



Border to Coast Joint Committee

Date of Meeting: 20th June 2024

Report Title: Partner Fund Non-Executive Directors

Report Author: George Graham – Director SYPA (for Senior Officer Group)

1.0 Executive Summary:

1.1 This report sets out details of a request from the operating company in relation to the terms of office of Partner Fund Non-Executive Directors.

2.0 Recommendation:

2.1 It is recommended that the Joint Committee consider its response to the request from the operating company to alter the term of office of one of the Partner Fund nominated Non-Executive Directors.

3.0 Issues and Consideration

3.1 The Partner Fund nominated Non-Executive Directors are under the arrangements agreed as part of the Governance Review able to serve up to two terms of three years without a break. The terms of the two current role holders are as follows:

- Cllr David Coupe's current term ends in September 2025, and he is eligible to stand for a further three-year term.
- Cllr John Holtby's second term comes to an end in September 2024 after which he will have served for 5 years consecutively following the extension of his second term in March 2023, which shareholders agreed with the Company would provide continuity and align with the newly agreed term length. An extension of one year ensured that the terms of the two Partner Fund Non-Executives did not coincide.

3.2 During 2025 the Company will need to appoint a new Chair for the Board following Chris Hitchen reaching the end of his second term (he will have completed 8.5 years at the end of this term). This is clearly a very significant appointment and the Company have asked whether it would be possible to further extend Cllr Holtby's term to cover this period. This reflects Cllr Holtby's significant experience over the last five years as a member of the company's Remuneration and Nomination Committee.

3.3 This raises several issues which the Joint Committee are asked to consider in coming to a view on whether or not to accept the Company's request.

- A one-year extension of Cllr Holtby's term which would keep his total term in line with the agreed maximum of 6 years would mean that two Partner Fund Non-Executives could retire at the same time, should Cllr Coupe not serve a second

term. A two-year extension, which would avoid this issue, would take Cllr Holtby beyond the currently agreed maximum term and risks being perceived as preferential treatment.

- While the proposal made by the Company is entirely rational it is not good practice to “tinker” with governance arrangements to in effect change the agreed rules to address one off issues, otherwise the purpose of rules is significantly undermined.
- Regardless of any statements or undertakings to the contrary this may be seen as setting a precedent for the extension of future terms where “exceptional” circumstances could be argued.

3.4 The Company acknowledges these points and has asked the Joint Company to note the following:

- The Company’s desire is to enable Partner Funds to consider the matter of the nomination of its representative on the Board in the full context of the Board’s agenda. If there is a suitable alternative candidate, the Board is supportive of the Joint Committee following the agreed governance approach.
- The Company notes the experience that Cllr Holtby has gained over the five years on which he has been a member of both the Board (and therefore deep understanding of the development alongside Partner Funds of the 2030 Strategy) and the Remuneration and Nominations Committee (hence experience in the recruitment of senior executives and NEDs of an FCA-regulated organisation). In the light of this, and if there is no suitable alternative candidate, the Board believes that the impact on Partner Fund outcomes of the governance risks outlined above in paragraph 3.3 are outweighed by the loss of Cllr Holtby’s experience and insight in the upcoming chair recruitment process.

3.5 A decision on this issue is a matter for the Joint Committee to determine and the Committee is asked to consider this request and come to a resolution to either reject the Company’s request or to support it, in which case the terms of such support will need to be defined.

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