



Border to Coast Joint Committee

Date of Meeting: 25th March 2025

Report Title: Partner Fund Non-Executive Directors

Report Author: George Graham (for Officer Operations Group)

1.0 Executive Summary

1.1 This report sets out the process for selecting candidates for nomination to the Board of the Border to Coast Operating Company as Partner Fund Non-Executive Directors.

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., and

2.2 It is recommended that the Secretary to the Joint Committee should be authorised to transmit the nominations of successful candidates to the Company immediately following conclusion of the ballot.

3.0 Election Requirements

3.1 The Joint Committee is responsible for nominating two Non-Executive Directors to the Board of the Company (currently Cllr David Coupe from Teesside and Cllr John Holtby from East Riding). Ideally these roles would be selected one at a time. However, due to the need to extend Cllr Holtby's term to facilitate the appointment of the new Chair of the Company this year both roles are up for election. Under the principle agreed by Partner Funds that Partner Fund Non-Executive Directors may serve up to a maximum of six years on the Board of Border to Coast, Cllr Coupe is eligible to undertake a further term of up to three years, but Cllr Holtby is term limited and unable to stand again.

3.2 Under the process agreed by the Joint Committee, eligibility for these roles is restricted to serving councillors with experience (although not necessarily current membership of) serving on a Pensions Committee. Those considering putting themselves forward should consider the c.30 days per annum time commitment required for the role. Following nomination by the Joint Committee successful candidates are subject to an approval process (as required by the FCA) before being formally appointed to the Board.

3.3 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 process of election is somewhat complicated this year by the County Council elections taking place this May. This means that it will not be clear whether individuals across the whole of the Partnership are eligible to stand or not until after the elections.

For this reason, it is proposed to invite nominations immediately prior to the meeting of the Joint Committee now scheduled for 9th July, with the election process being completed and the result announced before the end of July. In order to allow the Company to undertake the initial work necessary with the successful candidates prior to expiry of the terms of office of the current postholders on this occasion it is proposed that the Secretary to the Joint Committee be authorised to confirm the nomination of the successful candidates on completion of the ballot process.

5.0 Recommendation

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

Report Author:

George Graham

ggraham@sypa.org.uk

01226 666439

Further Information and Background Documents:

Appendix 1: Role Profile for the Non-Executive Director

Appendix 2: FCA and Companies Act requirements for Non-Executive Directors

Appendix 3: Border to Coast Process for Partner Fund Nominated Non-Executive Directors

Role Profile

Role Title: Non-Executive Director	
<p>Purpose of the role:</p> <p>The Board sets our strategic direction, with non-executive directors providing both challenge and guidance to the Executive Team as well as monitoring performance, financial information, controls and risk management. Non-executive directors fully participate in ensuring the Board exercises effective leadership of and control over Border to Coast and 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 but not the Executive Team. They are not employees, but they have the same legal duties, responsibilities and potential liabilities as executive counterparts.</p>	
<p>About Border to Coast Pensions Partnership Limited (“Border to Coast”):</p> <p>Border to Coast Pensions Partnership is one of the largest pension pools in the UK. We are an FCA regulated investment company responsible for managing the assets of our Local Government Pension Scheme customers and shareholders (“Partner Funds”). Our Partner Funds are at the heart of what we do; delivering long-term sustainable investment outcomes to make a difference for them and the wider LGPS. We believe we will achieve this by building long-term partnerships with Partner Funds, service providers and the wider asset management and asset owner industry through working collaboratively, in a sustainable way and with integrity.</p>	
Reports to: Chair of the Board	Level: n/a
Function: Board	Team: Board
Direct Reports: 0	SMCR: Non-Executive Director
Role line of defence: n/a	
<p>Role Dimensions</p> <p>Budget Responsibility: n/a</p> <p>Mandate: Board remit</p> <p>Prescribed Responsibilities (SMF): n/a</p> <p>Time Commitment: Expected to be two to three days per month, with availability for meetings, induction and training as required. Given the highly UK-centric nature of the organisation, candidates must be UK-based, and regular travel to Leeds will be expected. The appointment will be for a three-year term, which may be renewed at the discretion of the Board and with shareholder approval.</p>	
Key Accountabilities	
<ul style="list-style-type: none"> • Support the Chair and Executive Team in instilling the appropriate culture, values and behaviours in the boardroom and beyond • Provide independent oversight and scrutiny of Border to Coast, including: <ul style="list-style-type: none"> ○ Provide an impartial and independent view of Border to Coast and its operations, removed from the day-to-day running of the business 	

- Oversee the performance of the Board and Executive Team in meeting strategic objectives, including monitoring financial controls and risk management systems
- 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:
 - 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 Board Committees as required (Independent NEDs; less likely for Partner Fund NEDs)

Skills, Knowledge and Experience

Skills, Knowledge and Qualifications

Essential

- Excellent inter-personal and communication skills
- Understanding of the complex stakeholder environment in which Border to Coast operates
- Awareness and understanding of Partner Funds and the LGPS landscape and investment requirements
- Appreciation for, and affinity with, the public sector, in particular its need to strive for value for money and resilience in all its outsourced arrangements

Desirable

- Other corporate knowledge – financial management, health and safety, ICT strategy and systems, HR, data management and protection

Additional

[Skills, knowledge and qualifications as required, dependant on succession planning requirements as per the Board skills matrix]

Experience

Essential

- Experience of working as a non-executive director or local authority committee chair within a regulated sector environment, ideally financial services
- Experience of working with complex stakeholder environments, preferably with a political/public interest dimension
- Ability to satisfy fitness and propriety test as a NED under the Senior Manager & Certification Regime (SM&CR) and to continue to satisfy test requirements and comply with FCA Conduct Rules

Desirable

- Asset management experience, gained either in the commercial or pension fund sectors
- Familiarity with the FCA Conduct Rules

Appendix 2

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 12 FCA Principles of Business:

1 Integrity	A firm must conduct its business with integrity.
2 Skill, care and diligence	A firm must conduct its business with due skill, care and diligence.
3 Management and control	A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.
4 Financial prudence	A firm must maintain adequate financial resources.
5 Market conduct	A firm must observe proper standards of market conduct.
6 Customers' interests	A firm must pay due regard to the interests of its customers and treat them fairly.
7 Communications with clients	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.
8 Conflicts of interest	A firm must manage conflicts of interest fairly, both between itself and its customers and between a customer and another client.
9 Customers: relationships of trust	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.
10 Clients' assets	A firm must arrange adequate protection for clients' assets when it is responsible for them.
11 Relations with regulators	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.
12 Consumer Duty	A firm must act to deliver good outcomes for retail customers. [Note that this does not apply to Border to Coast as it does not have retail customers (Partner Funds are elective professional clients).]

Directors who hold Senior Management 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 as a Partner Fund non-executive director (NED).

Pre-Selection

- 2 Prior to beginning the nomination and selection process, the Joint Committee and applicants 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 Applicants should illustrate how they meet the requirements of the Job Description (Appendix 1), including the required minimum time commitment and the requirement to undertake regular training, some of which is regulatory and compulsory.
- 4 Applicants should be comfortable with the post-selection process, including the background checks required by the FCA. 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 Disclosure and Barring Service (DBS) check with Border to Coast and the members of its Board.

Post-Selection

- 6 The Board would expect to meet the nominated candidates to assess whether they are comfortable to appoint the individual as a director of the company and recommend the appointment for approval by the Shareholders.
- 7 The Board reserves the right to not appoint a director or recommend their appointment for approval by the Shareholders if they believe that a nominee does not meet the role profile criteria.
- 8 To satisfy the FCA regime, the nominees must be credit checked and be cleared by the DBS. Border to Coast has, as a core regulated firm, to self-certify NEDs to the FCA and seek the FCA's approval of the Board Chair role holder.
- 9 Nominees will need to provide personal information, including photo ID and two forms of address information to apply for the DBS checks. This process is self-served via an online application and overseen by the Border to Coast HR Team. Once the credit reference and DBS checks are completed and shared with Border to Coast, the HR Team will register the new NED with the FCA.
- 10 The Board will appoint all directors and recommend their appointment for approval by the Shareholders. The Board may make an appointment which is conditional upon the successful completion of the checks referred to above and registration with the FCA, but an appointment cannot be filed with Companies House until all background checks are complete.
- 11 Once the background checks and FCA registration are successfully completed and the Board has agreed to appoint the nominee, the Border to Coast Company Secretary Team will issue a resolution seeking the consent of 66.6% of the Shareholders in line with the requirements of the Shareholders' Agreement with a deadline for completion.

- 12 Once the appointment has been approved by the Shareholders, the nominee will be required to enter into a service contract with Border to Coast.
- 13 Once all of the above is completed, the Company Secretary will register the nominee 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 three months, hence the term for Partner Fund nominated NEDs is generally expected to run from 1 October following approval at the Border to Coast AGM in July.

Time Commitment and Remuneration

- 14 The time commitment is expected to be two to three days per month, totalling approximately 30 days per annum. Directors are expected to attend all meetings and training sessions appropriate to their role, including those arranged by the Board Chair, Company Secretary and CRM Team. The Board is currently scheduled to meet six times per year and Partner Fund NEDs will generally also be asked to join at least one Board Committee, which hold quarterly meetings. Most formal meetings are held in person in Leeds, so regular travel to Leeds will be expected, but some meetings will be held remotely, particularly where urgent matters are under consideration. Agenda packs are circulated a week before each meeting and preparation time is required.
- 15 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 Partner Funds and will be expected to act in the best interests of the Company.
- 16 NED remuneration is approved by Shareholders on recommendation of the Remuneration and Nomination Committee. The current level has been agreed at £17,700 per annum.