10,079	10,445
Hartlepool BC	2,919	3,106	1,716	260	8,001	7,693
Cleveland CC	3	846	3,801	777	5,427	5,660
University of Teesside	1,025	858	432	64	2,379	2,273
CSCI	1	504	492	28	1,025	1,031
Cleveland Police Authority	3	286	218	12	519	522
Care Quality Commission	551	120	153	2	826	818
Durham Tees Valley Probation Trust	511	106	0	0	617	731
Coast & Country Housing	407	208	154	9	778	789
Mouchel	219	156	241	13	629	632
Middlesbrough College	422	362	126	13	923	837
Steria	364	48	66	2	480	467
Tristar Homes	249	120	95	10	474	471
Erimus Housing	183	87	140	8	418	418
Stockton Riverside College	147	188	71	6	412	395
Hartlepool College of FE	184	208	78	14	484	441
Housing Hartlepool	211	86	81	4	382	378

Beamish	94	125	83	13	315	315
Cleveland Probation	2	112	0	0	114	236
Durham and Tees Valley Airport	32	76	95	26	229	236
Cleveland Fire Authority	120	82	59	5	266	260
Cleveland College of Art & Design	99	84	50	6	239	226
Tees Active Ltd	121	85	25	2	233	232
Tees Valley Leisure	16	93	19	4	132	139
Redcar & Cleveland College	98	113	57	3	271	245
Transit Stagecoach	14	19	138	12	183	184
Unity City Academy	62	78	15	2	157	151
Liberata	33	54	48	6	141	142
MacMillan Academy	93	59	22	1	175	173
Business & Enterprise NE	2	52	28	1	83	83
Kings Academy	80	49	16	1	146	122
Prior Pursglove College	50	32	25	0	107	108
CIC	5	35	54	0	94	94
North Shore Academy	51	52	4	0	107	91
Oakfield Community College	17	35	7	0	59	60
Fabrick Housing	38	10	14	3	65	66
Hartlepool 6th Form	39	21	10	1	71	63
Freebrough Academy	42	14	4	0	60	59
Thornaby Academy	40	27	10	1	78	76
Carillion Integrated Solutions	21	15	8	1	45	45
One Awards Ltd (formerly OCN)	20	15	8	4	47	44
Stockton 6th Form	21	16	13	0	50	46
RSTM Custody Services	0	17	2	1	20	20
Five Rivers	1	10	2	0	13	19
Carillion Government Services	12	3	3	0	18	18
Learning and Skills Council	6	5	4	0	15	15
OCS	1	3	6	0	10	10
Guisborough Town Council	4	2	5	0	11	9
Ofsted	1	1	7	1	10	43
RM Education Ltd	0	10	1	0	11	11
Taylor Shaw Ltd	0	3	0	0	3	4
Forward Swindon	4	0	0	0	4	4

Saltburn & Marske PC	3	2	1	0	6	5
Reliance Secure Task management	0	1	1	0	2	2
Future Reperation of Grangetown	1	4	1	0	6	6
Loftus Town Council	3	0	1	0	4	4
Billingham Town Council	4	0	0	0	4	3
Skelton & Brotton Parish Council	3	1	0	0	4	4
Yarm Town Council	1	0	0	0	1	1
Ingleby Barwick Town Council	1	0	0	0	1	1
Cleveland Fire Support Network	1	0	0	0	1	1
Dimensions UK	0	0	1	0	1	1
Fleet Factors	1	0	0	0	1	1
CMSL RyeHills Catering	4	2	1	0	7	5
Northgate Managed Services Ltd	6	0	0	0	6	6
Wolseley UK Ltd	2	2	0	0	4	4
The Big Life Company Ltd	6	2	1	0	9	9
4Children	3	0	0	0	3	3
Eston Park Academy	27	6	6	0	39	32
Brambles Academy	15	4	0	0	19	18
Pennyman Primary Academy	38	6	2	0	46	39
Chandlers Ridge Academy	21	2	0	0	23	17
Nunthorpe Academy	68	17	2	0	87	78
Ormesby School	45	9	8	0	62	55
KTS Academy	45	7	2	0	54	52
Gillbrook Academy	17	4	1	0	22	22
North Ormesby Primary Academy	16	4	0	0	20	18
Redcar Academy	29	8	4	0	41	35
Crime Commissioner for Cleveland	25	21	21	4	71	378
Conyers School	82	20	7	0	109	90
All Saints Academy	29	4	0	0	33	29
St Gregory's Catholic Academy	29	12	2	6	49	37
KGB Cleaning & Supp Servs Ltd	5	2	0	0	7	7

SLM Community Leis Char Trust	49	2	2	0	53	52
SLM Food & Beverage Ltd	2	0	0	0	2	2
SLM Fitness & Health Limited	4	3	0	0	7	5
Dyke House Academy	92	6	2	0	100	54
Caldicotes Primary Academy	15	1	0	0	16	16
Tascor Services Ltd – PFI	3	0	0	0	3	3
Tascor Services Ltd – Custody	12	1	1	0	14	14
Hardwick Green Primary Academy	16	2	0	0	18	16
Ecocleen Services Ltd	1	0	0	0	1	1
Extol Ac Trust (Eldon Grove)	29	2	0	0	31	25
Stranton Ac Trust (Stranton)	32	10	0	0	42	28
Stranton Academy Trust (Owton)	13	0	0	0	13	11
Catcote Academy	113	15	3	0	131	99
Horizons Specialist Academy	157	10	2	0	169	148
St Michael's Catholic Academy	27	8	1	0	36	35
Fredrick Natrass Primary Academy	29	2	0	0	31	25
Oak Tree Primary Academy	56	3	1	0	60	54
Outwood Academy Acklam	36	5	1	0	42	39
Dormanstown Primary Academy	30	0	1	0	31	27
St Bede's Catholic Academy	28	5	0	0	33	25
Mellors Catering Services Ltd	75	1	0	0	76	5
Sunnyside Academy	60	8	1	0	69	6
Viewley Hill Academy Trust	20	2	0	0	22	1
Norton Primary Academy	42	4	1	0	47	1
Grangefield Academy	60	4	0	0	64	3
Know How North East	1	7	8	1	17	1
Fleet Factors RCBC	2	0	0	0	2	2

Chief Constable for Cleveland	296	21	6	0	323	0
One IT Solutions Ltd	18	0	0	0	18	0
Skleton Primary School	51	12	0	0	63	0
Rose Wood Academy	41	3	0	0	44	0
Hemlington Hall Academy	24	3	0	0	27	0
Yarm Primary School	44	4	0	0	48	0
Lockwood Parish Council	2	0	0	0	2	0
Diocese of Middlesbrough Trust	1	0	0	0	1	0
English Martyrs Ed Trust	98	2	3	0	103	0
Easterside Academy	33	1	0	0	34	0
St Margarets Clitherows CVPA	22	1	0	0	23	0
St Gabriels Catholic Academy	25	1	2	0	28	0
St Marys Catholic Academy	15	0	0	0	15	0
St Peters Academy M and C	35	0	1	0	36	0
Green Lane Primary Academy	44	1	0	0	45	0
Kader Academy	20	1	0	0	21	0
Normanby Primary School	41	1	0	0	42	0
Nunthorpe Primary Academy	24	2	0	0	26	0
Creative Management Services Ltd	30	1	0	0	31	0
Harrow Gate Primary Academy	5	1	0	0	6	0
Ian Ramsey CoE Academy	2	0	0	0	2	0
Ash Trees Academy	1	1	0	0	2	0
St Joseph's Primary Academy	1	0	0	0	1	0
West View Academy	3	0	0	0	3	0
Outwood Academy Bydales	8	0	0	0	8	0
Lincolnshire County Council	1	1	0	0	2	0
Inactive Employers	0	559	745	166	1,470	1,506
	22,566	24,429	18,376	2,683	68,054	66,526

Internal Dispute Resolution Procedure

In the first instance the member should contact the Teesside Pension Fund at the address shown on the page 79. We will send a detailed guide explaining the Internal Dispute Resolution Procedure (IDRP) and how the appeal process will be handled. Any appeal must, ordinarily, be made within six months of receipt of the notification of the decision which is being disputed.

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

If, after the initial review, the member is still dissatisfied with the decision, they can apply via the second stage of the process to have decision reconsidered. This application must be made within six months of the receiving the decision of the initial review. At the second stage, if the appeal concerns an employer decision, it is reviewed by the Teesside Pension Fund. If the appeal concerns the administrator, then an independent third party pension specialist is appointed. If the member is still not satisfied following the second stage decision, an appeal can be made to the Pensions Ombudsman. However, advice must first have been sought from the Pensions Advisory Service before the Ombudsman will consider the case.

Details of IDRP cases processed in the year

Cases started in year	16
Cases resolved in year	2 Cases upheld
	14 Cases dismissed

HEAD OF INVESTMENTS' REPORT

Markets continued to increase over the year, with positive returns across all asset classes. This led to the Teesside Fund returning over 10% for the financial year. During the year, equity markets were initially led lower with the end of monetary stimulus in the United States and the falls in iron ore and oil prices.

Most equity markets recovered towards the year end, with strong year end performance from the US, Japan and the Far East in particular. The US and Far East markets have benefited from a strengthening dollar. Japan's continued monetary stimulus programme helped make it the best performing of the overseas equity markets with a return to UK investors of 27%.

The UK equity market was more restrained at the year end with investors uncertain about the up-coming general election results; most opinion polls pointed to a hung parliament. In Europe, the Euro declined against other major currencies into the year end as concerns over Greece and a possible default by them began to grow.

The bond market performed strongly, particularly long dated gilts and indexed linked gilts. Despite reaching historic lows, investors hold them for liability matching and regulatory reasons, and continue to buy them at almost any price.

Alternative investments are an asset class that has featured much in the past, with particular press attention to infrastructure assets. Alternatives cover a number of different strategies, the main ones being private equity, hedge funds, infrastructure, and commodities. The Teesside Fund's alternative portfolio is a very small part of the whole Fund and contains some infrastructure, commodities and other assets that are considered to be uncorrelated to equity and bond markets and over the long term will produce an absolute return. Private equity investments performed strongly over this financial year, an area in which the Teesside Fund does not hold investments.

Property is an asset class the Fund has expanded its investment in the year. The Fund has a strategy to build up the direct portfolio over time to increase the proportion of the Fund invested in this asset class to nearer 10%. Property, as an asset class performed well last year, returning 16%.

The Public Service Pensions Act 2013 set out changes to the governance arrangements for all public sector pension schemes. The Teesside Pension Fund and Investment Panel is still the main decision making committee for the Fund, but this year has seen work begin to create the Teesside Pension Board.

Middlesbrough Council will be asked to approve the Teesside Pension Board on 1 April 2015. The purpose of the Pension Board is to assist Middlesbrough Borough Council, as the Administering Authority, to:

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

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

Every three years the Fund actuary carries out a full actuarial valuation of the Fund. The purpose of this is to calculate how much employers in the scheme need to contribute going forward to ensure that the Fund's liabilities, the pensions due to current and future pensioners, will be covered. Unlike most other public sector schemes the LGPS is a funded scheme, i.e. there is a pool of investments which produces income to meet a significant part of the liabilities.

The actuary calculates to what extent the Fund's assets meet its liabilities. This is presented as a Funding Level. The aim of the Fund is to be 100% funded. At the March 2013 valuation the actuary was able to declare a funding level of 101%. This allowed many of the employers in the Fund to decrease the amount of their contribution for the next three years, releasing money for front-line services. The effects of this valuation came into force from 1 April 2014 with the next valuation due to be carried out using data as at 31 March 2016.

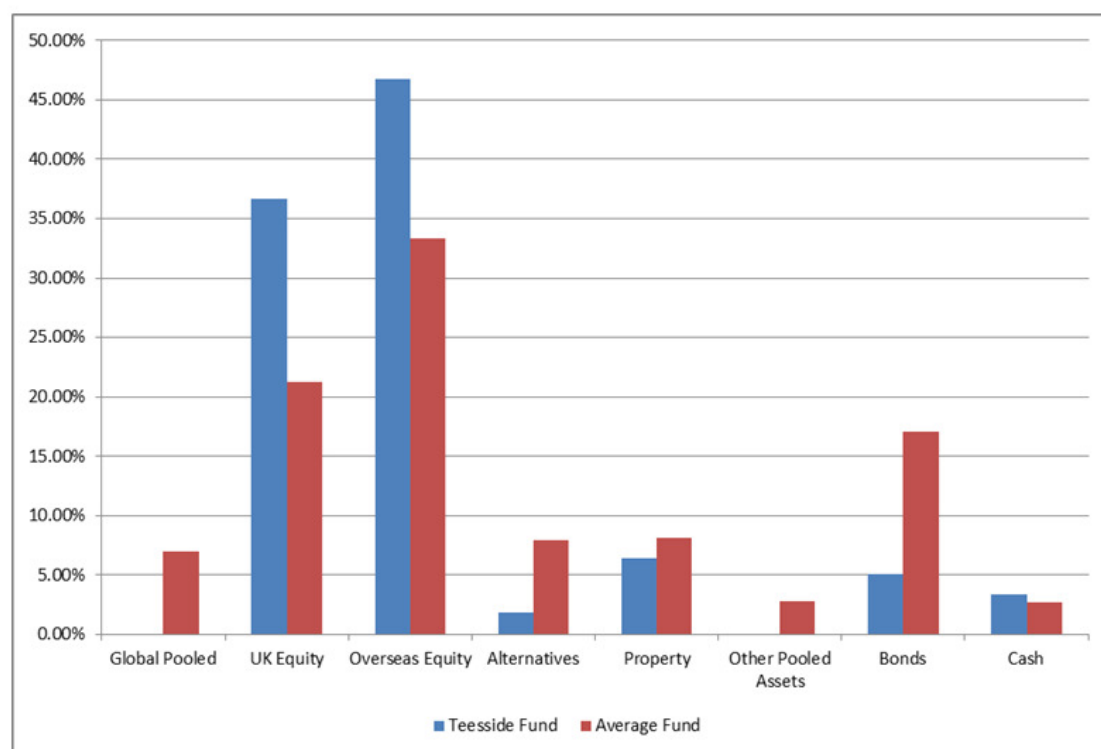
The new valuation gave the Fund a chance to re-evaluate its current asset allocation position through an Asset/Liability Study. This was completed this year with a revised customised benchmark put in place from 1 January 2015 (see table below). The customised benchmark is designed to meet the Fund's long term requirements.

The value of the Teesside Fund at 31 March 2015 was £3.244 billion, an increase of almost £200 million on the year. The Fund is invested in a wide range of assets. This meets the requirement to have diversification of investments in a fund, so that too great a concentration of investments in one asset class does not expose the Fund to risk of underperformance should that particular asset class perform badly. Comparison of the percentage of the Fund invested in the different categories of investments with the average of other funds shows that the Fund has a greater proportion held in Growth Assets, such as equities and less in Protection Assets, such as bonds.

The percentage amount invested in each asset class is shown below:

	Average Fund	Teesside Fund	TPF Benchmark	SIP Max	SIP Min
Global Pooled	7.00%	0.00%	0.00%	0.00%	0.00%
UK Equity	21.20%	36.65%	30.00%	90.00%	50.00%
Overseas Equity	33.30%	46.73%	40.00%		
Alternatives	7.90%	1.84%	5.00%	10.00%	0.00%
Property	8.10%	6.44%	10.00%	15.00%	5.00%
Other Pooled Assets	2.80%	0.00%	0.00%	0.00%	0.00%
Bonds	17.10%	5.02%	13.00%	40.00%	5.00%
Cash	2.60%	3.32%	2.00%		
	100.00%	100.00%	100.00%		

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



The largest 20 holdings, which make up 20.56% of the value of the portfolio as at 31 March 2015 is:

Stock Name	%	Amount Owned
HSBC HOLDINGS	1.76%	£ 56,816,100.00
ROYAL DUTCH SHELL A SHARES	1.34%	£ 43,172,000.00
GLAXOSMITHKLINE	1.33%	£ 42,887,625.00
BP	1.32%	£ 42,458,611.67
FIDELITY EUROPEAN FUND GBP	1.31%	£ 42,300,082.15
SSGA MPF PAC BASIN EX-JAPAN INDEX	1.21%	£ 38,943,944.98
BRITISH AMERICAN TOBACCO	1.19%	£ 38,373,500.00
VODAFONE GROUP SHARES	1.12%	£ 36,065,453.74
CHINA MOBILE LTD	1.10%	£ 35,539,342.78
ASTRAZENECA	1.03%	£ 33,072,325.00
SAMSUNG ELECTRONIC CO LTD	0.95%	£ 30,600,394.35
ROYAL DUTCH SHELL B SHARES	0.94%	£ 30,435,500.00
LIONTRUST UK SMALLER CO-I	0.90%	£ 29,036,116.82
DIAGEO PLC	0.84%	£ 26,962,750.00
UBS GBL ASSET LIFE SMALLER COMP EQUITY TRACKER B	0.80%	£ 25,812,087.75
RIO TINTO	0.73%	£ 23,536,885.68

INVESCO PERPETUAL UK SMALLER CO. EQUITY FD	0.71%	£ 23,028,871.56
BT GROUP	0.68%	£ 21,900,000.00
PRUDENTIAL	0.66%	£ 21,300,661.36
BARCLAYS	0.65%	£ 20,980,575.00

20.56% £ 663,222,827.84

PERFORMANCE

Fund performance is measured by the WM Company, the leading provider of performance measuring services to the public and private sector. Once the Fund's return over a given period has been calculated it is possible to compare that return with returns from other funds. The return the Fund achieves is one of the factors which the Fund Actuary takes into account when fixing the employer's contribution rate. Any increase in the contribution rate would mean less money to pay for other services. The benefits of scheme members of the Local Government Pension Scheme are related to their salary and length of service, not the value of the Fund.

As Pension Fund investment is a long-term business, it is appropriate that longer-term measures of performance are viewed as more important than short-term measures. It has become standard practice to report the performance of the Fund over 1, 3 and 10 years and to compare performance with other Local Authority Funds. In addition, the Fund participates in a WM survey which compares performance against private sector schemes and also against a customised benchmark. All of these are reported to the Teesside Pension Fund and Investment Panel.

For the purposes of this report the Local Authority survey is used. In the year 2014/15, 85 Local Authority funds were included in the WM Local Authority Pension Fund Service. The aggregate value of these funds was approximately £200 billion.

In the year 2014/15 the Fund achieved a return of 10.2% compared to our benchmark return of 13.2%. This return was also below average and placed Teesside in the 94th percentile of all Local Authority funds.

In the three-year period 2012/13 to 2014/15 the Fund achieved a return of 8.8% per annum compared to our benchmark return of 11.0%. This return was also below average and placed Teesside in the 92nd percentile of all Local Authority funds.

In the ten-year period 2005/06 to 2014/15 the Fund achieved a return of 8.1% per annum compared to our benchmark of 7.9%. This return was above average and placed Teesside in the 37th percentile of all Local Authority funds

Ordinarily, the key to good performance is to get the big decisions right. The weightings between equities and bonds, in particular, will go a long way to determining performance. The Teesside Fund continues to be under-represented in bonds when compared to other

Funds. Central Bank policies and their programmes of quantitative easing has helped bonds perform strongly this year, continuing a “bull-run” in bond prices lasting over two decades.

The Fund’s position of being overweight in growth assets, such as equities and underweight in protection assets, such as bonds should have benefitted the Fund’s performance relative to other funds, since equity markets ended this financial year strongly. However, while equity markets in Japan, the Far East and US performed strongly, UK and Europe markets did not, and approximately half the Fund is invested in these two asset classes.

The Teesside Fund continues to invest for long term returns in order to remain fully funded and continue to meet its future liabilities. The long term performance numbers for the Fund are still encouraging. The annualised return on assets for the last ten and twenty years, 8.1% and 8.3% respectively, are well ahead of the Fund’s actuarial requirement. The Fund’s investment advisors continue to promote the view that the best way for the Fund to achieve the level of returns required to meet the liabilities of the Fund is to invest in growth assets.

The Fund is managed internally, although some use is made of pooled investment vehicles to gain exposure to specialist areas. One benefit of this approach is that internal management fees are low. This is clearly demonstrated by another key measure of performance which looks at the cost of managing the Fund. The Department for Communities and Local Government publishes information collected from all local authorities in England and Wales comparing fund investment management costs. These are expressed as £ per scheme member (psm). In other words the total cost (including salaries, accommodation, custodian and other fees) is divided by the total number of members of the scheme, both contributors and beneficiaries.

The result for 2013/14 show that the Fund had investment management costs of £16.81 psm. The average for all Local Authorities in 2013/14 was £99.92 psm. Had the Fund incurred the average psm costs this would have represented, based on the March 2014 membership of 66,526, extra costs of £5.53 million. For 2014/15, the investment management cost was £1.05 million or £15.43 psm, based on membership of 68,054. Comparison figures with other Local Authorities are not available at the time of writing this report.

The Fund’s position regarding risk monitoring and risk control is set out in the Statement of Investment Principles, which can be viewed on-line at www.teespen.org.uk. This is principally concerned with the three forms of risk:

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

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

SHAREHOLDER GOVERNANCE

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

The Fund's policy is to vote at all AGM's and EGM's for UK listed companies where the Fund is a shareholder. An Annual Report on Shareholder Governance is presented to the Investment Panel. This sets out how votes have been cast.

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

The Fund's Statement can be viewed on the Fund's website www.teespen.org.uk. The Statement has been amended to take into account the recommendations of the Myners Report on Institutional Investment.

The Fund's Statement of Investment Principles states that:

"As a responsible investor, the Teesside Pension Fund wishes to promote corporate social responsibility, good practice and improved company performance amongst all companies in which it invests. The Fund will therefore monitor investee companies to ensure that they meet standards of best practice in relation to their key stakeholders. The Fund considers that the pursuit of such standards aligns the interests of Fund members and beneficiaries with those of society as a whole. In furtherance of this policy, the Fund will support standards of best practice on disclosure and management of corporate social responsibility issues by companies and will pursue constructive shareholder engagement with companies on those issues consistent with the Fund's fiduciary responsibilities.

The Fund will explicitly consider climate change risks and opportunities in the investment process and engage with companies in which we invest to ensure that they are minimising the risks and maximising the opportunities presented by climate change and climate policy.

In accordance with this policy, the Fund will seek where necessary through its own efforts and in alliances with other investors to pursue those goals. To this end the Fund is an active member of the Local authority Pension Fund Forum."

In order to pursue a policy of positive engagement, the Fund is an active member of the Local Authority Pension Fund Forum, (whose website is www.lapfforum.org) a grouping of Local Authority funds with investments valued over £100 billion. The Forum works by

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

The Forum's current activities have recently been agreed to cover the following six areas:

➤ **Engagement**

The Forum has been building its reach on engagement and will increase this reach to other investor coalitions to support international engagement and cooperation.

The Forum will respond to member requests to address emerging topics and critical governance responsibility issues. It will respond to these investment concerns at companies widely held by the Forum's members.

The Forum will also maintain up to date holdings data of members' global investments to develop and maintain engagement relationships with the most widely held companies in each market. Engagement will be on governance, environmental and social issues identified in the context of available best practice for the market or sector.

➤ **Positioning the Forum**

The Forum will raise its profile, enhance its impact in the "corridors of power", and convey its own policy agenda more clearly amongst asset owners. Forum members will attend the mainstream party conferences to highlight the concerns of the LGPS.

In order to keep abreast with current investor initiatives the Forum will participate in appropriate networks and attend relevant events. Training will also be provided to mentor and coach Forum members and help individuals to develop knowledge and expertise in particular sectors and provide examples of best practice for funds.

The Forum will also broaden its agenda on investment governance to include insights on investment management arrangements, cost reductions and scheme governance. Governmental and other consultation papers will continue to be monitored and responded to, including those across global markets where relevant to Forum member holdings.

➤ **Promoting Good Governance**

The Forum continues to believe that companies should be held accountable for providing a true and fair view of their financial position and for maintaining their audited accounts in line with this legal requirement. The Forum will build on its case for reform in conjunction with the partners in the IFRS coalition.

The Forum will pursue its analysis on appropriate reforms of the governance of accounting standard setting including that of the Financial Reporting Council. With mergers and acquisitions, the Forum will review the approach of asset managers as compared with the position of asset owners to develop the work. In its tax transparency work, the Forum will initially seek disclosure from FTSE100 companies on existing tax practices. A major policy paper on capital market reforms focussing on shareholder rights and investment governance issues will be published during the year. The Forum will also pursue face-to-face meetings with policy makers and regulators and advocate for reform of relevant regulatory and standard setting bodies.

➤ **Responsible Investment**

The Forum aims to enhance long term investor understanding of risks embedded in fund portfolios associated with the range of potential policy responses to climate change. For executive remuneration, the Forum will further develop an approach to executive remuneration and the 'employee value proposition' that has 'buy-in' from both companies and investors. Also, the Forum will engage companies on labour standards and human rights advocating for improved transparency on management of social risks.

Engagement with high carbon-emitting companies in the utilities, oil and gas and extractive sectors will be accelerated by promoting shareholder resolutions filed by member funds and other institutional investors. The Forum will encourage the highest level of support for these member promoted resolutions as well as continue engagement with other high emitting companies, working with the 'Aiming for A' investor initiative where relevant. The Forum will advocate for governmental climate policy that provides reliability and predictability to decrease investment uncertainty for investors. Reflecting ongoing member fund interest, engagement will continue with companies involved in 'fracking' activities in the UK, informed by collaborative engagement with US and other global companies.

➤ **Communications and Website**

The Forum will seek to innovate communications, and pursue opportunities to maximise its public profile and advocacy on selected matters. Technical support will be provided for Forum activities including provision of information via the website which will be developed in line with member needs and requests.

Strategic opportunities to position the Forum's 'investor voice' will be taken where appropriate. Voting alerts will continue to be issued in areas of Forum specialism and engagement and a review will be undertaken on their usage. The Forum will keep members regularly informed via a range of publications, bulletins and online media as well as building the Forum's profile through placed articles, press releases and facilitating responses to media enquiries.

In order to enhance the Forum's external profile and participation of member funds in the Forum's engagement programme, the website will be upgraded to improve content management, functionality, user experience and ability to integrate content sharing across new media and generate additional traffic to the website. Support will be provided over a range of Forum activities including all technical support at Business Meetings, seminars and conferences; maintenance of the 'universe manager' for holdings analysis as well as the Forum's online presence.

➤ **Member Services**

The Forum will review the current structure and services and provide potential options for the future for the executive and members to consider. The Forum will continue to provide implementation support for members on responsible investment practices and governance concerns.

Quarterly business meetings will continue to provide an opportunity for all members to come together to discuss current engagement and debate and shape new proposals, guided by executive committee review at quarterly meetings and an annual strategy meeting. Members receive updates on activity over the previous quarter as well as the chance to hear from the executive members on specific company engagements and/or external speakers on a variety of investment topics related to governance or corporate responsibility concerns.

LAPFF Membership as at 31 March 2015:

Avon Pension Fund	Shropshire Council
Barking and Dagenham LB	Somerset CC
Bedfordshire Pension Fund	Sheffield City Region Combined Authority
Camden LB	Suffolk County Council Pension Fund
Cheshire Pension Fund	South Yorkshire Pensions Authority
City of London Corporation	Southwark LB
Clwyd Pension Fund	Staffordshire Pension Fund
Croydon LB	Strathclyde Pension Fund
Cumbria Pension Scheme	Surrey CC
Derbyshire CC	Teesside Pension Fund
Devon CC	The Cardiff and Vale of Glamorgan Pension Fund
Dorset County Pension Fund	Tower Hamlets LB
Dyfed Pension Fund	Tyne and Wear Pension Fund
Ealing LB	Waltham Forest LB
East Riding of Yorkshire Council	Wandsworth LB
East Sussex Pension Fund	Warwickshire Pension Fund
Enfield LB	West Midlands ITA Pension Fund
Falkirk Council	West Midlands Pension Fund
Greater Gwent Fund	West Yorkshire Pension Fund
Greater Manchester Pension Fund	Wiltshire CC
Greenwich Pension Fund RB	Worcestershire CC
Gwynedd Pension Fund	
Hackney LB	
Haringey LB	
Harrow LB	
Hounslow LB	
Islington LB	
Lambeth LB	
Lancashire County Pension Fund	
Lewisham LB	
Lincolnshire CC	
London Pension Fund Authority	
Lothian Pension Fund	
Merseyside Pension Fund	
Newham LB	
Norfolk Pension Fund	
North East Scotland Pension Fund	
North Yorkshire CC Pension Fund	
Northamptonshire CC	
Northern Ireland Local Government Officers Superannuation Committee (NILGOSC)	
Nottinghamshire CC	
Powys County Council Pension Fund	
Rhondda Cynon Taf	

Financial Statements

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INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF MIDDLESBROUGH COUNCIL ON THE PENSION FUND FINANCIAL STATEMENTS

We have examined the pension fund financial statements for the year ended 31 March 2015, which comprise the Fund Account, the Net Assets Statement and the related notes 1 to 21.

This report is made solely to the members of Middlesbrough Council, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission. Our audit work has been undertaken so that we might state to the Authority those matters we are required to state them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of Resources and auditor

As explained more fully in the Statement of the Chief Finance Officer Responsibilities, the Chief Finance Officer is responsible for the preparation of the pension fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements in the statement of accounts of Middlesbrough Council, and its compliance with applicable law and the CIPFA.LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

We also read the other information contained in the pension fund annual report as described in the contents section and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements.

We conducted our work in accordance with guidance issued by the Audit Commission. Our report on the administering authority's full annual statement of accounts describes the basis of our opinions on those financial statements.

Opinion

In our opinion, the pension fund financial statements are consistent with the full annual statement of accounts of Middlesbrough Council for the year ended 31 March 2015 and except for the opinion on other matters we report on by exception comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2014/15.

Opinion on other matters

The annual report for the financial year for which the statements are prepared does not contain information on which we can form a view.

Matters on which we report by exception

We report to you if, in our opinion, the governance compliance statement does not reflect compliance with the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance.

In my opinion, the governance compliance statement does not reflect compliance with the Local Government Pension Scheme (Administration) Regulations 2008 and related guidance because it has not been published in full in the annual report.

Christopher D Powell (Engagement Lead)
For and on behalf of Deloitte LLP
Appointed Auditor
Leeds

September 2015

Fund Accounts for the year ended 31st March 2015

2013 / 2014 £000		Note	2014 / 2015 £000
	Contributions and Benefits		
88,850	Contributions	6	84,520
31,070	Transfers in	7	5,243
6,086	Other income	8	6,756
126,006			96,519
111,117	Benefits	9	120,746
5,698	Leavers	10	80,755
116,815			201,501
4,543	Management Expenses	11	4,608
4,648	Net additions/(withdrawals) from dealings with members, employers and others directly involved in the fund		(109,590)
	Returns on investment		
84,045	Investment income	12	89,553
30,933	Change in market value of investments	13	214,604
114,978	Net returns on investments		304,157
119,626	Net increase in the Fund during the year		194,567
2,929,601	Net assets of the scheme as at 1st April		3,049,227
3,049,227	Net assets of the scheme as at 31st March		3,243,794

Net Assets Statement as at 31st March 2015

2013 / 2014 £000			2014 / 2015 £000
3,010,484	Investments Assets	13	3,232,586
40,629	Current Assets	14	15,817
935	Receivables due over 1 year	15	299
(2,821)	Current liabilities	16	(4,908)
3,049,227	Net assets of the scheme at 31st March		3,243,794

The financial statements summarise the transactions of the scheme and deal with the net assets at the disposal of the Administering Authority. The obligations to pay pensions and benefits that fall due after the end of the scheme year is shown in Note 19 to the accounts and the Actuarial statement included in the Annual report and these accounts should be read in conjunction with it.

The notes on pages 47 to 69 form part of these Financial Statements.

Notes to the Financial Statements

1 Basis of preparation

The financial statements have been prepared in accordance with the Local Government Pension Scheme Regulations 2008 (as amended) and with the guidelines set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2014/15 having regard to the Statement of Recommended Practice: Financial Reports on Pensions Schemes (revised May 2007).

2 Accounting policies

Basis on which Receivables and Payables are included in the Accounts

The accruals concept has been observed in the preparation of the accounts with the following exception. Transfer values payable and receivable are accounted for on an accruals basis once liability is accepted.

Valuation of Investments

Investments have been included in the Net Assets Statement at their market value as at 31 March 2015 as provided by the Fund's custodians. Quoted UK securities are valued at the bid price based on the quotations in the Stock Exchange Daily Official List. Overseas quoted securities are similarly valued at bid price from overseas stock exchanges, translated at closing rates of exchange.

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

Other unlisted securities, including partnerships, are valued with regard to latest dealings and other appropriate financial information as provided by their respective managers or those controlling the partnerships.

The acquisition costs of investments are accounted for as part of the cost of investments.

Property is valued annually by an independent qualified valuer in accordance with the "Royal Institute of Chartered Surveyors" valuation standards

Financial Instruments

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

IFRS 13 Fair value Measurement

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

Property expenses

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

Foreign exchange

Assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the Fund year end date.

Custody and Security of Investments

Most investments are held in nominee name by the Fund's Global Custodian, BNP Paribas Securities Services. Exceptions to this are directly owned properties, money markets cash deposits and specified unquoted investments, which would be registered in the name of the administering authority.

Where the Custodian does not provide a custody service in their own right, they utilise third party Sub Custodians, who are appointed by the Custodian.

The agreement between the Fund and the Custodian provides for certain indemnities where there has been loss as a result of action or inaction by the Custodian or its Sub Custodians. This is supported by limited insurance cover procured by the Custodian.

Disposal of Investments

Profits and losses on the disposal of investments are realised when the transactions are legally complete.

Dividends

Dividends from quoted securities are accounted for when they become ex-dividend.

Interest on Cash Balances

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

Pension Liabilities

The accounts summarise the transactions and net assets of the Fund. They do not take account of liabilities to pay pensions and other benefits in the future. The actuarial position of the Fund, which does take account of such liabilities, is dealt with in the notes relating to the most recent actuarial valuation.

Rental Income

Rental income is accounted for on an accruals basis.

Contributions

Contributions are accounted for in the period in which they fall due. Normal contributions received during the year have been paid in accordance with the rates and adjustments certificate.

Benefits

Benefits are accounted for in the period in which they fall due. All benefits are calculated in accordance with the statutory regulations in force at the relevant benefit date.

Administrative Expenses

The administrative expenses of the Fund are incurred by the Administering Authority and are recharged to the Pension Fund periodically during the year. Expenses for Actuarial, Audit and Legal fees are paid directly by the Fund.

Contingent Liabilities

The Pension Fund has no contingent liabilities.

Cash and cash equivalents

Cash comprises of cash in hand and demand deposits.

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

Value Added Tax

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

3. Accounting standards that have been issued but not yet been adopted

There are no accounting standards that have been issued but not yet adopted.

4. Critical Judgements, Sensitivities and Accounting Estimates

Unquoted private equity investments

It is important to recognise the highly subjective nature of determining the fair value of private equity investments. They are inherently based on forward-looking estimates and judgements involving many factors. Unquoted private equities are valued by the investment managers using the International Private and Venture Capital Association guidelines or European Venture Capital Association definition of conservative value. The value of unquoted private equities at 31 March 2015 was £79,610 (£144,050 at 31 March 2014).

Pension Fund Liabilities

The pension fund liability is calculated every three years by the appointed actuary, with annual updates in the intervening years. The methodology used is in line with accepted guidelines and in accordance with IAS19. Assumptions underpinning the valuations are agreed with the actuary and are summarised in Note 18. 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

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

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured e.g. a 0.1% pa increase in the discount factor could decrease the liability by c £74.89 million.
Debtors	At 31 March 2015, the fund had a balance of sundry debtors of £8.5 million.	There is no history of uncollectable debtors
Private Equity	Private Equity investments are valued at fair value in accordance with the International Private and Venture Capital Association guidelines or European Venture Capital Association definition of conservative value. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity investments in the financial statements are £79,610. There is a risk that this investment may be under or overstated in the accounts. The remaining items with unobservable market values amount to £91,595,390 and are relating to infrastructure, real estate and pooled equity vehicles.

6. Contributions

		2013 / 14 £000	2014 / 15 £000
Employers	Normal	60,506	57,125
	Additional Contributions	550	48
	Deficit Recovery Contributions	2,376	1,859
Members	Normal	25,418	25,488
Total		88,850	84,520

The actuarial valuation at 31st March 2013 calculated that the Fund was 101% funded.

Analysis of Total Contributions

	2013 / 14 £000	2014 / 15 £000
Administering Authority	13,254	12,345
Scheduled Bodies	57,819	54,037
Admitted Bodies	17,777	18,138
Total	88,850	84,520

7. Transfers in

	2013 / 14 £000	2014 / 15 £000
Individual transfer in from other schemes	31,070	5,243

In 2013/14 a Transfer in amount of £27.8 million was accrued in respect of a group transfer in for Durham Probation Trust. The actual cash amount was received in August 2014.

8. Other income

	2013 / 14 £000	2014 / 15 £000
Capital Costs of Early Retirements	4,864	5,528
Other income	1,222	1,228
Total	6,086	6,756

9. Benefits

	2013 / 14 £000	2014 / 15 £000
Pensions	89,648	94,860
Commutations and lump sum retirement benefits	18,683	23,701
Lump sum death benefits	2,786	2,185
Total	111,117	120,746

Analysis of Total Benefits

	2013 / 14 £000	2014 / 15 £000
Administering Authority	26,025	27,884
Scheduled Bodies	66,836	68,540
Admitted Bodies	18,256	24,322
Total	111,117	120,746

10. Leavers

	2013 / 14 £000	2014 / 15 £000
Refunds to members leaving service	13	101
Payments for members joining state scheme	2	19
Individual and bulk transfers to other schemes	5,683	80,635
Total	5,698	80,755

In 2014/15 a Transfer out amount of £75.1 million was paid to Tameside Pension Fund (part of the Greater Manchester Pension Fund) in respect of a group transfer out for Durham Probation Trust £27.8 million and Tees Valley Probation £47.3 million.

11. Management Expenses

	Restated 2013 / 14 £000	2014 / 15 £000
Administrative costs	1,579	1,599
Investment management expenses	2,717	2,779
Oversight and Governance costs	247	230
Total	4,543	4,608

This analysis of costs of managing the Teesside Pension Fund has been prepared in accordance with CIPFA guidance. Both 2014/15 and 2013/14 figures show a re-allocation of management expenses. The main adjustments are for management costs previously allocated to investment assets in 2014/15 £1,730k (2013/14 £1,695k).

12. Investment Income

	2013 / 14 £000	2014 / 15 £000
Income from fixed interest securities	4,784	3,718
Dividends from equities	65,943	71,323
Income from Index-Linked Securities	1,590	1,388
Income from pooled investment vehicles	3,829	3,053
Other investment income	0	219
Net rents from properties (see note below)	7,035	9,317
Interest on cash deposits	864	535
Total	84,045	89,553

	2013/ 14 £000	2014 / 15 £000
Rental Income and Property Expenses		
Gross Rental income	7,590	9,652
Property Expenses	(555)	(335)
Net Rents from Properties	7,035	9,317

13. Investment Assets

	Restated Value at 31 March 2014 £000	Purchases at Cost £000	Sale Proceeds £000	Change in Market Value £000	Value at 31 March 2015 £000
Fixed interest securities	108,005	22,027	(43,389)	2,723	89,366
Equities	2,164,694	283,471	(197,207)	179,986	2,430,944
Index-linked securities	84,345	0	(18,439)	7,558	73,464
Pooled Investment Vehicles	376,476	11,791	(33,312)	13,827	368,782
Properties	122,985	41,335	(5,200)	10,510	169,630
	2,856,505	358,624	(297,547)	214,604	3,132,186
Cash Deposits	132,200				73,803
Other Investment Balances	21,779				26,597
	3,010,484				3,232,586

Re-allocation of market value brought forward

The investment asset categories for the market value at 31st March 2014 have been re-allocated to their correctly identified asset groups following a comprehensive investment reconciliation of assets brought forward. The re-allocations were primarily between equities and pooled investment vehicles (£21.5 million) and fixed interest and index linked securities (£12.6 million).

Change in Market Value

The change in the market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year. Realised profit was £62,087,798 and unrealised gain was £152,516,202.

Transaction Costs

Transaction costs are included in the cost of purchases and sale proceeds. Transaction costs include costs charged directly to the scheme such as fees, commissions, stamp duty and other fees. Transaction costs incurred during the year amounted to £1,730,084 (2014 – £1,694,520). In addition to the transaction costs disclosed here, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles. The amount of indirect costs is not separately provided to the Fund. For accounting purposes the transaction costs have been re-allocated to expenses.

Investments analysed by fund manager

The fund is mainly in-house managed with the only exception being the direct property portfolio managed by CBRE Limited.

For 2014/15 the value at 31 March 2015 of the direct property portfolio was £169,630,000

For 2013/14 the value at 31 March 2014 of the direct property portfolio was £122,985,000

The remainder of the Fund is all managed in-house.

The Fund does not have any single investment over 5% of the net assets of the scheme. The following investments represent more than 5% of any class or type of security. The asset classes used for this note are not the CIPFA classifications, but those represented in the Fund's valuation by its Custodian and reported to the Teesside Pension Fund and Investment Panel.

Asset Class / Security	Market Value 31 March 2014	% of asset class	Market Value 31 March 2015	% of asset class
	£'000		£'000	
UK Fixed Interest				
BAT INTL FINANCE 7.25% MTN 12/03/24 GBP	3,301	6.94%	3,541	7.00%
HSBC BANK FRN 16/05/2016	3,007	6.32%	3,009	5.94%
NATIONAL GRID 6.125% 15/04/2014	3,062	6.43%	-	-
NEXT PLC 5.875%-06-12/10/2016	-	-	3,211	6.34%
TREASURY 1.75% 07/09/22 GBP0.01	3,006	6.32%	3,285	6.49%
TREASURY 4.25% 07/09/39 GBP0.01	-	-	2,745	5.42%
TREASURY 5% 07/03/2025 GBP100	-	-	2,535	5.01%
UK Index-Linked				
NATL GRID GAS PLC 4.1875%IDX LKD BDS 14/12/2022	3,008	5.23%	3,046	5.52%
NETWORK RAIL INFRA 1.375% IDX/LKD 22/11/37 GBP	4,799	8.34%	-	-
TREASURY 0.125% I/L 22/03/44 GBP	-	-	3,499	6.34%
TREASURY 1.125% I/L 22/11/37 GBP	3,190	5.55%	3,817	6.91%
TREASURY 1.25% I/L 22/11/2032	6,190	10.76%	3,345	6.06%
TREASURY 1.25% I/L 22/11/27 GBP	4,837	8.41%	5,347	9.69%

TREASURY 2% I/L 26/01/35 GBP0.01	5,938	10.33%	6,872	12.45%
TREASURY 4.125% I/L 22/07/30 GBP	6,251	10.87%	6,838	12.39%
UK Equities				
HSBC HLDGS ORD USD0.50(UK REG)	60,740	5.18%	56,816	4.79%
Overseas Bonds				
ALTRIA GROUP INC 4.25% DUE 08-09-2042	2,388	2.74%	3,039	5.33%
AUSTRALIA (CMNWLTH) 4% IDX LKD 20/08/20 AUD 1000	3,086	3.54%	3,026	5.31%
US TREASURY TIPS 3.375 04/15/2032	2,733	3.13%	3,263	5.72%
Property				
Direct – Stow-on-the-Wold (Fosse Way)	13,525	8.39%	13,850	6.64%
Direct - Birmingham (Bromford Central)	9,900	6.14%	13,500	6.47%
Royal London Property Investment	8,899	5.52%	9,779	4.69%
Standard Life Investments European Property Growth Fund	13,656	8.47%	12,017	5.76%
Alternatives				
AXA FRAMLINGTON BIOTECH FUND R AC	4,116	5.85%	-	-
Darwin Leisure Prop Units Cls 'C'	13,145	18.68%	14,481	24.28%
ETFS Metal Security Physical Gold	6,766	9.62%	6,979	11.70%
F&C WATER & AGRICULTURE EQUITY LONG/SHORT FUND	6,335	9.00%	-	-
Innisfree PFI Continuation Fund	9,526	13.54%	9,506	15.94%
INNISFREE PFI SECONDARY FUND 2	5,930	8.43%	6,784	11.37%
NIMROD SEA ASSETS LTD	4,544	6.46%	5,204	8.72%
POWERSHARES DB MULTI SECTOR COMMODITY AGRICULTURE FUND	8,496	12.08%	7,453	12.50%
UNITED STATES OIL FUND LP UNITS	8,224	11.69%	7,534	12.63%

Geographical Analysis of Investments

	2013 / 14		2014 / 15	
	£000	%	£000	%
United Kingdom	1,600,010	56%	1,639,198	52%
United States	263,364	9%	366,891	12%
Hong Kong	105,667	4%	150,108	5%
Japan	153,666	5%	193,728	6%
Australia	129,782	5%	129,416	4%
Germany	86,979	3%	85,222	3%
Switzerland	68,248	2%	80,222	3%
Republic of Korea	83,807	3%	97,670	3%
Singapore	52,586	2%	50,863	2%
France	71,403	3%	68,414	2%
Taiwan	63,649	2%	79,098	3%
Others	177,344	6%	191,356	5%
Total	2,856,505	100.00%	3,132,186	100.00%

Fixed Interest Securities

	Restated 2013 / 14 £000	2014 / 15 £000
UK public sector quoted	47,590	50,616
Overseas public sector quoted	60,415	38,750
Total	108,005	89,366

Equities

	Restated 2013 / 14 £000	2014 / 15 £000
UK quoted	1,055,230	1,069,296
Overseas quoted	1,109,464	1,361,648
Total	2,164,694	2,430,944

Index-linked securities

	Restated 2013 / 14 £000	2014 / 15 £000
UK quoted	57,509	55,204
Overseas quoted	26,836	18,260
Total	84,345	73,464

There has been a re-classification of investment assets for the brought forward valuation at 31st March 2014, for the above investments due to a comprehensive reconciliation identifying the correct asset groups.

Pooled Investment Vehicles

		Restated 2013 / 14 £000	2014 / 15 £000
Unit and Investment trusts	UK	209,315	201,691
	Overseas	167,161	167,091
Total		376,476	368,782

UK Properties

	2013 / 14 £000	2014 / 15 £000
Freehold	87,385	134,555
Leasehold	35,600	35,075
Total	122,985	169,630

The properties were valued on the basis of Market Value as at 31 March 2015 by Cushman and Wakefield LLP acting as an External Valuer in accordance with the RICS Valuation - Professional Standards. The valuer's opinion of the Market Value of the Fund's interests in the properties was primarily derived from analysis of recent market transactions concluded at arm's-length.

Cash Deposits

	2013 / 14 £000	2014 / 15 £000
Sterling Cash deposits	132,200	73,803

Other investment balances

	2013 / 14 £000	2014 / 15 £000
Cash deposits with custodian	3,497	7,355
Outstanding dividend entitlements	18,239	19,189
Interest due on cash deposits	43	53
Total	21,779	26,597

Outstanding Commitments

As at 31 March 2015, the Fund had outstanding commitments to five investments.

	Year	Initial Commitment £000	Capital Payments made £000	Outstanding Commitment as at 31 March 2015 £000
Capital NE No1 Ltd Partnership	2002	750,000	750,000	0
Granville Northern Private Equity Fund	1998	3,000,000	2,499,201	500,799
Innisfree PFI Continuation Fund	2006	10,000,000	9,708,498	291,502
Innisfree PFI Secondary Fund 2	2012	10,000,000	8,816,613	1,183,387
Teesside Private Equity Fund	1998	1,960,000	1,415,462	544,538
Total		25,710,000	23,189,774	2,520,226

14. Current assets

		2013 / 14 £000	2014 / 15 £000
Receivables			
Other receivables		4,565	7,844
Other receivables – Group transfer debtor		27,800	0
Sundry debtors		921	685
Contributions due in respect of	Employers	5,067	4,851
	Members	2,038	2,079
Cash balances		238	358
Total		40,629	15,817

	2013 / 14 £000	2014 / 15 £000
Analysis of Receivables		
Central government bodies	-	-
Other local authorities	8,351	7,385
NHS bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	32,040	8,074
Sub-total	40,391	15,459
Add cash balances	238	358
Total	40,629	15,817

15. Receivables due over 1 year

	2013 / 14 £000	2014 / 15 £000
Capital cost of early retirements	935	299

	2013 / 14 £000	2014 / 15 £000
Analysis of receivables due over 1 year		
Central government bodies	-	-
Other local authorities	935	299
NHS bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	-	-
Total	935	299

Scheduled Bodies have the option to pay the capital cost of Early Retirements over five years.

16. Current liabilities

	2013 / 14 £000	2014 / 15 £000
Rents received in advance	1,047	700
Accrued expenses	941	3,509
Other payables	833	699
Total	2,821	4,908

	2013 / 14 £000	2014 / 15 £000
Analysis of Creditors		
Central government bodies	-	-
Other local authorities	941	2,451
NHS bodies	-	-
Public corporations and trading funds	-	-
Other entities and individuals	1,880	2,457
Total	2,821	4,908

17. Related Party Transactions

The Fund is administered by Middlesbrough Council which is a related party as defined by International Accounting Standard 24 (IAS 24) 'Related Party Disclosures'. IAS 24 requires disclosure of information on related party transactions.

In its position as Administering Authority Middlesbrough Council has recharged scheme administration services to the Fund as follows;

	2013 / 14 £000	2014 / 15 £000
Support Service Recharges payable for the year and outstanding at the year end	322	315

In addition Middlesbrough Council had a £260 million, 10 year partnership with Mouchel Business Services for the provision of business, finance, IT, HR and other support services which commenced 1st June 2001. The partnership was subsequently extended for a further 5 years to 31 May 2016.

Mr Fred Green is an investment adviser to the Teesside Pension Fund. His costs to the fund in 2014/15 were £9,392. He is also a member of the Teesside Pension Fund and is in receipt of benefits.

18. Actuarial Valuation

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

In order to check that the funding objectives are being met the Fund is required to carry out an Actuarial Valuation every 3 years, The Triennial Valuation.

An Actuarial Valuation was carried out as at 31st March 2013 using the 'Projected Unit Method' which produced the following results;

	£ million
Net Liabilities	2,919
Assets	2,956
Surplus	37
Funding Level	101.27%

IAS19/26 Disclosure

Following the introduction of International Financial Reporting Standards (IFRS) the Fund is now required, under International Accounting Standard (IAS)26 "Accounting and Reporting by Retirement Benefit Plans" (January 1987), to disclose the actuarial present value of promised retirement benefits. The calculation of this disclosed amount must be determined in accordance with IAS19 "Employee Benefits" (February 1998).

An IAS26/19 valuation was carried out for the Fund as at 31 March 2015 by Aon Hewitt with the following results;

	£ million
Net Liabilities	4,100
Assets	3,239
Deficit	(861)

These figures are presented for the purposes of IAS19 only. They are not relevant for calculations undertaken for funding purposes or for other statutory purposes under UK pension legislation.

The actuarial assumptions used to calculate the promised value of benefits at 31 March 2015 were:

RPI increases	2.9% per annum
CPI increases	1.8% per annum
Salary increases	3.3% per annum
Pension increases	1.8% per annum
Discount rate	3.2% per annum

The assumed life expectancy from age of 65 (years)

Longevity at 65 for current pensioners:	
Men	23.00
Women	25.50
Longevity at 65 for future pensioners :	
Men	25.20
Women	27.80

19. Additional Voluntary Contributions (AVC's)

Scheme members may make Additional Voluntary Contributions that are invested with the Fund's nominated AVC providers, the Prudential Assurance Co Ltd and Phoenix Life PLC. These contributions are not part of the Pension Fund and are not reflected in the Fund's accounts in accordance with regulation 5c of the Pension Scheme (Management and Investment of Funds) Regulations 1998. The value of AVC investments are as follows:

Prudential AVC balances

	2013/14	2014/15
	£000	£000
With Profits and Deposit Accounts	3,894	3,649
Unit Linked Accounts	1,685	2,153
Total	5,579	5,802

The total value of AVC contributions paid to Prudential during the year was £1,399,143.

20. Financial Instruments

Net Gains and Losses on Financial Instruments

	Restated	
	2013/14	2014/15
Financial Assets	£000	£000
Fair Value through profit and loss account	30,933	214,604
	30,933	214,604

Management expenses have been re-categorised according to CIPFA guidance and now includes transaction costs which were previously assigned to investment assets.

Fair Value of Financial Instruments

The investment asset categories for the market value at 31st March 2014 have been re-allocated to their correctly identified asset groups following a comprehensive investment reconciliation of assets brought forward. The re-allocations were primarily between equities and pooled investment vehicles (£21.5 million) and fixed interest and index linked securities (£12.6 million).

Fair Value through profit and loss	Fair Value	Carrying Value	Fair Value	Carrying Value
	Restated 31 March 2014		31 March 2015	
	£000	£000	£000	£000
Fixed Interest Securities	108,005	108,005	89,366	89,366
Equities	2,164,694	2,164,694	2,430,944	2,430,944
Index-linked securities	84,345	84,345	73,464	73,464
Pooled Investments	376,476	376,476	368,781	368,782
Properties	122,985	122,985	169,630	169,630
	2,856,505	2,856,505	3,132,186	3,132,186
Loans and receivables	154,149	153,979	100,732	100,400
	3,010,654	3,010,484	3,232,918	3,232,586

Valuation of financial instruments carried at fair value

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

Level 1

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

Listed investments are shown at bid prices. The bid value of the investment 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 an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these 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 instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments and hedge fund of funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Teesside Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken as at 31st March annually. Cashflow adjustments are used to roll forward the valuations to 31 March as appropriate.

Teesside Pension Fund has no investments in hedge funds.

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

Valuation of financial instrument carried at fair value

Value as at 31st March 2015	Quoted Market Price Level 1 £000	Using Observable inputs Level 2 £000	With significant unobservable Level 3 £000
Financial assets at fair value through profit and loss account	2,870,881	169,630	91,675
Loans and receivables	100,732	-	-
Total Financial Assets	2,971,613	169,630	91,675

Value as at 31st March 2014	Quoted Market Price Level 1 £000	Using Observable inputs Level 2 £000	With significant unobservable Level 3 £000
Financial assets at fair value through profit and loss account	2,647,501	122,985	86,019
Loans and receivables	154,149	-	-
Total Financial Assets	2,801,650	122,985	86,019

Nature and extent of exposure to risk arising from financial instruments

Risk and risk management

The fund's primary long term risk is that the fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the fund and to maximise the opportunity for gains across the whole fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the fund manages its liquidity risk to ensure there is sufficient liquidity to meet the fund's forecast cashflows.

Responsibility for the fund's risk management strategy rests with the Teesside Pension Fund and Investment Panel. The Funding Strategy Statement and the Statement of Investment Principles identify and analyse the risks faced by the pensions operations. These policies are reviewed regularly to reflect changes in activity and market conditions.

Market risk

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

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

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

The fund manages these risks in three ways:

1. The actuarial valuation of the Fund which is carried out every three years and resets the employer contribution rates;
2. The asset liability study which is carried out every three years or more frequently if required considers alternative asset allocations for the Fund and the long term impact on employer contribution rates;
3. Quarterly monitoring of the performance of the Fund against selected benchmarks, and annual performance reports to the Investment Panel.

Other Price risk

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

The fund is exposed to share price risk. This arises from investments held by the fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

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

Other Price risk - sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the W M Company (performance monitoring company), the Fund has determined that the following movements in market price risk are reasonably possible for the 2014/15 reporting period.

2014 / 15 Price Risk		Value	Change	Value on Increase	Value on Decrease
Asset Type	Region	£000	%	£000	£000
Equities	UK	1,069,296	10.20%	1,178,364	960,228
	OVERSEAS	1,361,648	9.49%	1,490,868	1,232,428
Equities Total		2,430,944		2,669,232	2,192,655
Fixed Interest Securities	UK	50,616	6.17%	53,739	47,493
	OVERSEAS	38,750	7.49%	41,652	35,848
Fixed Interest Securities Total		89,366		95,391	83,341
Index Linked	UK	55,205	8.30%	59,787	50,623
	OVERSEAS	18,259	7.49%	19,627	16,891
Index Linked Total		73,464		79,414	67,514
Managed and Unitised Funds	UK	201,690	10.20%	222,262	181,118
	OVERSEAS	167,092	9.49%	182,949	151,235
Managed and Unitised Funds Total		368,782		405,211	332,353
Property	UK	169,630	1.53%	172,225	167,035
Property Total		169,630		172,225	167,035
Grand Total		3,132,186		3,421,473	2,842,898

2013 / 14 Price Risk		Restated Value	Change	Value on Increase	Value on Decrease
Asset Type	Region	£000	%	£000	£000
Equities	UK	1,055,230	12.07%	1,182,596	927,864
	OVERSEAS	1,109,464	12.38%	1,246,816	972,112
Equities Total		2,164,694		2,429,412	1,899,976
Fixed Interest Securities	UK	47,590	5.00%	49,970	45,211
	OVERSEAS	60,415	7.14%	64,729	56,101
Fixed Interest Securities Total		108,005		114,698	101,312
Index Linked	UK	57,509	7.59%	61,874	53,144
	OVERSEAS	26,836	7.14%	28,752	24,920
Index Linked Total		84,345		90,626	78,064
Managed and Unitised Funds	UK	209,315	12.07%	234,579	184,051
	OVERSEAS	167,161	12.38%	187,856	146,466
Managed and Unitised Funds Total		376,476		422,435	330,517
Property	UK	122,985	1.25%	124,522	121,448
Property Total		122,985		124,522	121,448
Grand Total		2,856,505		3,181,693	2,531,317

Interest rate risk

Interest rate risk is the risk to which the Fund is exposed to changes in interest rates and relates to its holdings in bonds and cash. The Fund's direct exposure to interest rate movements as at 31 March 2015 and 31 March 2014 is set out below.

Asset Type	Restated As at 31 March 2014 £000	As at 31 March 2015 £000
Cash and cash equivalents	132,200	73,803
Other investment balances	21,779	26,597
Fixed interest securities	108,005	89,366
Total	261,984	189,766

Interest rate risk

Sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the fund and the value of the net assets available to pay benefits.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 25 BPS change in interest rates.

Asset Type	Carrying amount as at 31 March 2015	Change in year in the net assets available to pay benefits	
		+ 25 BPS £000	- 25 BPS £000
Cash and cash equivalents	73,803	185	(185)
Other investment balances	26,597	66	(66)
Fixed interest securities	89,366	223	(223)
Total	189,766	474	(474)

Asset Type	Restated Carrying amount as at 31 March 2014	Change in year in the net assets available to pay benefits	
		+ 25 BPS £000s	- 25 BPS £000s
Cash and cash equivalents	132,200	331	(331)
Other investment balances	21,779	54	(54)
Fixed interest securities	108,005	270	(270)
Total	261,984	655	(655)

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the fund (£UK).

The fund's currency rate risk is considered by the Fund's Investment Advisors and Investment Managers. The Investment Panel are informed quarterly of the Fund's currency exposure.

The following tables summarise the fund's currency exposure as at 31 March 2015 and as at 31 March 2014, showing the sensitivity analysis of foreign exchange movements.

Currency Risk (by currency)	2014 / 15			
Currency	Value	Change	Value on Increase	Value on Decrease
	£000s	%	£000s	£000s
Australian Dollar	129,416	8.87%	140,895	117,936
Canadian Dollar	6,910	6.65%	7,370	6,451
Chinese Yuan	1,082	7.91%	1,167	996
Danish Krone	22,074	6.19%	23,440	20,708
EURO	212,437	6.15%	225,502	199,372
Hong Kong Dollar	150,108	7.74%	161,726	138,490
Indian Rupee	6,918	10.78%	7,664	6,172

Japanese Yen	193,729	11.02%	215,077	172,380
South Korean Won	97,670	6.62%	104,136	91,204
Malaysian Ringet	2,046	7.31%	2,196	1,897
Norwegian Krone	22,065	8.64%	23,971	20,159
New Zealand Dollar	6,671	9.20%	7,285	6,058
Swedish Krona	34,472	7.30%	36,989	31,956
Singapore Dollar	50,863	5.89%	53,859	47,867
Swiss Franc	80,222	9.34%	87,714	72,729
Thailand Baht	69	8.08%	74	63
Taiwan Dollar	79,098	6.62%	84,335	73,862
US Dollar	379,288	7.78%	408,797	349,780
Asia Pacific ex Japan Basket	38,944	6.44%	41,452	36,436
Emerging Basket	26,454	6.80%	28,252	24,655
Europe Basket	53,817	3.78%	55,851	51,783
Europe ex UK Basket	12,017	5.66%	12,697	11,337
Total	1,606,370	7.7%	1,730,449	1,482,291

Currency Risk (by currency)	2013 / 14			
Currency	Value	Change	Value on Increase	Value on Decrease
	£000s	%	£000s	£000s
Australian Dollar	128,564	9.80%	141,163	115,965
Canadian Dollar	10,045	6.04%	10,652	9,438
Chinese Yuan	6,182	5.21%	6,504	5,859
Danish Krone	17,635	6.26%	18,739	16,531
EURO	197,768	6.31%	210,247	185,289
Hong Kong Dollar	105,667	7.98%	114,099	97,234
Indian Rupee	4,907	10.84%	5,438	4,375
Japanese Yen	153,666	11.54%	171,399	135,933
South Korean Won	83,807	6.56%	89,305	78,309
Malaysian Ringet	2,345	7.02%	2,510	2,181
Norwegian Krone	30,725	8.79%	33,426	28,024
New Zealand Dollar	3,570	10.04%	3,928	3,211
Swedish Krona	34,059	7.03%	36,453	31,665
Singapore Dollar	52,586	5.71%	55,589	49,583
Swiss Franc	69,277	7.42%	74,417	64,136
Taiwan Dollar	63,649	5.63%	67,232	60,065
Thai Baht	60	7.41%	64	55
US Dollar	289,436	8.07%	312,793	266,078
Asia Pacific ex Japan Basket	35,226	6.11%	37,379	33,074
Emerging Basket	34,074	6.37%	36,245	31,904
Europe Basket	49,116	4.08%	51,120	47,112
Europe ex UK Basket	13,656	6.01%	14,477	12,836
Global Basket	11,867	5.21%	12,487	11,251
Total	1,397,887	7.7%	1,505,666	1,290,108

Following analysis of historical data in consultation with the WM Company (performance monitoring company), the council considers the likely volatility associated with foreign exchange rate movements to be as shown above.

A % strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as highlighted above.

Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the fund to incur a financial loss.

The Fund is exposed to credit risk on its investment portfolio, including its cash deposits, and on the contributions receivable from the Fund's participating employers.

The market values on investments usually reflect an assessment of credit risk in their pricing and as a result the risk of the loss is implicitly provided for in the fair value of the Fund's investments. Credit risk is considered as part of the investment decisions made by the Investment Managers as part of their portfolio construction.

Credit risk on cash deposits is managed by Middlesbrough Council's in-house Treasury Management Team, following the Council's Treasury Management Policy. This policy is described in detail in Middlesbrough Council's Annual Report.

Credit risk on contributions receivable from employers is minimised by regular monitoring of monthly receipt of payments from employees. There is no provision for doubtful debts against the amounts due from employers as at 31 March 2015. The LGPS Regulations require that a risk assessment of any new transferee admitted body is carried out, and that a bond or guarantee is obtained where necessary. The Teesside Pension Fund and Investment Panel must approve the admission of any new body. Bonds or guarantees have been obtained for the Fund's admitted employers, where possible. The Fund is potentially exposed to credit risk from certain scheduled employers that have neither tax-raising powers nor a guarantee from central government.

Collateral and other credit enhancement

The pension fund does not use collateral and other credit enhancement.

Liquidity risk

Liquidity risk is the risk that the fund will not be able to meet its financial obligations as they fall due.

The Fund holds in-house cash resources to meet the day to day needs and to pay pensions. If there is insufficient cash available to meet immediate needs, there are sufficient other assets available which can be realised at short notice and at minimal cost. With the exception of investments in private equity and infrastructure partnerships, there are no commitments to contribute further capital to any of the existing Fund investments. When private equity and infrastructure partnership capital calls are received, payments are made from cash or, if there are insufficient cash funds available, other assets are realised.

21.Events after the end of the Reporting Period

There were no events after the end of the reporting period.

Teesside Pension Fund

Statement of the Actuary for the year ended 31 March 2015

Introduction

The Scheme Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the Teesside 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 2013 by Aon Hewitt Limited, in accordance with Regulation 36 of the Local Government Pension Scheme (Administration) Regulations 2008.

Actuarial Position

1. The valuation as at 31 March 2013 showed that the funding ratio of the Fund had increased since the previous valuation with the market value of the Fund's assets at that date (of £2,956.3M) covering 101% of the liabilities in respect of service prior to the valuation date allowing, in the case of current contributors to the Fund, for future increases in pensionable pay.
2. The valuation also showed that the aggregate level of contributions required to be paid by participating employers with effect from 1 April 2014 was:
 - 14.4% of pensionable pay. This is the rate calculated as being sufficient, together with contributions paid by members, to meet the liabilities arising in respect of service after the valuation date.

Less

- 0.9% of pensionable pay to restore the assets to 100% of the liabilities in respect of service prior to the valuation date over a recovery period of 11 years from 1 April 2014.
3. In practice, each individual employer's position is assessed separately and contributions are set out in Aon Hewitt Limited's report dated 31 March 2014 (the "actuarial valuation report"). In addition to the contributions shown above, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.
 4. The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement in force at the time. The approach adopted, and the recovery period used for each employer, is set out in the actuarial valuation report.
 5. The valuation was carried out using the projected unit actuarial method for most employers and the main actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate	5.4% p.a.
Rate of pay increases	3.9% p.a.
Rate of increase to pension accounts	2.4% p.a.
Rate of increases in pensions in payment (in excess of Guaranteed Minimum Pension)	2.4% p.a.

The assets were valued at market value.

Further details of the assumptions adopted for the valuation were set out in the actuarial valuation report.

6. The valuation results summarised above are based on the financial position and market levels at the valuation date, 31 March 2013. As such the results do not make allowance for changes which have occurred subsequent to the valuation date.

7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2014 to 31 March 2017 were signed on 31 March 2014. Contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2016 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. This Statement has been prepared by the current Actuary to the Fund, Aon Hewitt Limited, 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 2013. 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 Hewitt Limited does not accept any responsibility or liability to any party other than our client, Middlesbrough Borough Council, the Administering Authority of the Fund, in respect of this Statement.
9. The report on the actuarial valuation as at 31 March 2013 is available on the Fund's website at the following address:
http://www.teespen.org.uk/documents/content/pdf/Valuation/Valuation_2013.pdf

Aon Hewitt Limited

May 2015

The Compliance Statement

Changes to the Local Government Pension Scheme Regulations

From April 2014 the Fund was governed by the following regulations;

The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007

The Local Government Pension Scheme (Administration) Regulations 2008,
and

The Local Government Pension Scheme (Transitional Provisions) Regulations 2008

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

The new regulations have made significant changes to the scheme. Full details of the changes to the scheme, along with updated scheme guides, are on our website at www.teespen.org.uk.

Statement of Investment Principles

The Local Government Pension Scheme (Management and Investment of Funds)(Amendment) Regulations 1999 require that Local Government Pension Scheme's administering authorities prepare, publish and maintain Statements of Investment Principles (SIP). The current version of the Teesside Pension Fund SIP was approved in March 2015 and contains statements on;

1. Investment responsibilities
2. The Myners Principles
3. Types of investments to be held
4. The balance between different types of investment
5. Risk
6. Investment Objective
7. The realisation of investments
8. Fund Investment Strategy: Ethical, Social and Environmental Perspective
9. Shareholder Governance
10. Performance Measurement
11. Compliance and Monitoring

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

<http://www.teespen.org.uk/documents/index.php?name=SIP>

The Funding Strategy Statement

The Local Government Pension Scheme (Amendment) Regulations 2013 established the requirement for each Administering Authority to produce a Funding Strategy Statement setting out a long term view on funding liabilities. The main areas covered by the statement are;

1. The purpose of the Statement
2. The aim and purpose of the Fund
3. The responsibilities of the key parties
4. The solvency of the Fund
5. The identification of risks to the Fund
6. The links to the Statement of Investment Principles
7. Future Monitoring

The latest Funding Strategy Statement was approved by the Pensions Panel and was effective from March 2015 and can be seen at

<http://www.teespen.org.uk/documents/index.php?name=FSS>

Governance Policy

Under the Local Government Pension Scheme (amendment) (No.2) Regulations 2005 Middlesbrough Council, the Administering Authority to the Teesside Pension Fund, has drawn up a Governance Policy which sets out the procedures for the governance of the Fund, with the main areas covered being:

1. Frequency of meetings
2. Structure of the meetings
3. Membership
4. Principles of governance

The current policy document can be viewed at

<http://www.teespen.org.uk/documents/index.php?name=GOVERNANCE>

Communications Policy

The Teesside Pension Fund actively seeks to communicate with all of its stakeholders, including the members, the employers and other external organisations. For example we have been providing every active member of the scheme with a statement of accrued benefits since 2001, well before it became compulsory to do so. The statement of accrued benefits also includes the member's State Pension Forecast to aid in their financial planning.

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

A Communications Policy Statement has been drawn up in order to ensure that the Fund offers clear communication to stakeholders of the Local Government Pension Scheme.

The latest policy statement can be seen at

http://www.teespen.org.uk/documents/index.php?name=COMMUNICATION_FORM

Myners Investment Principles : Compliance Statement

The LGPS (Management & Investment of Funds) Regulations require that Funds comply with the Myners Investment Principles or explain non-compliance.

The Fund's position is:

Principle 1: Effective decision-making.

Trustees should ensure that decisions are taken by persons or organisations with the skills, knowledge, advice and resources necessary to take them effectively and monitor their implementation.

Trustees should have sufficient expertise to be able to evaluate and challenge the advice they receive, and manage conflicts of interest.

☺ **Full Compliance**

Principle 2: Clear Objectives

Trustees should set out an overall investment objective for the Fund that takes account of the scheme's liabilities, the strength of the sponsor covenant, as well as the attitude to risk of both the trustees and the scheme sponsor, and clearly communicate these to advisors and investment managers.

☺ **Full Compliance**

Principle 3: Risks and Liabilities

In setting and reviewing their investment strategy, trustees should take account of the form and structure of the Fund's liabilities. These include the strength of the sponsor covenant, the risk of sponsor default and longevity risk.

☺ **Full Compliance**

Principle 4: Performance assessment

Trustees should arrange for the formal measurement of the performance of the investments, investment managers and advisors. Trustees should also periodically make a formal policy assessment of their own effectiveness as a decision-making body and report on this to scheme members.

☺ **Full Compliance**

Principle 5: Responsible ownership

Trustees should adopt, or ensure that their investment managers adopt, the Institutional Shareholders' Committee Statement of Principles on the responsibilities of shareholders and agents. A statement of the scheme's policy on responsible ownership should be included in the Statement of Investment Principles. Trustees should report periodically to members on the discharge of such responsibilities.

☺ **Full Compliance**

Principle 6: Transparency and Reporting

Trustees should act in a transparent manner, communicating with stakeholders on issues relating to their management of investment, its governance and risks, including performance against stated objectives. Trustees should provide regular communication to scheme members in the form they consider most appropriate.

☺ **Full Compliance**

Summary of LGPS benefits and comparison to previous scheme

	LGPS 2014	LGPS 2008																																				
Basis of Pension	Career Average Revalued Earnings (CARE)	Final Salary																																				
Accrual Rate	1/49th	1/60th																																				
Revaluation Rate	Consumer Prices Index (CPI)	Based on Final Salary																																				
Pensionable Pay	Pay including non-contractual overtime and additional hours	Pay excluding non-contractual overtime and non-pensionable additional hours																																				
Employee Contribution Rates	2015/2016 Member Contribution Table - From 1 April 2014	2013/2014 Member Contribution Table																																				
	<table><tr><th>Pay Bands</th><th>Contribution Rates</th></tr><tr><td>Up to £13,500</td><td>5.5%</td></tr><tr><td>£13,501 - £21,000</td><td>5.8%</td></tr><tr><td>£21,001 - £34,000</td><td>6.5%</td></tr><tr><td>£34,001 - £43,000</td><td>6.8%</td></tr><tr><td>£43,001 - £60,000</td><td>8.5%</td></tr><tr><td>£60,001 - £85,000</td><td>9.9%</td></tr><tr><td>£85,001 - £100,000</td><td>10.5%</td></tr><tr><td>£100,001 - £150,000</td><td>11.4%</td></tr><tr><td>Over £150,000</td><td>12.5%</td></tr></table>	Pay Bands	Contribution Rates	Up to £13,500	5.5%	£13,501 - £21,000	5.8%	£21,001 - £34,000	6.5%	£34,001 - £43,000	6.8%	£43,001 - £60,000	8.5%	£60,001 - £85,000	9.9%	£85,001 - £100,000	10.5%	£100,001 - £150,000	11.4%	Over £150,000	12.5%	<table><tr><th>Pay Bands</th><th>Contribution Rates</th></tr><tr><td>Up to £13,700</td><td>5.5%</td></tr><tr><td>£13,701 - £16,100</td><td>5.8%</td></tr><tr><td>£16,101 - £20,800</td><td>5.9%</td></tr><tr><td>£20,801 - £34,700</td><td>6.5%</td></tr><tr><td>£34,701 - £46,500</td><td>6.8%</td></tr><tr><td>£46,501 - £87,100</td><td>7.2%</td></tr><tr><td>Over £87,100</td><td>7.5%</td></tr></table>	Pay Bands	Contribution Rates	Up to £13,700	5.5%	£13,701 - £16,100	5.8%	£16,101 - £20,800	5.9%	£20,801 - £34,700	6.5%	£34,701 - £46,500	6.8%	£46,501 - £87,100	7.2%	Over £87,100	7.5%
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Contribution Flexibility	Yes, members can pay 50% contributions for 50% of the pension benefit	No																																				

Normal Pension Age	Equal to the individual member's State Pension Age	65
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum	Trade £1 of pension for £12 lump sum
Death in Service Lump Sum	3 x Pensionable Pay	3 x Pensionable Pay
Death in Service Survivor Benefits	1/160th accrual based on Tier 1 ill health pension enhancement	1/160th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	<p>Tier 1 - Immediate payment with service enhanced to Normal Pension Age</p> <p>Tier 2 - Immediate payment with 25% service enhancement to Normal Pension Age</p> <p>Tier 3 - Temporary payment of pension for up to 3 years</p>	<p>Tier 1 - Immediate payment with service enhanced to Normal Pension Age (65)</p> <p>Tier 2 - Immediate payment with 25% service enhancement to Normal Pension Age (65)</p> <p>Tier 3 - Temporary payment of pension for up to 3 years</p>
Indexation of Pension in Payment	CPI	CPI (RPI for pre-2011 increases)
Vesting Period	2 years	3 months

Pension Increases

Public service pensions are increased under the provisions of the Pensions (Increase) Act 1971 and Section 59 of the Social Security Pensions Act 1975. With effect from April 2011 increases are based on the Consumer Price Index for September each year and are paid the following year from the first Monday in the new financial year. Pensions awarded after the date of the last increase receive an apportioned increase related to the date the pension began. All pensions are subject to the increase with the exception of those pensions awarded on redundancy where the member is under the age of 55 years. These pensions are subject to increase (including backdating) from the member's 55th birthday.

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

From April	Increase %
2002	1.7%
2003	1.7%
2004	2.8%
2005	3.1%
2006	2.7%
2007	3.6%
2008	3.9%
2009	5.0%
2010	0.0%
2011	3.1%
2012	5.2 %
2013	2.2%
2014	2.7%

Contacts and further information

Contacts	
Pensions Unit <i>For General and Benefit Entitlement enquiries</i>	Mouchel Pensions Unit Teesside Pension Fund PO Box 340 Middlesbrough TS1 2XP Telephone: (01642) 727777 E Mail: pensionsunit@mouchel.com
Pensions Manager	Mike Hopwood Telephone: (01642) 727778 E Mail: mike.hopwood@mouchel.com
Head of Investments	Paul Campbell Telephone: (01642) 729024 E Mail: paul_campbell@middlesbrough.gov.uk
Teesside Pension Fund Web Site	www.teespen.org.uk
Employers Web Site	www.employers.teespen.org.uk
Further Information	
For more information on this report please contact:	Jan Oliver Pensions Accountant Telephone: (01642) 729617 E Mail: jan_oliver@middlesbrough.gov.uk
Further copies of this report can be obtained from:	Mouchel Pensions Unit Teesside Pension Fund PO Box 340 Middlesbrough TS1 2XP Telephone: (01642) 727777 E Mail: pensionsunit@mouchel.com
A copy of this report, and those for previous years, is available on our web site at www.teespen.org.uk	