



## Border to Coast Joint Committee

**Date of Meeting:** 8<sup>th</sup> March 2022

**Report Title:** Annual Elections

**Report Author:** George Graham (for Officer Operations Group)

### 1.0 Executive Summary:

1.1 This report sets out the process for election to the following roles:

- Chair and Vice Chair of the Joint Committee
- Non-Executive Director to sit on the Border to Coast Company Board

### 2.0 Recommendation:

2.1 It is recommended that the elections to the specified roles should take place as set out in the body of this report.

### 3.0 Election Requirements

3.1 The terms of the Inter Authority Agreement (IAA) together with the Joint Committee's Constitution specify that the roles of Chair and Vice Chair should be elected annually. The arrangements specified also include a term limit in each role of two years (i.e. two years as Chair and two years as Vice Chair). As the June meeting of the Joint Committee is the Annual meeting it is appropriate to make arrangements now for the elections to these roles. The current Chair is eligible to stand again for that role while the current Vice Chair will be term limited in that role.

3.2 Following discussion in the previous electoral cycle the Committee determined that the term of office for the partner nominated Non-Executive Directors should remain two years and therefore the term of office of Cllr Anne Walsh will end in October 2022 and given the time required for FCA approvals etc. it would be sensible to conduct the elections for this role alongside the other elections. Cllr Walsh is eligible to stand again, but it is understood that she has indicated to the Company that she does not intend to do so. Eligibility for the role is restricted to elected councillors and once appointed to the role the councillor cannot be a member of the Joint Committee. In considering nominations for this role members may wish to consider the policies adopted by the Partnership and individual funds in relation to diversity in the composition of company boards.

3.4 Role profiles and other information relevant to the individual roles is contained in the appendices to this report.

## 4.0 Election Arrangements

- 4.1 The electorate for the Chair, Vice Chair and Non-Executive Directors are the members of the Joint Committee on a one Fund one vote basis. Each Fund will be invited to nominate a candidate for each role (or to declare that they are not nominating) and provide a supporting statement for any nominated candidate.
- 4.2 It is proposed, as for the last two years, to conduct the relevant elections by “post”, immediately after the June meeting. As in the previous election cycle the Single Transferable Vote system will be used.
- 4.3 The elections will be arranged by South Yorkshire as part of the secretariat function to the Joint Committee.
- 4.5 The Governance Review currently underway and considered elsewhere on the Committee’s agenda may result in changes to terms of office and term limits and if these have been agreed by the time of the June meeting any changes will be reflected in the process.

## 5.0 Recommendation

- 5.1 It is recommended that the election process as set out in the body of this report be adopted.

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### Further Information and Background Documents:

**Appendix 1: Role Profile for the Chair and Vice Chair**

**Appendix 2: Role Profile for the Non-Executive Director**

**Appendix 3: FCA and Companies Act requirements for Non-Executive Directors**

**Appendix 4: Border to Coast Process for Partner Fund Nominated Non-Executive Directors**

## Role Profile for Chair and Vice-Chair

### Overall

- Leading the BCPP Joint Committee to enable it to fulfil its purpose.
- To ensure an effective relationship between:
  - the Joint Committee and BCPP Limited
  - the Joint Committee and the partner funds
  - the Joint Committee and the external stakeholders/community
- Acting as a spokesperson and figurehead as appropriate.
- To supervise and support the Chief Executive and Non-exec Chair of BCPP Limited

### Specifically

- Plan and prepare the BCPP Joint Committee meetings with others as appropriate.
- Chair BCPP Joint Committee meetings ensuring:
  - A balance is struck between time-keeping and space for discussions.
  - Business is dealt with and decisions made.
  - Decisions, actions and deliberations are adequately minuted.
  - The implementation of decisions is clearly assigned and monitored.
- Ensure that a successor to the post of Chair is found when the term of office is due to end and the new term begins.

### Experience and Qualities

- A willingness to lead the partnership.
- A strong background/working knowledge of the LGPS.
- Recent experience of serving on an LGPS Pensions Committee.
- A working knowledge of asset strategy and implementation thereof.
- Possesses tact, diplomacy and powers of persuasion.
- Has the relevant skills and experience to run a meeting well.

### Capacity

- The capacity to commit the time that will be required to undertake this role, including any travel that may be required to undertake duties associated with the role to represent BCPP nationally.

### Role of the Chair

#### 1. Chairing the Joint Committee Meeting

The Chair (or in his/her absence, the Vice-Chair) will be the person presiding over BCPP Joint Committee meetings. The Chair of the BCPP Joint Committee does not have a casting vote.

## **2. Election of the Chair**

The Chair will be elected by the Joint Committee in accordance with an agreed procedure annually from among the Joint Committee Members and will receive regular briefings by the Chief Executive and Chair of the BCPP Company on current issues. They will also receive direct support from the Chair of the Officer Operations Group.

## **3. Responsibilities of the Chair**

The Chair will have the following responsibilities:

- 3.1 to uphold and promote the purposes of the terms of reference and the inter authority agreement, and to interpret these when necessary during BCPP Joint Committee meetings;
- 3.2 to preside over meetings of the BCPP Joint Committee so that its business can be carried out efficiently and with regard to the rights of Members and the interests of the Partner Funds and their employers and members;
- 3.3 to ensure that the BCPP Joint Committee is a forum for the debate of matters of concern to Partner Funds and their employers and scheme members
- 3.4 to be the public face of the BCPP Joint Committee and to represent the Partner Funds at wider events as required

### Non Executive Director Role Profile

<b>Role Title:</b> Non-Executive Director	
<p><b>Purpose of the role:</b></p> <p>To fully participate in ensuring the Board exercises effective leadership of and control over Border to Coast. To constructively challenge and contribute to the development of strategy, performance and the management of risk.</p> <p>A non-executive director is a member of the board of directors of an organisation, but not a member of the executive management team. They are not employees of the company, instead they have a contract for services. However, they do have the same legal duties, responsibilities and potential liabilities as their executive counterparts.</p> <p><b>About Border to Coast:</b></p> <p>Border to Coast Pensions Partnership is one of the largest pension pools in the UK. One of eight Local Government pools, Border to Coast oversees the investment of pensions assets. Our customers are at the heart of what we do; delivering long-term sustainable investment outcomes for our Partner Funds. We build long-term partnerships through working collaboratively, in a sustainable way and with integrity.</p> <p>Border to Coast is an FCA regulated investment company (“Border to Coast Pensions Partnership Ltd”) which manages the assets of its eleven <a href="#">Partner Funds</a> through both internal and external management within a number of investment vehicles, including an Authorised Contractual Scheme.</p>	
<b>Reports to:</b> Chair of the Board	<b>Level:</b> n/a
<b>Function:</b> Board	<b>Team:</b> Board
<b>Direct Reports:</b> 0	<b>SMCR:</b> Certified
<b>Role line of defence:</b> n/a	
<p><b><u>Role Dimensions</u></b></p> <p><b>Budget Responsibility:</b> n/a</p> <p><b>Number of employees in area of responsibility:</b> 0</p> <p><b>Mandate:</b> Board remit</p> <p><b>Prescribed Responsibilities (SMF):</b> n/a</p> <p><b>Time Commitment:</b> Expected to be 2-3 days per month, with availability for meetings, induction and training as required</p>	
<b>Key Accountabilities</b>	
<p><b><u>Role Specific Accountabilities</u></b></p> <ul style="list-style-type: none"> <li>• Support the Chair and Executive Team in instilling the appropriate culture, values and behaviours in the boardroom and beyond</li> <li>• Provide independent oversight and scrutiny of Border to Coast including:             <ul style="list-style-type: none"> <li>• Provide an impartial and independent view of Border to Coast and its operations, removed from the day-to-day running of the business</li> <li>• Oversee the performance of the Board and Executive Team in meeting strategic objectives, including monitoring financial controls and risk management systems</li> </ul> </li> <li>• Draw on wider experience, in other organisations, to provide the Board and Border to Coast Executive Team with a breadth of understanding and insight, including:</li> </ul>	

- Challenge and contribute to the development of the strategy of Border to Coast
- Support the development of a suitable succession plan for the Board and CEO
- Use specialist knowledge to input to decision making processes
- Promote a culture of responsible investment and stewardship throughout the organisation
- Commit to building a full understanding of Border to Coast, especially in those areas of the business with a significant level of risk
- Take time to understand various stakeholder needs and ensure these are addressed at Board level
- Chair Committees of Border to Coast (Independent NEDs; less likely for Partner Fund NEDs)

**Skills, Knowledge and Experience**

<p><b>Skills, Knowledge and Qualifications</b></p> <p><b>Essential</b></p> <ul style="list-style-type: none"> <li>• Excellent inter-personal and communication skills</li> <li>• Awareness of Border to Coast customers and their particular needs</li> <li>• Understanding of LGPS investment requirements</li> </ul> <p><b>Desirable</b></p> <ul style="list-style-type: none"> <li>• Other corporate knowledge – health and safety, ICT strategy and systems, HR, information management and data protection</li> </ul> <p><b>Additional</b></p> <ul style="list-style-type: none"> <li>• Skills, knowledge and qualifications as required dependant on succession planning requirements as per the Board skills matrix</li> </ul>	<p><b>Experience</b></p> <p><b>Essential</b></p> <ul style="list-style-type: none"> <li>• Extensive experience of working as a non-executive director/Local Authority Committee Chair either within a public sector environment or FCA regulated business</li> <li>• Excellent understanding of working across multiple stakeholders</li> <li>• Ability to satisfy fitness and propriety test as a NED under the Senior Manager &amp; Certification Regime (SM&amp;CR) and to continue to satisfy test requirements and comply with FCA Conduct Rules</li> </ul> <p><b>Desirable</b></p> <ul style="list-style-type: none"> <li>• Asset management experience would be beneficial, gained either in the commercial or pension fund sectors</li> <li>• Familiarity with the FCA Conduct Rules.</li> </ul> <p>It is important to achieve an appropriate balance of experience amongst the non-executive directors</p>
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**Version**

<b>Version No. and Date</b>	2, 1 February 2022
<b>Profile created/updated by</b>	Rachel Elwell, Chief Executive Officer
<b>Profile reviewed by people manager (name &amp; role)</b>	Chris Hitchen, Chair
<b>Profile reviewed by HR (state name &amp; role)</b>	Peri Thomas, Head of HR

**Role holder acknowledgement**

I acknowledge receipt of this document; I have discussed it with the Chair and confirm it is an accurate reflection of my role and the responsibilities of it

<b>Name</b>	
<b>Signature</b>	
<b>Date</b>	

### FCA and Companies Act requirements for Non-Executive Directors

#### FCA Requirements

Border to Coast's Directors are responsible for the governance and oversight of the Company in relation to the 11 FCA Principles of Business:

<b>1 Integrity</b>	A firm must conduct its business with integrity.
<b>2 Skill, care and diligence</b>	A firm must conduct its business with due skill, care and diligence.
<b>3 Management and control</b>	A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
<b>4 Financial prudence</b>	A firm must maintain adequate financial resources.
<b>5 Market conduct</b>	A firm must observe proper standards of market conduct.
<b>6 Customers' interests</b>	A firm must pay due regard to the interests of its customers and treat them fairly.
<b>7 Communications with clients</b>	A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.
<b>8 Conflicts of interest</b>	A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.
<b>9 Customers: relationships of trust</b>	A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment.
<b>10 Clients' assets</b>	A firm must arrange adequate protection for clients' assets when it is responsible for them.
<b>11 Relations with regulators</b>	A firm must deal with its regulators in an open and cooperative way, and must disclose to the appropriate regulator appropriately anything relating to the firm of which that regulator would reasonably expect notice.

Directors who hold Senior Management Functions or Controlled Functions are also subject to the FCA's individual conduct rules and standards:

- Rule 1: You must act with integrity.
- Rule 2: You must act with due skill, care and diligence.
- Rule 3: You must be open and cooperative with the FCA, the PRA and other regulators.
- Rule 4: You must pay due regard to the interests of customers and treat them fairly.
- Rule 5: You must observe proper standards of market conduct.

#### The Companies Act Requirements

A Director should display possession of the knowledge, skill and experience that may reasonably be expected of a person carrying out the role of Director. It codifies the Directors' duties into law:

- To act within powers;

- To promote the success of the Company;
- To exercise independent judgment;
- To exercise reasonable care, skill and diligence;
- To avoid conflicts of interest;
- Not to accept benefits from third parties; and
- To declare interests in proposed or existing transactions or arrangements.

Duty two requires Directors to have regard (amongst other matters) to the likely consequences of any decision in the long-term, the interests of employees, the need to foster relationships with customers, suppliers and others, the impact of operations on the community and the environment, the desirability of maintaining a reputation for high standards of business conduct and the need to act fairly as between shareholders. The government has stated that promoting success means striving for a “*long term increase in value*”.

The conflict of interest provisions requires Directors to avoid profiting from their position as a Director on an opportunistic basis and apply to exploiting an opportunity, property or information even when the Company could not take advantage of it.



### Border to Coast Process for Partner Fund Nominated Non-Executive Directors

- 1 The Border to Coast Board has requested that the following be shared with the Joint Committee to provide transparency and promote understanding for those considering standing for nomination.

#### Pre-Selection

- 2 Prior to beginning the selection process the Joint Committee and Nominees should satisfy themselves that those offering themselves for selection do not have an unacceptable conflict of interest if the person appointed continues with their role with the partner fund's pension committee and the Board of Border to Coast.
- 3 The applications from the Nominees should illustrate how they meet the requirements of the Job Description (Appendix 4), including the required minimum time commitment and the requirement to undertake regular training, some of which is regulatory and compulsory.
- 4 The applicants should be comfortable with the post-selection process, including the FCA approval process. The Appendix to the Job Description details the requirements expected of directors by the FCA and the Companies Act.
- 5 Applicants must be willing to share the results of their DBS check with Border to Coast and the members of its Board.

#### Post-Selection

1. The Board would expect to meet the nominated candidates to assess whether they are comfortable to recommend to the Shareholders that they approve the appointment of the proposed nominee as a director of the company.
2. The Board reserves the right to not recommend for approval if they believe that the nominees do not meet the role profile criteria.
3. To satisfy the FCA regime, the nominees must be credit checked, satisfy anti-money laundering checks and be cleared by the Data Barring Service. At present all NEDS must then be approved by the FCA (after December 2019 under the Senior Managers and Certification Regime (Core), Border to Coast will have to self-certify NEDs other than the Chair).
4. Nominees will need to provide personal information, including photo ID and two forms of address information to apply for the Data Barring Service checks. The process of gathering the data will be managed by the Border to Coast HR team. Once the credit reference, anti-money laundering and DBS checks are completed and shared with Border to Coast, the Border to Coast Compliance team will apply for FCA approval, up to December 2019, or afterwards, register the new NED with the FCA.

5. The Board must approve the recommendation of the nominees to the Shareholders for approval to be directors. The Board may approve conditional upon the successful completion of the checks referred to above and the FCA's approval.
6. Once the checks are successfully completed, and FCA and Board approval has been obtained, the Company Secretariat will issue a resolution seeking the consent of 75% of the shareholders in line with the requirements of the Shareholders' Agreement. The time-frame for the return of Shareholder approvals vary between each of our Partner Funds.
7. Once approved by the Shareholders, the nominees will be required to enter into a service contract with Border to Coast.
8. Once all of the above is completed, the Company Secretary will register the nominees on Companies House and update the Company's register of Directors and Secretaries. Only then, will the nominee become a director of Border to Coast. This process may take up to 3 months. Hence the term for new Partner Fund nominated NEDs is expected to run from the October following nomination.

### **Time Commitment and Remuneration**

9. The Board also asked that further information be provided regarding the time commitment involved in the role. The Board is currently scheduled to meet six times a year, with Committee meetings 4-5 times a year in addition. Telephone meetings may occur where urgent matters are under consideration. The full meetings usually last about 5 hours; telephone meetings are shorter and are held to deal with urgent business. Typically meetings are held in the Company's office in Leeds. Papers are circulated a week before the meeting and reading time is required.
10. It is emphasised that individuals will sit as directors of the Company and provide expert input as such based on their personal knowledge and experience. They are not holding office as representatives of individual funds and will be expected to act in their view of the best interests of the Company.
11. Remuneration is approved by Shareholders on recommendation of the Remuneration Committee. The current level has been agreed at £15,000 pa,