DELIVERING THROUGH PARTNERSHIP

2023
2024

BORDER TO COAST
PENSIONS PARTNERSHIP
ANNUAL REPORT & ACCOUNTS

BORDER TO COAST
PENSIONS PARTNERSHIP

CONTENTS

Border to Coast Pensions Partnership was established by like-minded local government pension funds ('Partner Funds') to enable the pooling of assets which, today, collectively total £64bn. Our Partner Funds are responsible for the pension arrangements of 3,100 employers and more than 1.1m members.

To deliver the benefits of collaboration and scale, Border to Coast was established as a Financial Conduct Authority (FCA) regulated asset manager. Based in Leeds with 157 colleagues, we are responsible for managing the investments of Partner Funds.

Our investment approach is shaped by the needs of our Partner Funds which operate open-ended defined benefit pension schemes that will pay pensions for decades to come. Our Partner Funds' focus is on generating consistent returns, ensuring the sustainability of the fund, and maintaining stable contribution rates for employers.

As a responsible investor, we take a long-term approach to investment to deliver for Partner Funds and make a difference for the Local Government Pension Scheme (LGPS). We develop and operate innovative, cost-effective investment propositions across equities, fixed income, real estate and private markets that support the delivery of Partner Funds' investment strategies.

Visit: **bordertocoast.org.uk**

Our Annual Report has images from the areas represented by our Partner Funds. Cover image: Tyne and Wear – Cresswell

OUR PURPOSE AND VALUES

Our purpose is to make a difference for the LGPS. As a centre of investment expertise, we deliver value for money through collaboration, scale, and strong governance. These in turn give us access to cost-effective, innovative, and responsible investment opportunities that can deliver for Partner Funds over the long term.

Our values underpin everything we do. They support our inclusive culture, guide our judgements, and help build trust and confidence to allow us to deliver on behalf of our Partner Funds. How we do things is as important as what we do, and we want our colleagues to thrive in a supportive, collaborative environment at a company that is sustainable over the long term.

We are collaborative
We depend on each other. We build open and effective partnerships, both internally and externally.

We act with integrity
We do the right things for the right reasons and are transparent, fostering trust, respect and confidence.

We are sustainable
We make decisions for the long term and invest in our people to deliver success for our Partner Funds.

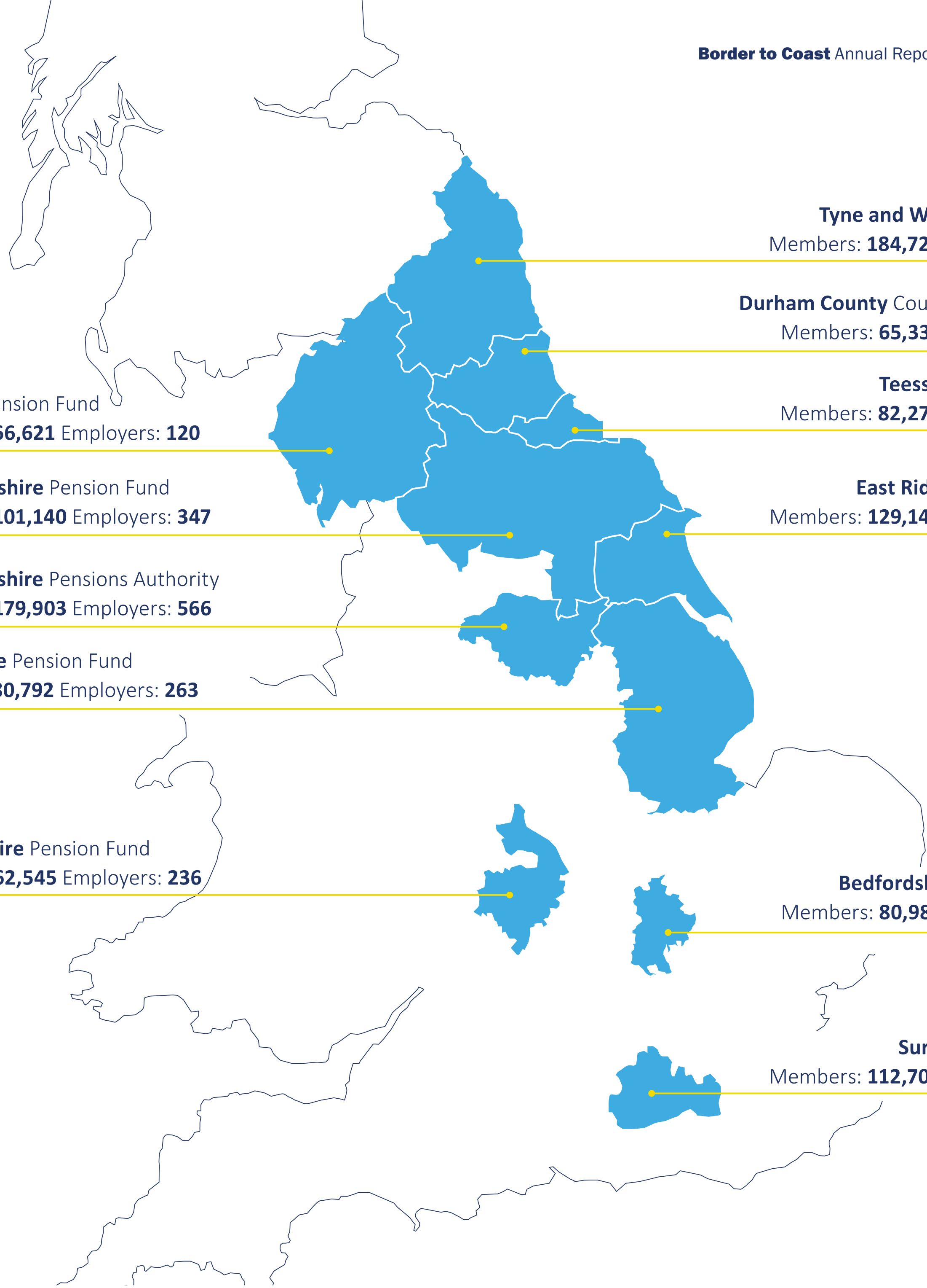
Our values

Teesside – Stockton-on-Tees

OUR PARTNER FUNDS

Our LGPS Partner Funds are united by a common understanding of how pooling can be best implemented and made to work successfully and sustainably for the long term.

The result was the foundation of Border to Coast Pensions Partnership to enable the pooling of assets.



Numbers correct as at 31 March 2024

HIGHLIGHTS OF THE YEAR

ACTIVE MANAGER OF THE YEAR
PENSIONS AGE AWARDS

82%
OF ASSETS POOLED

4 NEW PROPOSITIONS

170 MEETINGS WITH PARTNER FUNDS

ADDITIONAL
£3.6bn
IN-YEAR COMMITMENTS TO PRIVATE MARKETS

ALTERNATIVE INVESTMENT MANAGER OF THE YEAR
PROFESSIONAL PENSIONS UK PENSIONS AWARDS

LAPF POOL INNOVATION OF THE YEAR AWARD

2 NEW GRADUATE TRAINEES

AWARDED SUNDAY TIMES BEST PLACE TO WORK

BEST CLIMATE CHANGE POLICY STATEMENT
PENSIONS FOR PURPOSE

FRC UK STEWARDSHIP CODE SIGNATORY

£105.6M
TOTAL COST SAVINGS
*CUMULATIVE SAVINGS TO 31 MARCH 2024

STRATEGIC REPORT

East Riding – Sledmere

DELIVERING ON OUR PURPOSE

Chair's Introduction

Chris Hitchen
Chair

MANAGING AND OVERSEEING £52.3bn OF ASSETS

I am delighted to introduce Border to Coast's Annual Report and Accounts, covering the sixth year of operations. Amidst conflict abroad and retrenchment at home, we have continued to make consistent progress, investing more assets in more asset-types on behalf of 11 Partner Funds. In return, our Partner Funds, as shareholders, have continued to invest in the business, allowing us to be resilient in the face of what is still a very competitive market for talent.

Local Government – a lesson in adaptability

We perhaps take for granted the unsung heroes of local government, demonstrating resourcefulness and resilience in the face of ever tighter funding pressure and rising costs of delivery. LGPS funds are ring-fenced, though the cost of funding accruing benefits is a very real one for employers and members, and for local taxpayers. Our mission is to keep that cost affordable by investing well.

Local government is always changing and adapting. I was born in Lancashire in the 1960s but woke up on 1 April 1974 to find that, without having moved, I now lived in a new county called Greater Manchester. A mere twelve years later the councils of these new, metropolitan, counties were abolished, and their LGPS funds administered either by a constituent borough or, as in South Yorkshire's case, by a specially created authority.

Such changes continue to this day. Amongst our Partner Funds, there has been further adoption of unitary authorities, which can mean changes to our relationships at a local level, though not, I am pleased to say, to the collaborative spirit of our Joint Committee and Officer Groups. We feel very fortunate in the support and encouragement we continue to receive from our shareholders, who are also our only customers.

LGPS pooling may also evolve over time, although, notwithstanding Department for Levelling Up Housing and Communities (DLUHC) guidance, the shape and timing of any change remains unpredictable. The current seven pools in England put me in mind of the Anglo-Saxon kingdoms of the 6th -9th centuries, also at one time seven in number. In this alternative history, Border to Coast looks like an enlarged Northumbria, encompassing significant parts of Mercia and Wessex. Those historic kingdoms existed for centuries, and eventually combined only with the catalyst of repeated Danish invasions. Today the challenge comes not from across the North Sea but from Westminster, to demonstrate that pooling is creating scale benefits and wider investment options. Border to Coast's Partner Funds can meet that challenge with confidence and an open-mindedness to new opportunities.

CHAIR'S STATEMENT
continued

Governance that works

Whilst the 2023 local elections brought significant change at Pension Committee and Joint Committee level, our Board has enjoyed a year of continuity. We did recruit an additional Independent Non-Executive Director, Richard Hawkins, to deepen our collective knowledge of information technology as it applies to financial services businesses. Richard also joined the Board Risk Committee and is proving an insightful, collegiate addition to the team.

On the Executive side, Richard Charlton stepped down from his role as Chief Risk Officer after three years, and we hired an interim CRO, Andrew Glessing, pending identification of a permanent replacement. Also in the year, Teodora Harrop replaced Mike Vinton as our Head of Compliance. Our Board would like to express its sincere thanks both to Richard and to Mike for their significant contributions to the development of Border to Coast's risk and compliance culture, an essential enabler for our multi-award-winning FCA-regulated investment manager.

Partner Funds and our growing band of 157 colleagues can be justly proud of what has been achieved in just six short years. With their continued help and collaboration, I am convinced that the best is yet to come.

Lincolnshire – Walesby

DELIVERING THROUGH TRUE PARTNERSHIP

Chief Executive Officer's Statement

Rachel Elwell
CEO

82% OF ASSETS POOLED

In the last year we have seen a renewed and lively discussion on the role of asset owners in supporting UK economic growth, the consequential future direction of the LGPS and how pooling can contribute. In this context it is perhaps helpful to take a step back to understand Border to Coast's role and the value we are delivering for our Partner Funds.

The starting point for LGPS pooling policy was to deliver the benefits of scale. But, for our Partner Funds, it has always been much more than this: through true partnership, we sought to build something beyond what could be delivered on an individual basis.

The outcome of this collaboration can be seen in the creation of a resilient and cost-effective centre of expertise that provides significant value – through the development and delivery of tailored investment capabilities, our integrated approach to responsible investment (RI) and our determination to make a difference for the LGPS .

Investment innovation

The benefits of this approach were demonstrated during the year with the launch of bespoke propositions in the shape of two new global real estate funds and our Emerging Markets Equity Alpha fund, and the evolution of our private markets programme through our UK Opportunities and second Climate Opportunities strategies. All are the result of our close working partnership with our Partner Funds, co-designed to address specific investment requirements.

These new offerings have helped further progress our pooling journey. Of our Partner Funds' £64bn of investments, £52.3bn (82%) is managed or overseen by Border to Coast (at 31 March 2024). Indeed, we have delivered £106m of savings since launch in 2018 and are on track to deliver more than £500m by 2032, 15 years since inception.

Adding value to our Partner Funds

How we invest has remained integral to adding value for our Partner Funds, with the strengthening of our RI policies to further embed Environmental Social and Governance (ESG) factors into investment management and active stewardship and to maximise the impact of our collective voice in these critically important areas. We were pleased to retain our status as a signatory to the Financial Reporting Council's (FRC's) UK Stewardship Code and continued strong scores under the Principles of Responsible Investment benchmarking framework.

We now employ 157 people, providing additional levels of expertise and greater resilience in our support for Partner Funds. I am particularly pleased that the growth in

CEO STATEMENT continued

headcount has not come at the expense of our culture, to which we continue to devote significant attention. Our positive approach to learning, and our commitment to making a difference for the LGPS, has been critical to attracting new talent into the business and supports the development and retention of existing colleagues. Additionally, our graduate recruitment programme continues to provide a new entry point, bringing fresh thinking into our business and the wider industry.

It is naturally gratifying that this approach is being recognised not just in the LGPS – winning the LAPF Pool Innovation Award – but the broader pensions sector, through success at the Professional Pensions and Pensions Age Awards.

Looking to the future

Our clarity of purpose and shared partnership vision give us the confidence to continue our strategic development for and on behalf of our Partner Funds.

Having built the largest asset manager outside London and Edinburgh, we are working alongside our Partner Funds to explore the challenges ahead and consider how we can use our scale and expertise to offer additional services and capabilities that support the continued resilience of the LGPS. I am confident that the direction agreed with our Partner Funds, the approach we have taken to working together and the resilience and flexibility of the model we have built, leave us well-positioned to navigate through short-term uncertainty and to remain focused on continuing to deliver our purpose over the long-term.

Warwickshire – River Avon

BUSINESS MODEL

Working with the Partner Funds, we provide the investment capabilities to successfully secure the investment outcomes needed to meet the benefits of 1.1m LGPS members.

Our services

We provide a range of investment services, including:

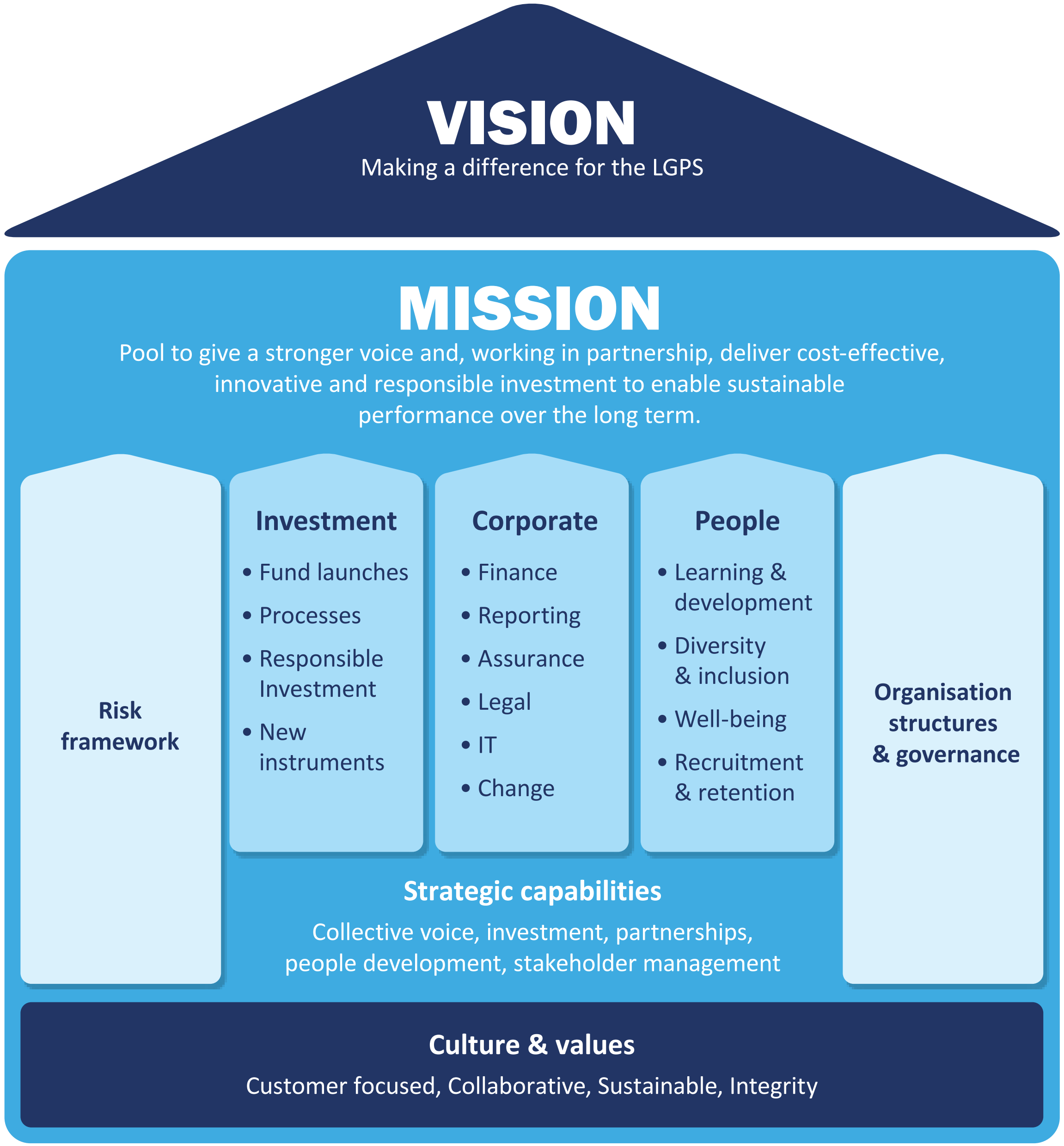
- portfolio management: developing and managing a range of investment propositions to meet the long-term risk, return and liquidity, and income requirements of our Partner Funds
- asset management services
- facilitating asset servicing support
- investment reporting and accounting information
- supporting Partner Funds on responsible investment and stewardship
- investment advice

Operating model

Border to Coast designs, develops and operates investment propositions offering exposure to a broad range of asset classes for our Partner Funds. We are responsible for the management of these investments though our in-house investment team, both directly and through selecting and working with specialist external managers.

We provide portfolio and risk management for our investment propositions. This is supported by our third-party administrator, Northern Trust, to which we have outsourced a range of middle and back-office activities and fund administration. Border to Coast retains accountability for these functions while maintaining oversight of third-party providers.

We seek to deliver our vision and mission through three strategic pillars (see right): our Investment programme, Corporate programme and People programme. These can only be delivered through our strategic capabilities and supported by a strong risk and governance framework. All of this is underpinned by our culture and values.



OUR INVESTMENT PROPOSITIONS

Innovative investment

Our in-house investment team manages propositions both directly, and with select external asset managers. We have designed and developed a range of investment propositions to serve the needs of Partner Funds and enable the implementation of long-term investment strategies. As at 31 March 2024, we have launched 10 public market and seven private market propositions.

Equity

Overseas Developed Markets Equity Fund
Assets under management
£7.5bn

Global Equity Alpha Fund
Assets under management
£6.8bn

UK Listed Equity Alpha Fund
Assets under management
£3.5bn

Emerging Markets Equity Fund
Assets under management
£1.2bn

UK Listed Equity Fund
Assets under management
£1.1bn

Listed Alternatives Fund
Assets under management
£1.0bn

Emerging Markets Equity Alpha Fund
Assets under management
£0.7bn

Private Markets

Infrastructure
£5.1bn
Committed

Private Credit
£4.1bn
Committed

Climate Opportunities
£2.5bn
Committed

Private Equity
£3.4bn
Committed

UK Opportunities
£0.5bn
Committed

Real Estate

Global Core
£0.5bn
Committed

Global Value-Add
£0.4bn
Committed

Fixed Income

Multi-Asset Credit Fund
Assets under management
£3.9bn

Sterling Investment Grade Credit Fund
Assets under management
£3.8bn

Sterling Index-Linked Bond Fund
Assets under management
£1.8bn

MARKET COMMENTARY

Early 2023 saw most economists predicting the onset of a recession as higher interest rates were expected to feed into the real economy and therefore diminish the propensity for consumers to spend. At least in theory, this is the way that the monetary tightening system is supposed to work – damping consumer demand by making the cost of borrowing more expensive.

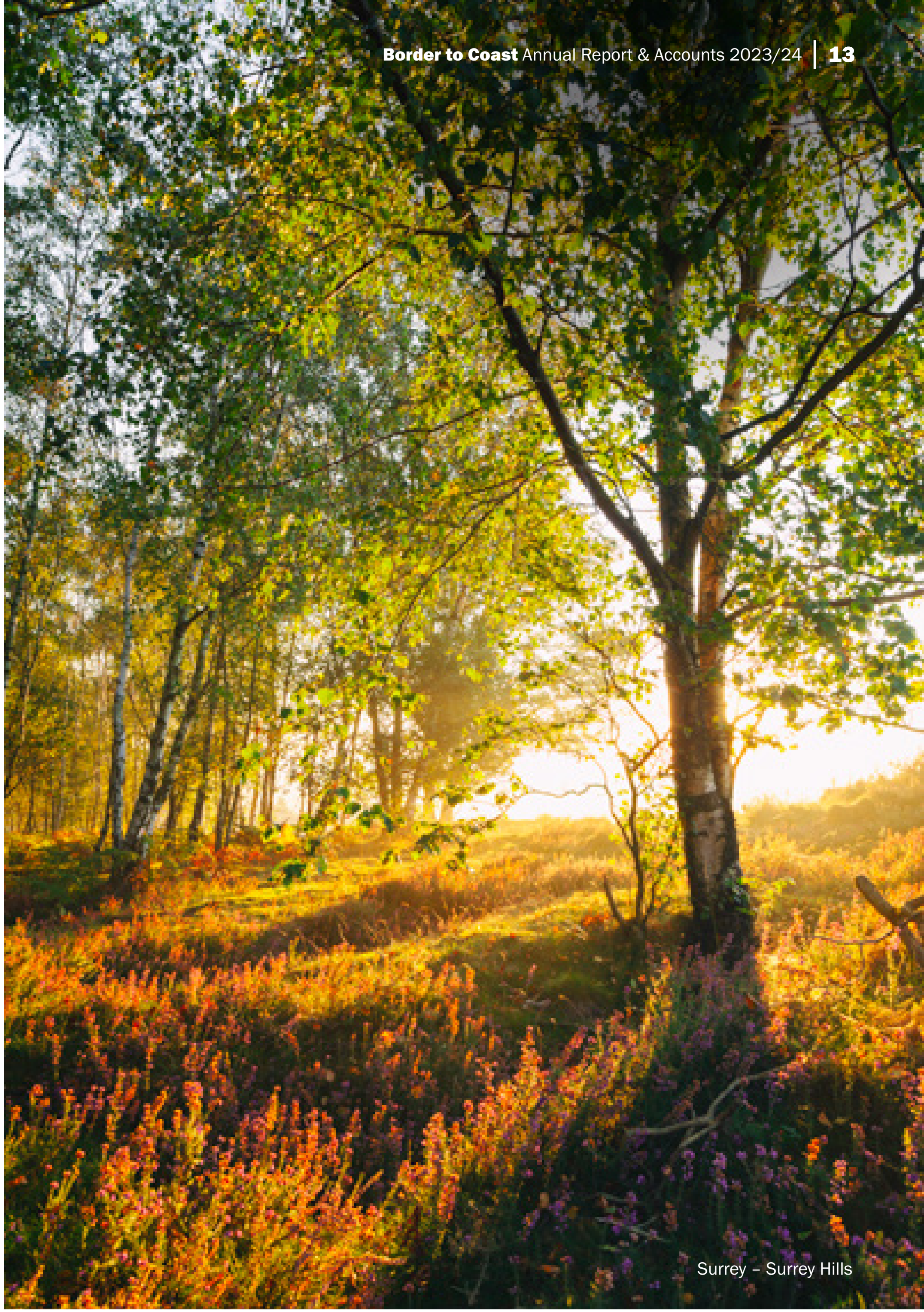
The reality, however, is that consumers entered the year with significant post-pandemic savings that allowed them to spend, even in this high-inflation high-rate environment. In the US economy, consumption was also helped by the fact that more than 85% of mortgages are fixed for 30-years, many of which originated before the pandemic when interest rates were at record lows. Most of these homeowners have essentially locked in extra purchasing power for decades ahead as their interest payments are significantly less than the current level of rates.

Despite this economic resilience, inflation has been resetting faster than anticipated across the major developed economies. This led central banks to pause interest rate hiking cycle, driving an easing in financial conditions and a strong rally in risk assets.

Global equities bounced back strongly, delivering exceptional performance (+21.0%) over the last 12 months. Most of the gains have been concentrated in a cluster of US tech mega-cap stocks dubbed the "Magnificent 7" as the stunning Artificial Intelligence (AI) surge has left investors in awe.

Japanese equities have also made headlines with the Nikkei 225 index finally exceeding the bubble-era seen in December 1989. Japan has essentially been a net beneficiary of the inflationary pressures most developed markets have experienced. Following decades of stagnation, signs of sustained wage growth in Japan has kindled more robust consumer demand. This prompted the Bank of Japan to end the era of negative interest rates, which boosted the reshoring of capital from global corporate and financial institutions.

UK equities have once again trailed the broad market, extending its underperformance relative to international stocks. The FTSE All-Share index is up 8.4% over the last 12 months to 31 March 2024. This compares to 27.0% and 25.0% increase in the S&P 500 and Nikkei 225 index, respectively. The UK has lost its international appeal as investors have shifted their allocation away from UK domestic equities. This loss of sentiment has driven the



Surrey – Surrey Hills

Tyne and Wear – Tynemouth Priory

multiyear valuation gap to an all-time high, increasing the urgency for policymakers to implement reforms that will revive the interest in the market.

The ongoing slump in Chinese equities also persisted this year as property drags continued to affect consumers' willingness to spend. The piecemeal stimulus provided so far has failed to ignite a significant rally but has managed to stamp out risks to financial stability. Policymakers are also focused on supporting new growth drivers through innovation in areas such as the digital economy, advanced manufacturing, and green technologies.

The rate of return generated for investors by global bond yields, has also stabilised, as central banks have signalled a pivot from their series of rate increases. Yields on offers are near the post-financial crisis high and for fixed income assets this has historically served as a good proxy for future returns. This new investment landscape offers better diversification opportunities to investors as some fixed income assets can now generate equity-like returns with potentially lower risk.

The possible end of the great moderation – the period prior to Covid, defined by relatively benign economic cycles – has ushered a new era of uncertainty. The fragmentation of the world order, due to geopolitical tensions, trade protectionism and demographics, has created a more inflation-prone and volatile investment landscape. However, this volatile market environment is also providing opportunities for long-term investors to meet their objectives by investing in a broader set of asset classes.

DEVELOPING OUR INVESTMENTS

Leeds

Border to Coast has the capacity and capability to deliver significant value to our Partner Funds.

In the year, we focused on developing the investment team to maintain strong active management resource across all asset classes, ensuring effective management of investment propositions that continue to be aligned with Partner Fund needs.

Our propositions are delivered through a combination of direct, in-house management and external management, which enables us to deliver the best of both worlds for Partner Funds. Indeed, the success of this model, and the value it delivers, has been recognised by a variety of LGPS and industry awards. These include being named 'Active Manager of the Year' at the Pensions Age Awards, and 'Equity Manager of the Year', and 'Alternative Investment Manager of the Year' by Professional Pensions. The Assessment of Value Report for the year ending 31 March 2024 can be found on the Assessment of Value report.

A sustainable centre of investment expertise

A key element to our long-term success is our team culture based on collaboration and sustainability. Our clear and repeatable investment process and resilient organisational structure enables us to engage colleagues throughout their careers. By developing early talent joining through our industry-recognised graduate programme, to the experienced people we are able to attract from across the asset management industry we ensure we retain a breadth and depth of talent in our team. The support of Partner Funds coupled with our clear purpose, reputation, and employee value proposition helps us attract a breadth of talent to deliver strong outcomes for Partner Funds.

Strong, independent insight is the foundation for our investment decision-making and we have enhanced the talent and capacity in our Research team during the year, enabling us to expand research coverage and promote communication and healthy challenge.

Effective and innovative investments

Working closely with Partner Funds, we have made significant progress on our investment offerings. With the launch of our global real estate propositions, we now offer investment across all major asset classes. We also continued to expand our private markets programme, and more detail on our innovation in this area follows on page 17.

On the property ladder

We've extended the benefits of pooling to a fourth asset class, launching two global real estate propositions. Our 'Global Core' and 'Global Value Add' funds represent commitments of £870m and offer our Partner Funds access to both income-driven and capital appreciation returns.

North Yorkshire – Grassington

Investing across the globe

The launch of our £700m Emerging Markets Equity Alpha fund broadens Partner Fund access to diverse opportunities in emerging market economies. We have leveraged our scale to secure cost-effective access to high quality specialist emerging market equity managers.

A long-term and responsible investor

We believe that ESG issues can have a material impact on the value of financial assets and on the long-term performance of our investment portfolios. As such, we deliver sustainable investment performance through robust portfolio risk, research, and RI capabilities.

As an active steward of our Partner Funds' capital, we have continued to implement and strengthen our RI policies, ensuring they support our management of climate-related risk within investment portfolios.

We have exercised our shareholder rights to vote at the annual general meetings (AGMs) of the companies in which we invest holding boards accountable for their response to the risks to their business.

Our high stewardship standards were recognised, as we retained our status as a signatory to the FRC's UK Stewardship Code.

More information on our approach to RI is available in our Responsible Investment & Stewardship Report 2023/24. Our Climate Change Report 2023/24 details how we are managing climate risk and helping to finance the net zero energy transition. The Climate Change Report is produced in line with the recommendations of the Task Force on Climate-related Financial Disclosures, (TCFD).

Future activity

Looking to next year, we will progress the development and launch of a new UK real estate proposition. While our Partner Funds have experience in allocating to real estate, we believe there are considerable benefits in working together to build one of the largest funds focused on the UK market. With our combined scale we anticipate this will bring cost efficiency and a range of exciting new portfolio opportunities.

THE PRIVATE MARKETS OPPORTUNITY

Private markets offer a significant long-term investment opportunity for Partner Funds.

We have continued to expand our programme across infrastructure, private equity, and private credit on their behalf. With an additional £3.6bn committed in the year, our private markets programme has grown to £16bn in commitments in the five years since it launched. Approximately £12bn has been invested to date, with an estimated 28% reduction in fees secured for Partner Funds.

Climate Opportunities

The transition to a net zero global economy will require significant capital to turn ambition into reality. We launched the Climate Opportunities strategy to offer Partner Funds access to the long-term investment potential while supporting net zero goals. The first Climate Opportunities strategy completed early, in two years rather than three, signalling strong support from Partner Funds. A further £1.2bn was committed to the second series of this strategy, targeting investments that are expected to have a material positive impact on climate change and support long-term net zero GHG emission goals. This includes renewable energy, battery storage, electric vehicles and carbon capture, as well as areas such as sustainable food production and low-carbon cement and steel production. Natural capital is a new addition to the portfolio, with an example of assets in this sector provided on this page.

UK Opportunities

We are proud to have launched the UK Opportunities proposition, a unique multi-asset offering within the LGPS. The depth and breadth of productive finance assets it targets as well as the two-way dialogue we expect it to open between local authorities and investors, marks it as an innovative proposition for Partner Funds.

With £0.5bn committed, UK Opportunities targets investments in new building and development, seeking to identify regional investments and high-quality investment opportunities for Partner Funds. We expect these investments will have a positive economic impact and provide growth capital to private companies.

UK Opportunities

UK Opportunities will consider investment in the following sectors:

HOUSING
Including social, affordable, co-ownership and aged care

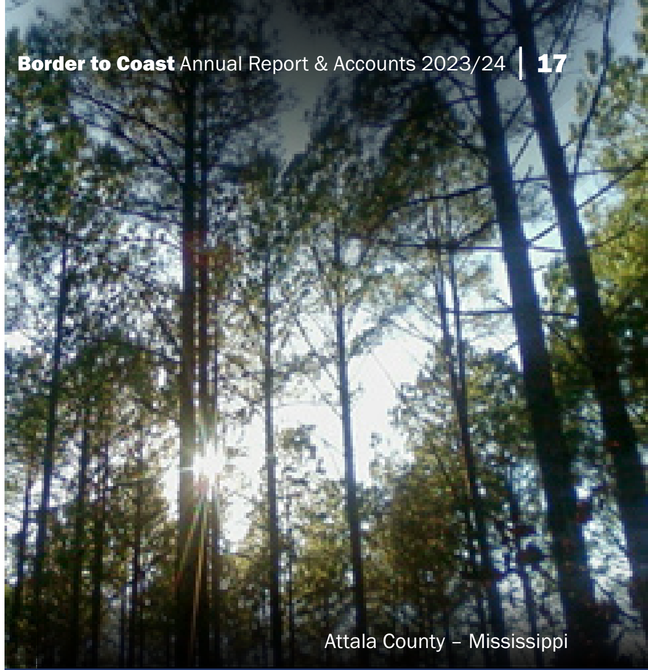
PROPERTY
Including regeneration, industrial and logistics

INFRASTRUCTURE
Including transport, social and digital

CORPORATE FINANCING
Including growth capital and SME lending

SOCIAL BONDS
Including financing aimed at delivering social or health impacts

RENEWABLES
Including small scale solar, biomass and waste to energy



Attala County – Mississippi

SUPPORTING NATURAL CAPITAL

Case Study

Sustainably-managed forests and timber provide vital nature-based solutions to mitigate the impact of climate change and offer a significant long-term investment opportunity. On behalf of our Partner Funds, we have invested $114m in the Campbell Global Forestry and Climate Solutions Fund II, with assets including two forests in Mississippi and Oklahoma, representing 171,325 acres.

Trees play a crucial role in capturing and storing carbon from the atmosphere while encouraging a diverse natural habitat, as well as providing renewable building materials. Responsibly managed commercial forests, operating on a net-zero emissions basis, have the potential to reap attractive returns while playing a crucial role in managing the risk to the climate posed by carbon emissions.

DEVELOPING OUR PEOPLE

Tyne & Wear – River Wansbeck

As an organisation set on making a difference for the LGPS, Border to Coast is focused on the long-term, and we treat investment in people in the same way. We recruit talented people and seek to support them to operate at their best, both individually and collectively. This is easy to say, but takes real commitment to achieve.

That's why we've spent the last year refreshing our people strategy. We want to create great outcomes for Partner Funds and we can help achieve this by building strong teams and a positive employment experience. We have examined every element of the colleague journey to identify how we can deliver for our people and the organisation as whole, as well as Partner Funds.

Our focus is on attracting great people and helping them to operate at their best, developing the talent and capabilities within cohesive teams to underpin sustainable long-term performance for Partner Funds. We want people who not only have a great year, but five or six or more great years.

Performance and development

We know that the best way to keep meeting our Partner Funds' evolving needs is to keep developing. As such, we have enhanced our approach to performance management, creating a framework that ties together individual, team and organisational performance. The approach is heavily focused on raising performance, with a focus on objectives, personal development, professional development and career development.

Recruitment strategy

After several years of rapid growth our recruitment is now more stable. We've refreshed our recruitment strategy to

A TEAM OF
157
COLLEAGUES

balance wider organisational needs with short-term role requirements. We take the view that we want people to stay with us and do more than one role while they're here.

We've examined and adjusted every stage of attraction, selection, onboarding and induction in order to enhance the experience for candidates and demonstrate how we differentiate as an employer. It gives us a smarter process, which will ultimately support great recruitment decisions, performance in role, and the culture of the organisation.

Our Reward Framework

Our reward practices continue to evolve as we've completed a three-year strategy on pay, and introduced enterprise-based discretionary variable pay covering the period 1 April 2023 to 31 March 2024. This helps us to be competitive in the market, while reinforcing our value of collaborative success.

Through our strategy work, we've identified three areas where we believe we can offer a distinctive experience:

Our people strategy

Learning

As a learning organisation we support colleagues to continually develop. We offer training, professional qualifications, and seek to learn lessons from everything we do.

Career management

We aim to build skills and confidence in colleagues so they can have a great career with Border to Coast and be prepared for whatever comes next.

Culture

We work to ensure all colleagues feel included, feel they belong and feel they are building something special.

Diversity and inclusion

We have continued building an inclusive environment, not just because it is right, but because we believe the benefits of diversity of thought and background strengthen us as a sustainable business, able to best serve our Partner Funds in the long term.

In order to contribute to a better understanding of inclusion in our business and the investment industry, we have captured data enabling us to analyse diversity at Border to Coast and we supported collaborative research into diversity and inclusion in the asset management industry, by Cambridge Judge Business School.

We seek to broaden diversity. Our well-established graduate scheme attracts a diverse pipeline of talent and we offer GAIN (Girls Are Investors) internships. One of our GAIN alumni is now on our graduate scheme and we share her pride in being awarded the title of GAIN alumni of the year.

We are proud of the steps we are taking, while recognising there is more to do.

Future activities

As we continue to grow, we're seeking to leverage our HR systems more. We're aiming to simplify and digitise people processes wherever possible.

We'll be communicating our overall value proposition more. We know that compelling work is much more about the people you work with and having a clear sense of purpose in what you do, rather than simply financial aspects.

We'll be sharing more about our colleague experience journey alongside our reward package. We see this as critical for supporting our current and future team members, deepening the engagement of the colleagues who will help shape Border to Coast's next chapter and ensure we can make a difference for the LGPS.

CORPORATE STRATEGY

South Yorkshire – Ulley

DEVELOPING OUR CORPORATE STRATEGY

Deputy Chief Executive Officer's statement

Fiona Miller
Deputy CEO

RESILIENT AND FUTURE READY ORGANISATION

For our Partner Funds, the creation of Border to Coast was always more than just the pooling and management of assets. It was about providing a resilient and sustainable centre of investment expertise. As we approach the end of our initial strategic phase, we are well-equipped to meet the evolving needs of our Partner Funds and embrace forthcoming challenges and opportunities.

Enhancing operational efficiency

Our commitment to efficiency remains steadfast. We've bolstered our operational model, fostering greater efficiency and resilience within the expanding framework supported by our asset growth. Introducing a new contract management system has enhanced oversight of our outsourcers and management of third party suppliers, while digitalising travel and expenses processes yields both efficiency gains and improved carbon reporting, aligning seamlessly with our net zero goals. Additionally, our strengthened in-house legal and tax team plays a pivotal role in shaping and delivering investment propositions for our Partner Funds.

Sustainable resilience

Recognising the increasingly critical role of data as an enabler for effective decision-making, we've embarked on our new data strategy. This is a significant multi-year programme to improve management information and decision-making drawn from integrated, well-governed, data.

Equally, we have demonstrated continued vigilance in our approach to the risks of a data-centric world, reinforcing our information security infrastructure and training. We have also welcomed Richard Hawkins to our Board, further bolstering our capabilities in technology, data, and cyber security governance.

We continue to give our Partner Funds confidence in us as a sustainable business in a regulated environment. During the year, we have collectively delivered 24 sets of accounts, spanning Company, Authorised Contractual Scheme (ACS) and our Alternatives structures, achieving clean audit opinions throughout. Additionally, service assurance reviews AAF (01/20) and ISO (27001) confirm the strength of our information security controls frameworks.

Fostering partnership and collaboration

The commitment to partnership between ourselves and our Partner Funds is the foundation on which we are built. We nurture this critical element of who we are; our adoption of a new customer relationship management (CRM) software system is to improve our Partner Funds' customer experience, based on stronger relationships

DEVELOPING OUR CORPORATE STRATEGY
continued

through deeper knowledge. At our sixth annual conference we were delighted to be joined by more than 90 representatives of our Partner Funds, with feedback suggesting that this was the most useful and effective conference we have held to date.

We embrace our responsibility as one of the leading LGPS pools, contributing to shaping the future of pooling and asset management. Through joint responses to key consultations and proactive engagement with regulatory bodies, we advocate for positive change and showcase the value our collaboration brings to the LGPS community.

We engaged for the second year with Clearglass Analytics, an independent data company which helps asset owners assess value for money delivered by their asset managers.

Looking ahead

Our strategic priority for the coming year is developing our operational model and technological architecture to enhance resilience and internal decision making. This includes implementation of an Enterprise Risk Management System to more effectively and efficiently manage risk across the firm.

We will continue the implementation of our data strategy and further leverage our new CRM system, evolving how we support our Partner Funds in a changing world.

Cumbria – Haweswater

FINANCIAL REVIEW

£3.6bn
COMMITTED TO PRIVATE MARKETS IN THE YEAR

ASSETS AT 31 March 2024 (*2022/23 comparators shown in brackets)	
ACS	£31.3bn (£28.3bn)
Private Market Commitments	£15.6bn (£12.0bn)
Global Real Estate Commitments	£0.9bn (£0.00bn)
Number of Partner Funds invested	11 (11)

Operating Model Efficiency	
Delivery to operating budget	£2.49m/8.8% underspend
Profit after tax	£1.66m
Total expenses	£32.5m (£25.1m)

Expenses by category	
Governance	£3.5m (£3.4m)
ACS management	£16.2m (£12.2m)
Private markets management	£9.3m (£6.8m)
Global Real Estate management	£0.9m (£0.0m)
Development	£2.6m (£2.7m)

We face an ever-changing backdrop, both as an FCA-regulated asset manager, and as a steward of LGPS pension assets. As such, it is pleasing to report that we continue to deliver in line with our strategic objectives, while ending the period under budget and with our capital position strengthened.

The assets we are responsible for managing continued to grow, with £31.3bn of assets within our public markets structures, £5bn invested through the private markets programme, and a further £8.8bn of private market commitments to be deployed. Together with an additional £7bn of indexed equity funds subject to pool oversight, it takes the assets we manage or oversee to £52.3bn, meaning 82% of Partner Fund assets are now pooled. We are working with Partner Funds on the remaining proposition launches required to meet our joint commitment to pool and our next stage of development. Once complete, this will see us move from our initial growth stage into our maturity phase. Given this inflection point, our costs and income recognition remained the same as in previous years, with costs split into the following categories:

South Yorkshire – Roche Abbey

FINANCIAL REVIEW continued

ongoing costs, which include running a regulated company ('governance'); managing assets ('ACS management', 'Private Markets management'); developing and launching new funds ('development'); and investment advisory services ('advisory'). Although Border to Coast aims to operate on a cost recovery basis, marginal profits may be retained, subject to shareholder approval. We are reporting a £1,662k profit after tax (2023: £1,133k profit after tax) for the financial year. Total expenses of £32.5m (2023: £25.1m) were incurred in the year, which was £2.5m under budget, primarily as a result of delays in recruitment.

Capital

As a corporate entity regulated by the FCA, we have an obligation to ensure adequate measures are in place to monitor current and future financial resilience. We undertake a formal process to determine the level of capital necessary to support the risks relevant to our business which is approved by the Board. We also assess the impact on capital adequacy before launch of each proposition or other significant business change. The Board sets a capital buffer level to ensure we remain above the level required by the FCA.

Liquidity

As well as being good business practice, the FCA requires us to ensure we have sufficient liquidity to meet financial obligations as they fall due. Our Partner Funds have agreed to pay in advance to ensure the company can at all times remain cash flow solvent. Surplus liquidity is invested in AAA-rated money market funds (as at 31 March 2024: £20.6m

Durham

Cumbria – St Bees

[2023: £14.4m]) with our short-term working capital held in a current account (as at 31 March 2024: £2.0m [2023: £3.4m]).

Tax

Our commitment is to comply with tax law and practice in all territories in which we operate, including the UK, which is our main place of business. Compliance means paying the right amount of tax, in the right place, at the right time, and involves disclosing all relevant facts and circumstances to the tax authorities. It is our intention to act in accordance with not just the letter of the law, but the spirit of the law. As such, this means not aggressively pursuing tax loopholes or adopting unreasonable tax filing positions. Equally, one of the objectives of pooling (as set by the UK Government) was to deliver cost savings for Partner Funds. While Partner Funds are tax exempt, as a corporate entity, we are not. To deliver on the objective set by the UK Government, any taxes should therefore be minimised. To balance these two elements, we do not seek to implement convoluted or aggressive tax planning strategies. We proactively engage with HMRC, in collaboration with other pools that are of a similar structure, on issues such as VAT, corporation tax, transfer pricing and global investment taxes. We seek to ensure that the investments we make on behalf of Partner Funds are based wherever possible on their tax-exempt status. With the support of our tax advisors, we have undergone an annual review to ensure our current and future financial procedures and organisational structure remain regulatory compliant and tax efficient.

Outlook for 2024/25

The shareholders have unanimously approved the budgeted expenditure for the next financial year at £33.0m (2023: £28.3m). The increase reflects additional capabilities Partner Funds will be able to take advantage of in 2024/25, including the launch of UK Real Estate and deployment of the UK Opportunities strategy. It also reflects Partner Funds' growing RI needs; the costs of implementing the first stages of our data strategy; budget to meet additional regulatory requirements; and the funds to build a sustainable workforce. This Partner Fund support demonstrates the strength of the partnership as we continue to build and grow a resilient and sustainable business. The primary cost driver, headcount (which drives salaries and associated costs), is expected to increase by 8.4% from 23/24 to an average of 157 in the year 24/25.

From 1 April 2024, we have introduced a new charging methodology for recovering our public market investment costs. An Annual Management Charge (AMC) is now taken from the ACS funds each month to recover the actual costs incurred.

Going concern

Following a robust assessment of the Group's financial and liquidity forecasts, cash position, regulatory capital position, principal risks and other relevant matters, the Directors are satisfied that the financial statements of the Group can be prepared on a going concern basis as they do not intend to liquidate the Group or Company or to cease its operations. We continue to monitor the impact of Russian sanctions post its invasion of Ukraine. Whilst deplorable on a humanitarian basis it has not caused any going concerns issues. The mechanism for recovering costs has changed as a result of the new AMC model, but is not expected to impact the recovery of costs from the existing method. Whilst this will introduce a lag in receipt of funds there is no detriment to recoverability, therefore no impact on our going concern assessment. Taking this, and the Group's and key outsource partners' operational resilience, into account, there are no material uncertainties that could cast significant doubt over the Group and Company's ability to continue as a going concern for at least a year from the date of approval of the financial statements.

RISK MANAGEMENT

Warwickshire – River Arrow

The Board has ultimate responsibility for determining the business' risk appetite and the framework we use to identify and manage risks.

The Board Audit and Board Risk Committees are responsible, on the Board's behalf, for the oversight of our risk management arrangements and internal controls, including our internal compliance monitoring activity and internal audit arrangements.

The compliance monitoring plan is approved by the Board Risk Committee and the internal audit plan, is approved by the Board Audit Committee as part of the overall business assurance plan. Our external auditors, KPMG LLP, provide the controls assurance report (AAF 01/20) report and ISO27001 certification is provided by United Registrar of Systems. Both board committees receive a business assurance report to understand the level of review and audit work being done across the organisation.

The Risk Management Framework

We follow the financial industry standard 'three lines of defence' model (see next page), helping first line business functions to identify, manage and mitigate risks that could result in a significant impact to our operations or financial loss, or harm to our Partner Funds, or reputational damage to the company.

The Chief Risk Officer (CRO) is responsible for the day-to-day second line oversight of the management of enterprise-wide risks in line with Risk Management Frame work and agreed risk appetite levels and in a way that is proportionate and takes account of the scale and complexity of the business.

All the areas of risk set out in our risk taxonomy are monitored against the Board risk appetites and reported to the Board and the Board Risk Committee providing a view on whether we are operating within our risk appetite.

The Board, its committees and the Executive promote a culture of openness and transparency in the way that we report and act upon the current and emerging risks we identify. This approach of ongoing learning and improvement underpins and strengthens our risk management framework and how we manage risk.

RISK MANAGEMENT continued

Key developments

Our risk management priorities have included further embedding effective investment risk management oversight and procuring a suitable Enterprise Risk Management System (ERMS). Once fully designed and implemented, the ERMS will bring greater access, efficiency, and depth to risk and control information throughout the company and will further strengthen our risk reporting to the Executive, Board Risk Committee and the Board.

Our Compliance team has continued to provide advice and guidance to business functions on regulatory matters, completed the annual compliance monitoring plan to time, and maintained our open and honest relationship with the Depository and Regulators.

We have continued to embed our Internal Capital Adequacy and Risk Assessment (ICARA) process to ensure we hold suitable levels of capital and meet the liquidity requirements appropriate for the company and within the parameters set by the Regulator. As with all material change projects, the risk and compliance function has supported the delivery of our strategy by providing risk and compliance oversight to the design and launch of our global real estate capability, business funding model and enhanced remuneration strategy.

Three lines of defence

FIRST LINE

Investment and corporate functions

Border to Coast's function heads lead on identifying and management risks in their area, including implementing and maintaining effective controls.

SECOND LINE

Risk and compliance

Border to Coast's risk and compliance team independently assesses risks and provides challenge and oversight.

THIRD LINE

Audit

Internal audit provides risk-based assurance over the company's governance, risk and control framework. The Board Audit Committee oversees their work.

North Yorkshire – Goathland

PRINCIPAL RISKS

We have identified 12 principal risks which can be grouped into four categories:

Strategic risk:

The risk that we are unable to meet our strategic objectives, or that they become misaligned with our mission and values.

Investment risk:

The risk that the propositions we manage underperform or breach the risk parameters set out in the propositions' governing documentation.

Financial risk:

The risk that we maintain insufficient liquid capital and/or financial resources to meet our financial and regulatory obligations.

Operational risk:

The risk of loss resulting from inadequate or failed internal processes, people and systems or from external events, including legal risk.

A description of our principal risks, how we mitigate them, and any key changes during the year are shown on pages 29 to 32.

Teesside – South Gare

Risk	Description	How we mitigate the risk	Changes during 2023/24
Strategic risk	**1. Strategic plans** The risk that our strategy is flawed, or we are unable to execute the strategy and fail to deliver our strategic objectives.	Our strategic plan is developed in collaboration with our Partner Funds and is subject to review and challenge. Progress against the plan is monitored by the Executive and Board.	We have continued to make significant progress developing propositions and additional capabilities to meet our Partner Funds' needs into the future.
	2. Partner Fund concentration The risk that the viability of individual propositions could be impacted, should a particular proposition become over-reliant on one Partner Fund.	We work closely with our Partner Funds to create and maintain suitable propositions that meet their strategic objectives and are sustainable through the economic cycle.	We have continued to monitor and manage concentration risk as our range increases, providing Partner Funds with choices and opportunities to meet their strategic asset allocation needs.
	3. Change management implementation and oversight The risk of not delivering our strategic change programme as we intend, leading to the material failure of our strategy to deliver the benefits of pooling.	We have a robust change methodology in place, supported where relevant by qualified asset transition managers and advisors, to enable us to oversee programme delivery and to manage the associated risks.	The year saw the delivery of a significant proportion of the change programme. The 2023/24 annual review of our strategic plan included consideration of our change agenda and capacity to enable us to maintain, further build and deliver capability and performance.
	4. External political environment The risk that our Partner Funds are impacted by a range of government policy initiatives, from climate change reporting, pooling consultation, Sustainability Disclosure Requirements, to the Good Governance Review and Divestment & Sanctions legislation. We also recognise the additional risks brought about by local government re-organisation and reform, and a range of FCA consultations.	We work closely with our Partner Funds, like-minded asset owners/managers and other third parties to understand the implications of the changing external environment on strategic objectives and how this might change the strategic capabilities required to support our Partner Funds.	We engaged in a range of topics in conjunction with our Partner Funds including: the FCA discussion paper on sustainability disclosure requirements; government pooling policy; Edinburgh reforms and the Mansion House speech; and managing the implications of world events. We continue to actively explore ways to strengthen our resilience to external factors outside of our control.

Risk	Description	How we mitigate the risk	Changes during 2023/24
	5. Climate change The risk that our approach to climate change does not adequately reflect our Partner Funds' aims, is inappropriate or inadequate and becomes detrimental to achieving our strategic objectives and supporting our Partner Funds with the challenges they face.	We have well-developed and effective RI Policies, Corporate Governance & Voting Guidelines and a dedicated Climate Change Policy. These cover: how climate risks and opportunities are assessed and integrated within our investment process; engagement with portfolio companies directly, through our partnership with Robeco, via collaborations with other asset owners, and by engaging with policy makers; and how we vote on climate-related issues. We also recognise that we face direct climate risks to our organisation. At the operational level, Border to Coast has a low carbon footprint; we have a single office in central Leeds, with electricity sourced from renewables. As a result, our operational emissions are minimal.	This year we incorporated progress against our Net Zero Implementation Plan in our Climate Change Report for 2023/24. We continued to embed ESG factors into investment decisions across all asset classes and implemented our net zero engagement strategy to complement our net zero pledge, to support the achievement of our Partner Funds' aims. The RI-related policies, including the Climate Change Policy are reviewed annually with input from Partner Funds with all policies strengthened in relation to climate change.
Investment risk	**6. Partner Fund outcomes** The risk that our propositions do not meet our Partner Funds' desired outcomes.	Our propositions are extensively tested prior to launch and reviewed annually to assess their continued appropriateness for Partner Funds' requirements. This is monitored through our Investment Committee, which also oversees ongoing performance of the propositions. Performance reporting is prepared for quarterly review meetings with our Partner Funds.	During the year, we held in-depth quarterly review meetings with our Partner Funds and their advisors and performed the annual review of the existing propositions which was, in turn, reviewed by the Joint Committee.

Risk	Description	How we mitigate the risk	Changes during 2023/24
	7. Liquidity The risk that our collective investment vehicles do not hold sufficient liquidity to meet Partner Funds' requests within their required time frames.	The ACS Prospectus, the Investment Risk Management Policy and the liquidity monitoring framework set out management and oversight arrangements. The proposition design process incorporates an assessment of investment capacity and redemption liquidity risk profile.	We have implemented a new liquidity risk management system which has enhanced our liquidity analysis, monitoring, and risk management. This has been complemented by a greater depth of independent risk oversight.
Financial risk	**8. Credit and liquidity** The risk of an adverse impact on the Company's balance sheet due to credit risk exposure and a failure of the counterparty where company assets are held, leading to or having insufficient resources to meet financial obligations as they fall due.	We hold a prudent level of capital, with a buffer over our minimum regulatory requirements, including those assessed using our ICARA process. Liquidity metrics are monitored against risk limits. Monitoring is via the Executive Committee with oversight by the Board Risk Committee.	We have continued to embed our capital and liquidity assessment approach and refresh our suite of scenarios for analysis as part of our ICARA process.
Operational risk	**9. IT systems availability, cyber threats, and performance** The risk that the IT systems operated and relied on by the Company do not operate as intended. This includes modelling the stability, resilience, and capacity of our IT platforms and systems.	We undertake an annual review of our business continuity and disaster recovery plans and consider our operational resilience. We have effective processes in place that comply with ISO 27001 accreditation under the information security standard and require all material outsource providers have this, or an equivalent, accreditation.	During the year we maintained our ISO 27001 accreditation, embedded a number of cyber enhancements to identify and manage cyber threats, and have continued to evolve our Operational Resilience Framework.
	10. People: key person availability and dependency The risk that we are unable to recruit and retain the right calibre of people especially given our base outside the traditional asset management hubs.	We work with recruitment partners to identify cost-effective approaches to attracting high-calibre candidates. Succession planning, performance review and personal development are integral to a positive colleague journey, with colleague wellbeing being central to our culture. We continuously undertake coordinated capacity and resource management across the company.	The number of colleagues has increased by 15% over the year, growing our headcount to 157 at 31 March 2024. This year we have worked hard to manage people risk through our ongoing recruitment programme and other activities including variable pay. This has stabilised turnover and helped attract high calibre resource, supporting Partner Funds' long term needs in a manner that is both resilient and sustainable.

Risk	Description	How we mitigate the risk	Changes during 2023/24
	11. Outsourcing Our key risk in this area is the third parties to which we have outsourced critical operational functions, fail to deliver agreed services, leading to material operational disruption, a failure to deliver our business objectives and severe reputational damage.	Our outsourcing framework includes monitoring and management of arrangements, with established controls in place, to ensure Partner Funds do not face an increased level of risk due to outsourcing. Third parties are monitored and held to account in regular management and service meetings. Associated risk information is prepared by management and monitored, with governance via our Executive and Board Risk Committee.	We continued to oversee our outsource partners, working closely and supportively with them. We continue to embed enhanced outsourcing risk management monitoring and reporting. We have continued to gain learnings and strengthen our operational resilience through resilience testing, including a detailed scenario test across a key service provider. During 2024 we aim to introduce enhanced key service provider cyber monitoring to further strengthen our oversight framework.
	12. Regulatory compliance and change The risk of failing to meet requirements and keep pace with the broad and evolving regulatory environment for financial services, and our obligations to certain public sector regulations, through the Company activities, polices, processes and procedures we adopt.	We carefully manage the implementation of regulatory change, which receives Executive and Board committee-level oversight. The Senior Managers and Certification Regime is embedded across the Company, which supports regulatory compliance. The annual compliance monitoring plan reviews adherence to FCA regulatory requirements, and the compliance team oversees adherence to non-UK financial services regulations.	During the year we have strengthened our non-UK financial services regulatory reporting, enhanced horizon scanning, and have continued to oversee our core business activities, proposition design and the development of new capabilities (such as the real estate proposition). All colleagues continue to learn from risk incidents when they have occurred, to further enhance operational and regulatory risk mitigation and the wider control framework.

WORKING IN PARTNERSHIP

Bedfordshire – Warden Hills

WORKING IN PARTNERSHIP

Section 172 statement

Stakeholder engagement and Board decision-making

To enable the Executive and the Board to make informed and inclusive decisions, it is essential to engage with stakeholders who are directly or indirectly affected by the outcomes. In this section we set out how the Board has engaged with stakeholders and, in doing so, discharged its duties under section 172 of the Companies Act 2006. This is supplementary to other information in this report which addresses these responsibilities, as outlined in the table below.

Section 172 Companies Act 2006 factor	Report section	Page
Likely consequence of any decision in the long-term	Our purpose and values Corporate strategy Risk management	3 24 27
Interests of employees	Our people	19
Fostering business relationships with suppliers, customers and others	Business model and strategy Corporate strategy Risk management	11 24 27
Impact of operations on community and environment	Risk management	27
Maintaining a reputation for high standard of business conduct	Corporate governance report	36
Acting fairly between members of the Company	Corporate governance report	36

Cumbria – Long Meg


North Yorkshire

Customers

As a customer-owned, customer-focused organisation, we focus on working with and listening to our Partner Funds. In the year we had more than 170 formal meetings with our Partner Funds covering oversight, performance updates, proposition review and development, pension committee meetings, training, and strategic discussions. Information from these engagements is provided to the Executive and the Board via continuous feedback and input. More formally, the Board monitors customer engagement metrics on a quarterly basis.

A key element of engagement with our Partner Funds is our annual conference which brings together officers and pension committee members from our Partner Funds alongside our directors and colleagues to discuss our progress, share knowledge and understanding of our work, and discuss our collective challenges and opportunities. We host several roundtable sessions which provides input to our future strategic priorities.

We also conduct an annual satisfaction survey of Partner Funds, which seeks views on a range of issues. The Board considers the feedback we receive, and the proposed action plan which we produce following the survey.

Shareholders

Our Partner Funds' role as shareholders is formally exercised through our Annual General Meeting (AGM) and the Joint Committee, which is comprised of pension fund chairs and meets quarterly to oversee our performance and direction.

We also hold regular informal shareholder meetings to share information related to matters being considered at Board level and upcoming shareholder resolutions. The informal nature of these meetings facilitates an open forum for discussion.

Partner Funds are represented on our Board through two nominated non-executive directors, ensuring the voices of both our shareholders and customers are at the heart of Board governance and decision-making.

Colleagues

Our Board and colleagues are connected through our shared values. We are committed to being a collaborative and sustainable organisation that acts with integrity.

This year we updated our people strategy following feedback from people managers and colleagues. The strategy includes a new approach to setting performance objectives, a strengthened performance review cycle, and a renewed focus on supporting colleagues with personal development.

We hold regular town hall sessions to bring colleagues together in person and discuss areas including our strategic direction and development, maintaining and strengthening our positive culture, and supporting professional development. The town hall also provides opportunity for colleagues to ask questions of our executive team.

Our non-executive directors meet with colleagues through regular lunches without senior executives present, providing valuable opportunities for questions.

Our annual colleague survey evidences high levels of engagement and satisfaction. It provides an important source of information for the Board to scrutinise and identify actions to be taken forward.

As a people business, we recognise the importance of hearing the voice of our workforce. We recognise the potential benefits of appointing a workforce director, but as a small company we share information to and from colleagues using other methods. The Board also considers that due to communication with colleagues there is no requirement for a workforce advisory panel – this includes regular 'Town Halls', newsletters, Board debriefs, informal lunches with colleagues, and focus groups.

In 2023 we held our annual colleague engagement survey, an additional mechanism to gather colleague views. In February and March 2024, colleagues also took part in the Sunday Times Best Places to Work survey and, as a result, we were awarded this status.

Government

As part of the LGPS, we are accountable to the Department for Levelling Up, Housing and Communities (DLUHC), with which we maintain an ongoing dialogue on the development of pooling. This year, we worked closely with Partner Funds to submit a comprehensive joint response to DLUHC's consultation on the next steps with LGPS investments.

We engage with Government more broadly to inform policy discussion around financial services. During 2023/24, through the Mansion House reforms, this engagement focused on the contribution of the pensions

WORKING IN PARTNERSHIP continued

sector to UK economic growth. Directly and through trade bodies, we contributed to the consultations on delivering the Mansion House reforms, including the pension trustee skills, capability and culture call for evidence.

Our Deputy CEO complements our engagement with Government through her membership of the Scheme Advisory Board's Compliance and Reporting Committee and Investment, Government and Engagement Committee.

Regulators

As a FCA-regulated company, we have comprehensive processes and policies in place, with Board oversight, to ensure compliance with the FCA's rules and reporting requirements.

In addition to our business-as-usual interactions, we contribute to the FCA's calls for evidence, discussion papers and consultations – directly and through trade bodies – to inform the development of regulation with the potential to positively or negatively impact our ability to deliver our purpose. During 2023/24, this included the Primary Markets Effectiveness Review and Diversity and Inclusion in the Financial Sector.

We support our Partner Funds in meeting obligations under the LGPS reporting framework in addition to making our own returns to DLUHC.

Our work brings us into the orbit of other regulators with whom we engage appropriately. During the year we were pleased to retain our status as a signatory to the Financial Reporting Council's UK Stewardship Code.

Community and environment

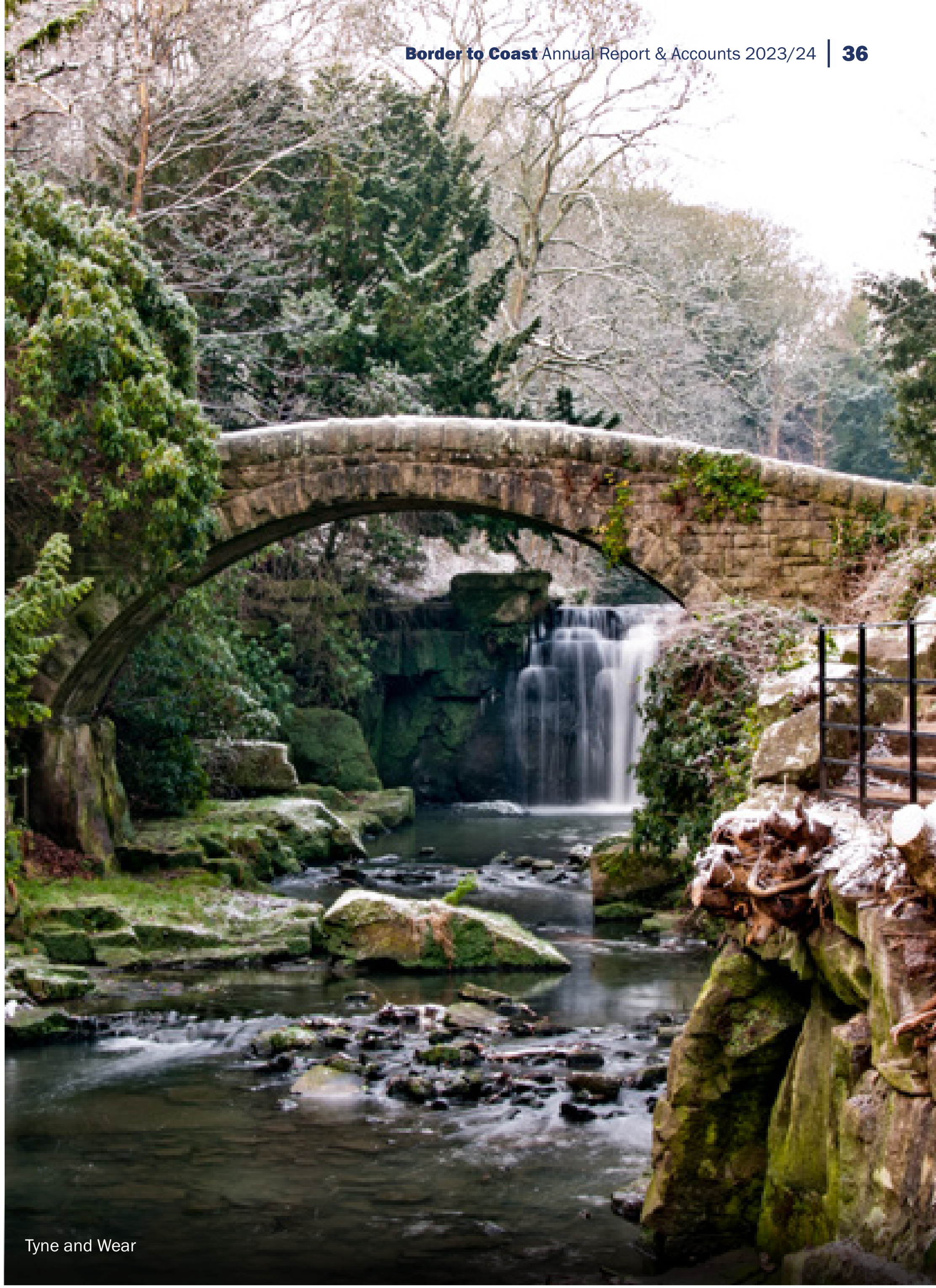
During the year, the Board approved our modern slavery statement, explaining our approach to addressing this issue through our colleagues, our supply chain and as an investor.

The Board also approved an updated Corporate Social Responsibility (CSR) Policy which outlines commitments to manage our impact on the environment and to take positive action to impact the community in which we operate.

We are committed to achieving net zero greenhouse gas emissions (GHG) across our investment portfolios by 2050 or sooner, with a parallel commitment in relation to our corporate Scope 1 and 2 emissions. Our progress against this is reported annually in our Climate Change Report. In conjunction with our Partner Funds, this year we strengthened our RI-related policies with a commitment to generally vote in favour of shareholder resolutions aligned with the Paris Agreement and extending exclusions to cover thermal coal power generation.

Our procurement processes require suppliers to demonstrate their policies around diversity, equality and inclusion, environmental impact, carbon reduction and modern slavery. Our suppliers include social enterprises which provide support with in-house catering, employee well-being and our communications.

We also provide colleagues with paid leave, individually and in teams, to volunteer in support of charities and community groups.



Tyne and Wear

GOVERNANCE

Cumbria – Derwentwater

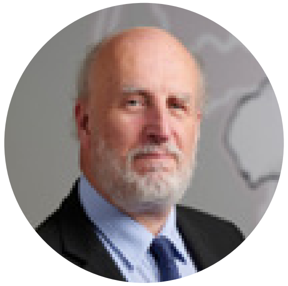
OUR BOARD

Chris Hitchen
Chair

Chris has more than 35 years' experience in the UK pensions and investments industry. For nearly 20 years he led the Railways Pension Scheme, a large multi-employer pension-pooling arrangement, as Chief Investment Officer (CIO) and then CEO. Chris is a trustee and investment committee chair for the National Employment Savings Trust (NEST) and Chair of the Nuclear Liabilities Fund. He also sits on the Investment Committee of the Scott Trust and the Finance and Investment Board of the Institute and Faculty of Actuaries.

Tanya Castell MBE
Chair of the Board Risk Committee

Tanya is a former senior global banker who spent most of her executive career with JP Morgan and UBS. She has served on a number of boards, including Handelsbanken plc, Multrees Investor Services, Standard Life Savings and Faster Payments Scheme. She chaired the Quality Assurance Scheme for the Institute and Faculty of Actuaries and was a pension trustee for HBOS and UBS. Tanya is a member of the Regulatory Decisions Committee of the FCA and the Bank of England's Prudential Regulation Committee, and the founder of Changing the Chemistry. In September 2023, Tanya was appointed as a trustee of RNIB and Chair of its Audit, Risk and Assurance Committee. She is a Cambridge Computer Science graduate.



Cllr David Coupe
Partner Fund nominated non-executive director

David is Chair of the Teesside Pension Fund Committee and was first elected as ward councillor for Stainton & Thornton on Middlesbrough Borough Council in 2015. He became an executive member for Adult Health and Public Protection and Digital inclusion in 2022 and is also co-Chair on the Live Well South Tees Board. David worked in the electronics and telecommunications industry before becoming self-employed and involved with electronic and computer systems.

Rachel Elwell
Chief Executive Officer

Rachel joined Border to Coast as CEO in November 2017 with more than 20 years' experience in pensions and institutional investment (at PricewaterhouseCoopers and Royal London Mutual Insurance Society). Rachel sits on the boards of the Investment Association, Opera North, and the Just Finance Foundation. Rachel is a Cambridge maths graduate and a qualified actuary.

Kate Guthrie
Chair of the Remuneration and Nomination Committee

Kate's executive career spanned financial services, pharmaceuticals, fast moving consumer goods (FMCG), and retail. She was formerly Chief People Officer for Virgin Money. Kate brings experience of organisation transformation, people strategy, reward, culture change, talent and succession and performance management. She is a non-executive director and People Committee Chair on the UK Defence Board. Kate was previously Chair at Lloyds Banking Group Foundation Scotland, a member of the Virgin Money Foundation Board, and a trustee on the Action for Children Board (Chair of Scotland and Senior Independent Director).

OUR BOARD continued

Tyne and Wear – Roker Pier

Richard Hawkins

Independent non-executive director

Richard's executive career has spanned over three decades in the banking and financial services technology sector. He was formerly the Chief Information Officer for Europe at HSBC. Richard is a non-executive director at the Valuations Office Agency and a board advisor at Charities Aid Foundation (CAF) Bank. He acts as a consultant specialising in IT transformation, technology risk management, outsourcing, cybersecurity, and staying at the forefront of emerging technology trends. He is also the co-founder and Chief Technology Officer of a Fintech start-up specialising in international trade and supply chain innovation, with a mission to facilitate SME financial inclusion.

Cllr John Holtby

Partner Fund nominated non-executive director

John is a councillor in the East Riding of Yorkshire Council where he is the Deputy Leader with a portfolio for Corporate Affairs including pensions, having first been elected in 2013. He was High Sheriff in the area in 2011/12. John is an arable and livestock farmer on the land his family has farmed since 1890. He has an MA (Hons) in Land Economy from Magdalene College, Cambridge.

Fiona Miller

Deputy Chief Executive Officer

After being the national lead on the government's pooling agenda and one of the driving forces behind Border to Coast's initial conception, Fiona joined from Cumbria County Council. Fiona is a Chartered Management Accountant with over 30 years' experience in finance, ICT, and operational restructuring across the public and private sectors. Fiona continues to support the development of pooling in the UK and represents the LGPS pooling companies on the LGPS Scheme Advisory Board Investment Committee. In November 2023 Fiona was appointed as the new independent Chair of the Lancashire Local Pension Board. She is also a member of the Bank of England's Decision Makers Panel.

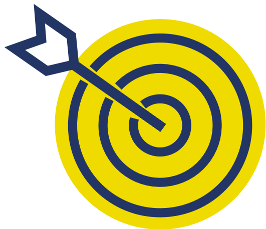
Andrew November

Chair of the Board Audit Committee

Andrew has spent more than 25 years in asset management, most recently as Head of Investment Office, Scottish Widows. He is also a Director of Bell November Consulting Ltd, a financial services consultancy specialising in business restructuring and management coaching. Andrew is an Associate of the CFA Society of UK. He holds an MSc in Applied Economics from the University of California at Santa Cruz, USA, and a BA in Chinese and Economics from the University of Leeds.

CORPORATE GOVERNANCE STATEMENT

Chris Hitchen
Chair



SETTING THE STRATEGY IS PARAMOUNT

Border to Coast has designed and built its governance structure to meet, and account for, its regulatory responsibilities and industry best practice for organisations of its scale.

Border to Coast is wholly owned by its Partner Funds, who are also its shareholders and customers.

The Board's responsibilities are set out in the Company's Articles of Association. Subject to these articles, the directors are responsible for the oversight of the company's business and implementation of the strategic plan. Day-to-day management of the Company is delegated to the CEO.

The Board is collectively responsible for promoting the success of the Company by directing and supervising its affairs, having due regard to our shareholders, customers, and wider stakeholders.

The Board's role is to provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed. The Board sets the Company's strategic aims, ensures that the necessary financial and human resources are in place for the Company to meet its objectives, and reviews management performance. The Board also sets the Company's values and standards, risk appetite and strategy, and ensures that its obligations to its shareholders, customers and other stakeholders are understood and met.

The Board is committed to maintaining high standards of corporate governance. It believes that a sound corporate governance framework enables efficient and effective decision making with clear accountabilities, contributing to achieving the company's objectives and delivering long-term and sustainable value to its customers and shareholders. The Board's intention is to achieve adherence to the UK Corporate Governance Code where appropriate given its size and closed shareholding.

The Partner Funds have established a Joint Committee comprised of elected member representatives from each administering authority. The Joint Committee reviews investment performance and capability on a quarterly basis. Our delivery of services and its performance against its strategic objectives is overseen by shareholder representatives both on an ongoing basis and formally once a year at its AGM.

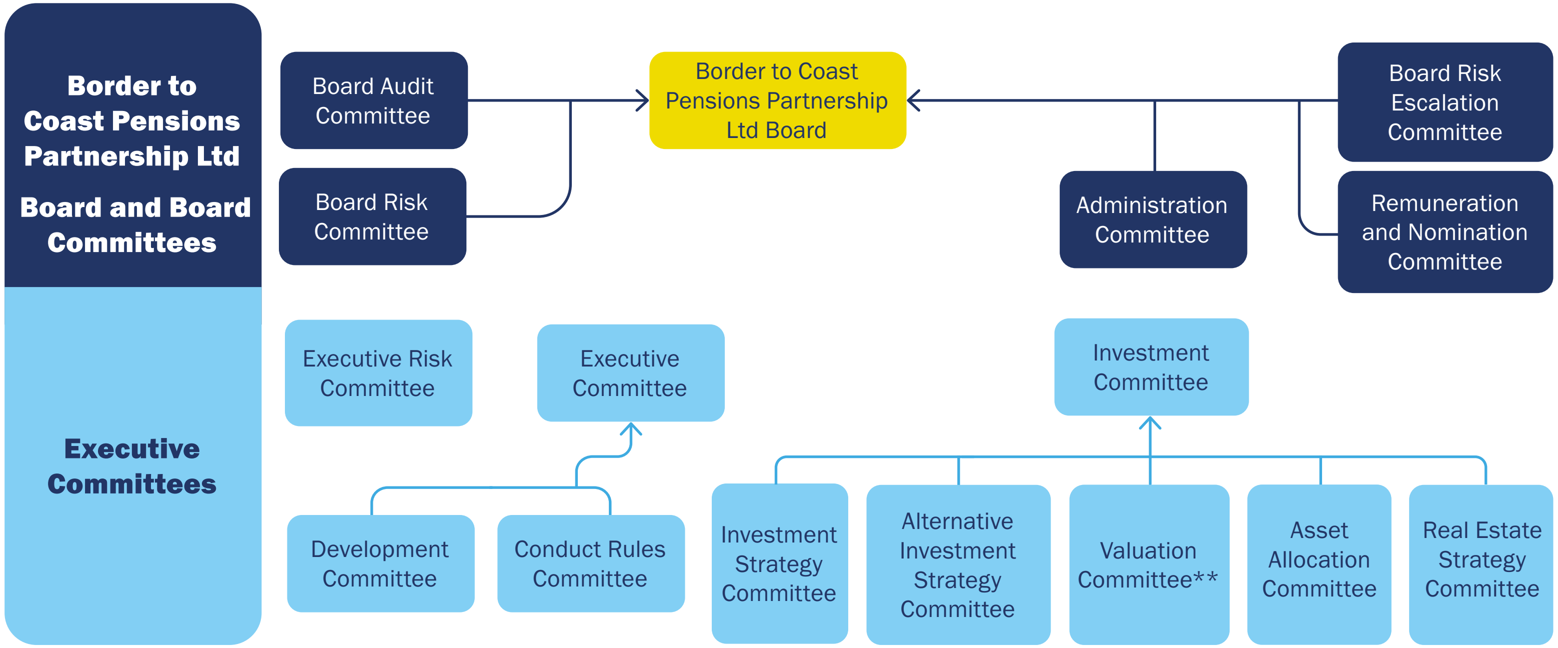
Our Board and Partner Funds have developed a Governance Charter which sets out the governance of Border to Coast and relative roles and responsibilities of the different parties. It can be found on our website.

Governance structure

To support its effective operation, the Board has established five sub-committees: the Administration Committee, Board Audit Committee, Board Risk Committee, Board Risk Escalation Committee, and Remuneration and Nomination Committee. We also have an executive level governance structure to assist the CEO and executive leadership team in its monitoring and decision-making activity. The full governance structure is outlined in the diagram to the right.

The Board met 10 times during the year, through seven formal meetings and three strategy days, to consider matters relating to strategy, business and performance. The Chair held private meetings of the non-executive directors without the presence of the executive prior to each formal meeting. The table on this page shows attendance at meetings of the Board and its committees; the number in brackets shows the number of meetings each director was eligible to attend.

The Board Audit Committee, Board Risk Committee, and Remuneration and Nomination Committee have provided separate committee statements reporting on their roles and activities over the year.



	Board (7)	Board Audit Committee (4)	Board Risk Committee (4)	Remuneration and Nomination Committee (4)	Board Risk Escalation Committee (0)	Administration Committee (0)
Chris Hitchen	7 (7)	1+	4 (4)	4 (4)		
Tanya Castell	7 (7)	4 (4)	4 (4)	–		
Cllr David Coupe	6 (7)	4 (4)	–	–		
Rachel Elwell	7 (7)	3+	4+	4+		
Kate Guthrie	7 (7)	–	1+	4 (4)		
Richard Hawkins	5 (5*)	–	3 (3*)	–		
Cllr John Holtby	6 (7)	–	–	4 (4)		
Fiona Miller	7 (7)	4+	4+	–		
Andrew November	7 (7)	4 (4)	4 (4)	–		

Note: The number in brackets indicates the number of formal meetings each director was eligible to attend during the year.
*Number of meetings Richard Hawkins was eligible to attend following his appointment on 18 September 2023.
**The Valuation Committee has a direct reporting line into the Board Audit Committee.
+ Attended by invitation and was not present for private business.

CORPORATE GOVERNANCE STATEMENT continued

East Riding – Brubberdale

Administration Committee

The Administration Committee can be called at short notice to make emergency decisions on Board matters which may arise between meetings, where there is insufficient time or quorum to convene a full Board meeting. The Chair of the Board is Chair of this committee. The quorum is decided by the Board on a case-by-case basis but must be a minimum of two, to include at least one independent non-executive director. All directors are invited to these meetings, but there is no expectation that they must all attend unless they have been included in the agreed quorum. The Administration Committee did not meet this financial year.

Board Risk Escalation Committee

The Board Risk Escalation Committee can be called to meet as required to enable consideration of matters escalated by the executive in relation to investments that might fall outside the Board's risk appetite. The Chair of the Board is chair of this committee. The quorum is decided by the Board on a case-by-case basis but must be a minimum of two, to include either the Chair or the Chair of the Board Risk Committee. The Board Risk Escalation Committee did not meet this financial year.

Board composition

We recognise the importance of having diverse voices on our Board. To support this, Partner Funds nominate two elected members to sit on the Board at any one time, providing unique insight and ensuring our customers are at the heart of our decision making. We also ensure all elements of diversity are a key focus of our succession planning and search activity.

On appointment, our Partner Fund nominated non-executive directors, Cllr David Coupe and Cllr John Holtby, were assessed as not being independent given their connection to our Partner Funds. We have processes in place to manage this, including a standing declaration of interests item on every formal meeting agenda. All other non-executive directors were assessed as independent on appointment, including our Chair, Chris Hitchen.

Given our Partner Funds' ability to remove and appoint directors, our non-executive directors are not subject to re-election at each AGM. Instead, they enter into an agreement to serve a term of office approved by the shareholders, which can be extended at the agreement of the shareholders, the Company and the individual director.

At the AGM in July 2023, our Partner Funds re-appointed Kate Guthrie for a second term of four years and Cllr John Holtby to a third term of one year. In September 2023, our Partner Funds appointed Richard Hawkins as a new independent non-executive director to help improve the information technology and cyber security skillset on the Board.

Current non-executive director terms are outlined in the table below.

Director	Role	Date of first appointment	End of current term
Chris Hitchen	Board Chair	01/10/2017	30/09/2025
Tanya Castell	Independent non-executive director	15/10/2017	30/09/2024
David Coupe	Partner Fund nominated non-executive director	01/10/2022	30/09/2025
Kate Guthrie	Independent non-executive director	02/10/2020	30/09/2027
Richard Hawkins	Independent non-executive director	18/09/2023	30/09/2026
John Holtby	Partner Fund nominated non-executive director	05/02/2020	30/09/2024
Andrew November	Independent non-executive director	05/02/2020	30/09/2026

While the Board is not obliged to appoint a senior independent director, in September 2023 it agreed that the role was a sensible and appropriate piece of governance which would be prudent for the Company to adopt and, following engagement with our Partner Funds, appointed Kate Guthrie to the role for a term coinciding with her directorship.

Stakeholder engagement

Our Board is committed to developing and maintaining effective relationships with its key stakeholders. It also ensures that the information gained through stakeholder engagement contributes to its decision making. Further details on this are outlined in our Section 172 report on page 34 to 36.

Conflicts of interest

Directors have a statutory duty to declare any interests which might impact on the fulfilment of their role. The Company has assessed all external positions of serving directors to identify any which might give rise to conflicts, with the approval of any conflict or perceived conflict of interest which would preclude a director's inclusion in the quorum of a meeting being reserved to our shareholders for approval. There is a standing item inviting declarations of interest on every formal meeting agenda and appropriate action is taken to manage these.

Board effectiveness and skills

The Board commissioned Board Excellence to conduct an independent board effectiveness review in 2023. Board Excellence is an international board advisory consultancy with no prior involvement with the Company. The review was undertaken in accordance with the Corporate Governance Institute's Code of Practice for board reviewers. It comprised questionnaires completed by directors and several executive colleagues; interviews with directors, several executive colleagues and the internal and external auditors; meeting observations; and a review of governance documents.

The report concluded that the Board was effective and should take credit for the support it provided during our establishment, which sometimes necessitated a hands-on approach. In the context of our increasing maturity, the report recommended that the Board should use the opportunity of our next strategic phase to become more strategic.

Key actions agreed by the Board to address the matters in the report were:

- introducing an annual discussion on Board skills;
- undertaking a comprehensive annual review of the director skills questionnaire;
- having increased regard to the current and evolving strategic context;
- maintaining efforts to improve ethnic diversity within the Board;
- increasing agenda focus on horizon scanning of emerging opportunities and risks;
- developing a summary of our ESG strategy for inclusion in the 2030 Strategy and for publication on the website, covering both operations and investment strategy.

Board learning and development

The Board is comprised of suitably skilled and experienced individuals who collectively have sufficient knowledge and understanding of all the Company's markets and propositions to be able to discharge their responsibilities in an effective, efficient and compliant manner.

Each year, the Remuneration and Nomination Committee designs a skills and experience questionnaire for directors to complete in the context of the current and next strategic phase. The Chair also has a responsibility to discuss learning and development with individual directors through the appraisal process.

The results of the questionnaire and director appraisals inform the Board's training schedule for the year ahead, which includes a range of learning and development activities to refresh and enhance director skills and knowledge. These details are also used to inform Board succession planning.

This year, our learning and development activities focused on the following areas:

- public markets;
- the regulatory regime;
- skills for committee chairing;
- cyber security;
- Internal Capital Adequacy and Risk Assessment (ICARA) scenarios;
- our upcoming UK Real Estate proposition.

Lincolnshire – Mablethorpe

REMUNERATION AND NOMINATION COMMITTEE REPORT

Kate Guthrie
Committee Chair

ALIGNING PEOPLE & PERFORMANCE

Purpose

The committee approves our remuneration strategy, policy and frameworks and reviews their application to ensure alignment with performance-related outcomes and shareholder interests. It assists the Board in maintaining an appropriate culture and sets an agenda for interaction with shareholders in relation to people matters. The committee also agrees the people development framework and makes recommendations to the Board regarding succession planning.

Membership and meetings

The committee consists of three members: Kate Guthrie (Chair), Chris Hitchen (Board Chair), and Cllr John Holtby. This fulfils the terms of reference requirement that all members are independent non-executive directors. The Chair satisfies the UK Corporate Governance Code 2018 requirement of having previously served on a remuneration committee for at least 12 months and has over 30 years of relevant experience.

The committee formally met four times during the financial year. It also held several informal meetings to discuss arrangements for the external board effectiveness review and board recruitment. Attendance at formal meetings during the period is outlined in the Corporate Governance Statement on page 41.

The Chair of the committee attends the AGM, where shareholders can ask questions regarding the committee's role. The CEO and CPO are invited to attend all meetings and, along with the secretary, leave for items relating to themselves in line with the principle that no individual should be able to affect their own terms. Other officers are invited to attend meetings where appropriate. The committee also holds regular private sessions with each of the CEO, CPO, and the committee's remuneration adviser.

REMUNERATION AND NOMINATION COMMITTEE REPORT continued

COLLEAGUE VALUE PROPOSITION

Case Study

The committee has worked together with the Board and the Executive to create a rounded, mature and future-proof value proposition for colleagues. With the organisation less than six years old, we're proud of how the colleague proposition has evolved on key elements with the support of our Partner Funds. This includes a three-year pay strategy and the introduction of collective variable pay. Our benefits package is structured to support positive wellbeing and long-term outcomes. Our people policies support performance and give us the flexibility to help colleagues through every stage of their journey. Alongside these structural elements, ongoing attention to colleague development and culture are critical. All non-executive directors meet with colleagues throughout the year, gain insight through the engagement survey and have regular conversations with executives. As such they are instrumental in the development of people strategy and culture, resulting in the growth and success of Border to Coast, along with high levels of colleague engagement.

Focus during 2023/24

Over the year the committee:

- oversaw the implementation of the variable pay plan and monitored performance in year.
- considered Board and senior executive succession planning.
- recommended the appointment of Richard Hawkins as a new non-executive director and the re-appointment of Kate Guthrie and John Holtby as non-executive directors.
- proposed to shareholders the remuneration of executive directors.
- made recommendations on the base salary budget.
- considered the results of the colleague engagement survey.
- reviewed the completion of activities in compliance with the FCA's Senior Manager Certification Regime.
- reviewed and approved policies in accordance with the policy governance framework.
- reviewed and recommended its terms of reference to the Board for approval.

Tyne and Wear – Lindisfarne

BOARD AUDIT COMMITTEE REPORT

Andrew November
Committee Chair

SUPPORTING OUR SUSTAINABILITY

Purpose

The committee supports the Board to meet its responsibilities for monitoring our internal financial control systems and the integrity of our financial statements. The Committee also oversees the performance and objectivity of our internal and external auditors.

Membership and meetings

The committee consists of three members: Andrew November (Chair), Tanya Castell MBE, and Cllr David Coupe. This fulfils the terms of reference requirement that most members are independent non-executive directors. The Board notes that the committee possesses the experience required by its terms of reference and the UK Corporate Governance Code 2018.

The committee met formally four times during the financial year 2023/24. It also held an informal workshop to review the draft annual report and accounts for 2022/23. Attendance at formal meetings during the period is outlined in the Corporate Governance Statement on page 41.

The committee benefits from the membership of Tanya Castell MBE, Chair of the Board Risk Committee, which promotes understanding and communication between these two committees. We are preparing for change later in 2024, when Tanya's tenure on our Board will end, Andrew November will move to Chair of the Board Risk Committee, and there will be a newly appointed non-executive director and chair of the Board Audit Committee.

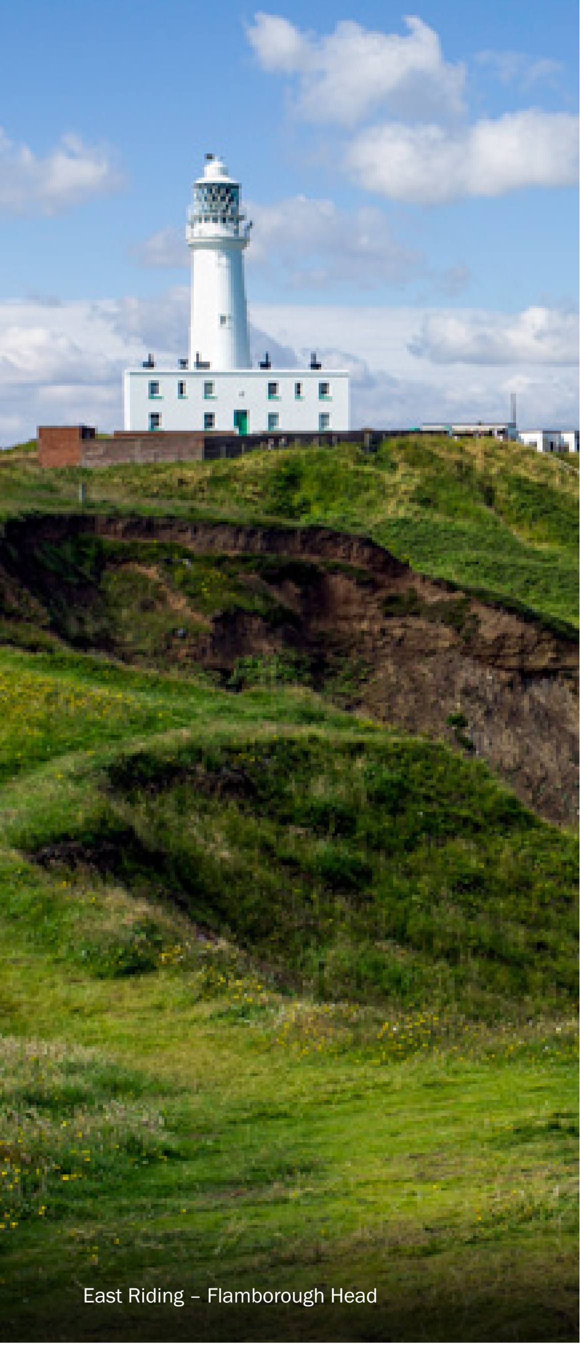
The Chair of the committee attends the AGM, where shareholders can ask questions regarding the committee's role. The CEO, Deputy CEO, Chief Risk Officer (CRO), and Head of Finance are invited to attend all meetings alongside our internal and external auditors. Our auditors leave the meeting for any item related to their appointment, performance and/or fee.

Internal auditor

Following a public procurement process, Deloitte was re-appointed as our internal auditor for an initial period of four years from April 2023, with the option to extend the contract for a further two years.

Internal audits are undertaken on a risk-assessed basis and recommendations to improve internal controls, risk management and governance are agreed with management. The committee monitored the effectiveness of the internal auditor during the year. It is satisfied that the internal auditor continues to be independent from the business, having a dual reporting line to both the Chair of this committee and the CEO.

BOARD AUDIT COMMITTEE REPORT continued



East Riding – Flamborough Head

External auditor

In May 2022 KPMG LLP was re-appointed as our external auditor following a procurement exercise. The contract is for four years with an option to extend by a further four years following a retender process. At the AGM in July 2023 our shareholders re-appointed KPMG to audit the financial statements for the year to 31 March 2024 and authorised the directors to agree the fee.

KPMG's Audit Partner, Tom Tyler, continues to oversee the audit process. The committee considers Tom Tyler and KPMG to be independent within the meaning of regulatory and professional requirements. It also considers the objectivity of Tom Tyler and the audit staff not to be impaired. The committee's opinion is supported by the results of its annual external auditor effectiveness review.

The committee places great importance on the quality, effectiveness, and independence of the external audit process. This year, it approved and monitored the execution of the external audit plan and discussed all significant matters identified in KPMG's 2023/24 final audit report, including the key accounting judgements taken by management and management responses to audit findings.

At its meeting in November 2023, the committee reviewed the plan for the provision of non-audit services by the external auditor and approved the fees for audit and non-audit services for 2023/24.

The policy states that any fees paid to the external auditor for work outside the scope of audit services should not exceed 50% of the total fees in any financial reporting period. External audit services cover the audit of the group's financial statements, the audit of the ACS, and the audit of the 10 Scottish limited partnerships (SLP) established to support the alternative investments.

The company is to pay KPMG a fee of £119,725 for the audit of our 2023/24 consolidated and subsidiary financial statements, and £435,030 for the audit of the ACS and SLP financial statements. In addition to these audit fees, we also paid KPMG a further £150,600 for the AAF work and the client assets sourcebook review, which are both assurance related. Of KPMG's total fee, 21% was for non-audit work which falls within the remit of the Policy for the Provision of Non-Audit Services by the External Auditor. The committee considered that KPMG's independence was not compromised by this work.

The committee assesses the effectiveness of the external auditor annually using measures that include a review of the quality and scope of the proposed external audit plan and progress against it, as well as monitoring independence, professionalism and transparency.

Focus during 2023/24

Over the year the committee:

- approved the accounting treatment of the Defined Benefit Pension Scheme surplus.
- approved the accounting policies for the group for 2023/24.
- recommended to the Board the approval of the annual report and accounts, going-concern assessment and letter of representation.
- approved the ACS annual report and accounts and letter of representation.
- scrutinised the annual Assessment of Value report and recommended it to the Board for approval.
- considered the Climate Change Report (aligned with TCFD recommendations).
- approved the internal audit plan, reviewing internal audit reports and recommendations and monitoring management actions to improve internal controls, risk management and governance.
- approved and monitored execution of the external audit plan.
- discussed the AAF Type II controls assurance for year ending 31 December 2023.
- received the Financial Reporting Council Audit Quality Review 2023 report.
- considered the performance of the internal and external auditors.
- approved policies in accordance with the policy governance framework.
- recommended its terms of reference to the Board for approval.
- performed the annual review of the whistleblowing report and policy.
- received the business assurance map.

BOARD RISK COMMITTEE REPORT

Tanya Castell MBE
Committee Chair

PROTECTING THROUGH RISK OVERSIGHT

Purpose

The committee acts independently from executive management to ensure the interests of our shareholders and customers are properly protected through effective risk, capital and liquidity management frameworks. It oversees that the frameworks appropriately consider the risk of harm to financial markets and other stakeholders.

Membership and meetings

The committee consists of four members: Tanya Castell MBE (Chair), Richard Hawkins (from September 2023), Chris Hitchen (Board Chair), and Andrew November. This fulfils the terms of reference requirement that most members are independent non-executive directors.

The committee met formally four times during the financial year. It also held four workshops with the executive to review and provide input on the development of the ICARA and the revised risk appetite. Attendance at formal meetings during the period is outlined in the Corporate Governance Statement on page 41.

The committee benefits from the membership of Andrew November, Chair of the Board Audit Committee, which promotes understanding and communication between these two committees. We are preparing for change in autumn 2024, when Tanya's tenure on our Board will end, Andrew November will become Chair of the Board Risk Committee, and there will be a newly appointed non-executive director and Chair of the Board Audit Committee.

The Chair of the committee attends the AGM, where shareholders can ask questions regarding the committee's role. The CRO, and latterly the Interim CRO, attended all committee meetings this year. The CEO, DCEO and Head of Compliance are also invited to attend all meetings and our internal and external auditors are invited as appropriate.

North Yorkshire – Ribblehead Viaduct

Focus during 2023/24

Over the year the committee:

- oversaw management's implementation of the risk management framework, including its effectiveness and the implications of major risks.
- received updates on the risk management development plan, including the programme to introduce and enterprise wider risk management.
- reviewed the evolution of the approach to operational resilience with the second specific operational resilience scenario assessment.
- oversaw the ICARA process and outputs, and recommended the second annual ICARA report to the Board for approval.
- considered the risks of the proposed changes to the funding model.
- considered the potential implications of a cyber attack.
- oversaw enhancements to reporting on conflicts of interest.
- received updates on financial crime risks, including sanctions and exposures to higher risk jurisdictions with augmented reporting.
- oversaw the enhancement of the compliance reporting and recruitment of a new Head of Compliance.
- tracked the progress of compliance monitoring work, including any remediation activities.
- reviewed the annual tax evasion risk assessment.
- ensured any regulatory breaches were handled appropriately and root causes analysed.
- received regulatory and legal horizon scanning and emerging risks reporting.
- input on advice and guidance provided to the Remuneration and Nomination Committee in relation to risk and regulatory considerations relevant to the remuneration strategy including the variable pay plan.
- reviewed and approved policies in accordance with the policy governance framework.
- reviewed and recommended its terms of reference to the Board for approval.

FINANCIAL STATEMENTS

Tyne and Wear – Big Waters

DIRECTORS' REPORT

Surrey – Guildford

The Directors present their report and the audited financial statements of the Group and Company for the year ended 31 March 2024.

Incorporation

Border to Coast Pensions Partnership Limited ('the Company') is incorporated in the United Kingdom and registered in England and Wales, registration number 10795539.

Principal activities

The principal activities of the Group and Company are that of investment management and, from 3 April 2019, acting as General Partner to each of the ten Limited Partnerships to facilitate the efficient deployment of the Limited Partners' capital into private equity, infrastructure and private credit investments.

Directors

The Directors in office during the period and at the date of signing this report were as follows*:

Name	Appointed	Resigned
Chris Hitchen	23 Jan 2018	–
Tanya Castell	23 Jan 2018	–
Rachel Elwell	23 Jan 2018	–
Fiona Miller	23 Jan 2018	–
Andrew November	5 Feb 2020	–
John Holtby	5 Feb 2020	–
Kate Guthrie	2 Oct 2020	–
David Coupe	19 Oct 2022	–
Richard Hawkins	18 Sep 2023	–

* Shareholders agree the terms of appointment for non-executive directors.

Results and dividends

The Group made a £1,672k profit after tax (2023 profit after tax: £1,143k).

No dividends were paid during the year (2023: £nil) and the Directors do not recommend the payment of a final dividend.

Post balance sheet events

Details of events which have occurred since 31 March 2024, and up to the date of this report, are disclosed in note 20 to the consolidated financial statements.

Political or charitable donations During the year, the Group did not make any political or charitable donations (2023: £nil). Our colleagues have chosen to make collections throughout the period, which were donated to local charities. All amounts came directly from people within the Group and any external supporters rather than from the Group itself.

Expected future developments

Expected future developments are set out in the Strategic report on pages 15 and 16 and include the build of further investment capabilities including two Global and two UK Real Estate propositions. These are expected to lead to further increases in the level of assets under management.

Statement of directors' responsibilities

The Directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the Group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally

Lincolnshire

Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent company and of the Group and parent company's profit or loss for that period. In preparing each of the Group and parent company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they intend to liquidate the group or parent company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' confirmation

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Group and Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Group and Company's auditor is aware of that information.

Independent Auditors

The auditor, KPMG LLP, has indicated its willingness to continue in office and a resolution concerning its re-appointment will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board:

Fiona Miller
Deputy CEO
Border to Coast
25 June 2024

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the members of Border to Coast Pensions Partnership Limited

Opinion

We have audited the financial statements of Border to Coast Pensions Partnership Limited ("the Company") for the year ended 31 March 2024 which comprise the Consolidated and Company Income Statements and Statements of Comprehensive Income, Consolidated and Company Balance Sheets, Consolidated and Company Statements of Changes in Equity, Consolidated and Company Cash Flow Statements and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 March 2024 and of the Group's and parent Company's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard.

We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.
- we have not identified and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

North Yorkshire – York

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- enquiring of directors, the audit committee, risk committee and inspection of policy documents as to the Group's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.
- reading Board, Audit committee, Risk Committee and Remuneration and Nomination committee minutes.
- using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that Group management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgement such as pension assumptions. On this audit we do not believe there is a fraud risk related to revenue recognition because there is a limited perceived pressure and opportunity from the nature of revenue transactions.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls

We performed procedures including:

- identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included entries created or posted by individuals who typically do not create, or post journals and entries posted to seldom-used accounts.
- assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and others management (as required by auditing standards), and from inspection of the Group's regulatory and legal correspondence and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Group is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements various considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies' legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: anti-bribery, employment law, FCA regulation and certain aspects of company legislation recognising the financial and regulated nature of Border to Coast Pensions Partnership Limited's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement.

We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Durham – Weardale

Other Information

The directors are responsible for the other information, which comprises the 'Strategic Report', the 'Directors' Report', 'Our Purpose and Values', 'Our Partner Funds', the 'Highlight', 'Corporate Strategy' and the 'Governance' section of the Annual Report and Accounts. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion or any form of assurance conclusions thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the other information;
- in our opinion the information given in the strategic report and the directors' report for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or the parent Company financial statements are not in agreement with the accounting records and returns; or certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 51, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Tyler (Senior Statutory Auditor) for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants 1 St Peters Square
Manchester
M2 3AE
United Kingdom
25 June 2024

Consolidated Income Statement and Statement of Comprehensive Income

for the year ended 31 March 2024

	Note	**2024 £000**	2023 £000
Turnover	3	**34,057**	26,317
Administrative expenses	4	**(32,463)**	(25,122)
Operating profit		**1,594**	1,195
Other interest receivable and similar income	7	**730**	267
Profit before taxation		**2,324**	1,462
Tax on profit	8	**(652)**	(319)
Profit for the financial year		**1,672**	1,143
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive profit for the year		**1,672**	1,143

The results above all related to continuing operations.

The notes on pages 64 to 76 form an integral part of these financial statements.

Company Income Statement and Statement of Comprehensive Income

for the year ended 31 March 2024

	Note	2024 £000	2023 £000
Turnover	3	**34,047**	26,307
Administrative expenses	4	**(32,463)**	(25,122)
Operating profit		**1,584**	1,185
Other interest receivable and similar income	7	**730**	267
Profit before taxation		**2,314**	1,452
Tax on profit	8	**(652)**	(319)
Profit for the financial year		**1,662**	1,133
Other comprehensive income for the year, net of tax		**–**	–
Total comprehensive profit /(loss) for the year		**1,662**	1,133

The results above all related to continuing operations.

The notes on pages 64 to 76 form an integral part of these financial statements.

Consolidated Balance Sheet at 31 March 2024

	Note	£000	2024 £000	£000	2023 £000
Fixed assets					
Intangible assets	9	**56**		56	
Tangible fixed assets	10	**361**		398	
			417		454
Current assets					
Debtors:					
- amounts falling due within one year	12	**4,531**		8,107	
- amounts falling due after one year	12	**–**		392	
Cash at bank and cash equivalents	14	**22,620**			17,822
			27,151		26,321
Creditors: amounts falling due within one year	15		**(11,105)**		(11,994)
Net current assets			**16,046**		14,327
Total assets less current liabilities			**16,463**		14,781
Creditors: amounts falling due after more than one year	15		**(402)**		(392)
Net assets			**16,061**		14,389
Capital and reserves					
Called up share capital	17		**13,000**		13,000
Profit and loss account			**3,061**		1,389
Shareholders' funds			**16,061**		14,389

These financial statements were approved by the Board of Directors on 25 June 2024 and were signed on its behalf by:

Fiona Miller
Deputy CEO
Border to Coast Pensions Partnership Limited
Registered no: 10795539
25 June 2024

The notes on pages 64 to 76 form an integral part of these financial statements.

Company Balance Sheet at 31 March 2024

	Note	£000	2024 £000	£000	2023 £000
Fixed assets					
Intangible assets	9	**56**		56	
Tangible fixed assets	10	**361**		398	
Investments	11	**–**		–	
			417		454
Current assets					
Debtors:					
- amounts falling due within one year	12	**4,521**		8,065	
- amounts falling due after one year	12	**–**		392	
Cash at bank and cash equivalents	14	**22,580**		17,822	
			27,101		26,279
Creditors: amounts falling due within one year	15		**(11,105)**		(11,992)
Net current assets			**15,996**		14,287
Total assets less current liabilities			**16,413**		14,741
Creditors: amounts falling due after more than one year	15		**(402)**		(392)
Net assets			**16,011**		14,349
Capital and reserves					
Called up share capital	17		**13,000**		13,000
Profit and loss account			**3,011**		1,349
Shareholders' funds			**16,011**		14,349

These financial statements were approved by the Board of Directors on 25 June 2024 and were signed on its behalf by:

Fiona Miller
Deputy CEO
Border to Coast Pensions Partnership Limited
Registered no: 10795539
25 June 2024

The notes on pages 64 to 76 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2022	13,000	246	13,246
Total comprehensive income for the period	–	1,143	1,143
Balance at 31 March 2023	13,000	1,389	14,389
Balance at 1 April 2023	**13,000**	**1,389**	**14,389**
Total comprehensive income for the period	**–**	**1,672**	**1,672**
Balance at 31 March 2024	**13,000**	**3,061**	**16,061**

The notes on pages 64 to 76 form an integral part of these financial statements.

Company Statement of Changes in Equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2022	13,000	216	13,216
Total comprehensive income for the period	–	1,133	1,133
Balance at 31 March 2023	13,000	1,349	14,349
Balance at 1 April 2023	**13,000**	**1,349**	**14,349**
Total comprehensive income for the period	**–**	**1,662**	**1,662**
Balance at 31 March 2024	**13,000**	**3,011**	**16,011**

The notes on pages 64 to 76 form an integral part of these financial statements.

Consolidated Cash Flow Statement

for year ended 31 March 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Profit before tax		**2,324**	1,462
Adjustments for:			
Depreciation, amortisation and impairment		**211**	207
Loss on disposal of fixed assets		**–**	–
Interest receivable and similar income		**(730)**	(267)
Corporation tax		**(325)**	(319)
(Increase) in trade and other debtors		**3,576**	3,353
Increase in trade and other creditors		**(814)**	1,940
Net cash from operating activities		**4,242**	6,376
Cash flows from investing activities			
Interest received		**730**	267
Acquisition of tangible fixed assets	10	**(132)**	(80)
Acquisition of other intangible assets	9	**(42)**	(9)
Net cash from investing activities		**556**	178
Cash flows from financing activities			
Proceeds from the issue of share capital	17	**–**	–
Net cash from financing activities		**–**	–
Net increase/(decrease) in cash and cash equivalents		**4,798**	6,554
Cash and cash equivalents at 1 April	14	**17,822**	11,268
Cash and cash equivalents at 31 March	14	**22,620**	17,822

The notes on pages 64 to 76 form an integral part of these financial statements.

Company Cash Flow Statement

for year ended 31 March 2024

	Note	2024 £000	2023 £000
Cash flows from operating activities			
Profit before tax		**2,314**	1,452
Adjustments for:			
Depreciation, amortisation and impairment		**211**	207
Loss on disposal of fixed assets		**–**	–
Interest receivable and similar income		**(730)**	(267)
Corporation tax		**(323)**	(319)
(Increase) in trade and other debtors		**3,503**	3,363
Increase in trade and other creditors		**(773)**	1,940
Net cash from operating activities		**4,202**	6,376
Cash flows from investing activities			
Interest received		**730**	267
Acquisition of tangible fixed assets	10	**(132)**	(80)
Acquisition of other intangible assets	9	**(42)**	(9)
Net cash from investing activities		**556**	178
Cash flows from financing activities			
Proceeds from the issue of share capital	17	**–**	–
Interest paid		**–**	–
Net cash from financing activities		**–**	–
Net increase/(decrease) in cash and cash equivalents		**4,758**	6,554
Cash and cash equivalents at 1 April	14	**17,822**	11,268
Cash and cash equivalents at 31 March	14	**22,580**	17,822

The notes on pages 64 to 76 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For year ended 31 March 2024

1. General information

Border to Coast Pensions Partnership Limited ('the Company') is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales, registration number 10795539. The address of the Company's registered office is 5th Floor, Toronto Square, Toronto Street, Leeds LS1 2HJ.

2. Accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The Group and Company financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' ('FRS 102') and the requirements of the Companies Act 2006.

a. Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group and Company's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note *q*.

b. Basis of consolidation

The Group financial statements consolidate the financial statements of the Company and all its subsidiary undertakings drawn up to 31 March 2024.

A subsidiary is an entity controlled by the parent. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Where the Group owns less than 50% of the voting powers of an entity but controls the entity by virtue of an agreement with other investors which give it control of the financial and operating policies of the entity, it accounts for that entity as a subsidiary.

Subsidiaries are consolidated at the date on which the Group obtains control and continue to be consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

The Group financial statements include the results of ten subsidiary companies, each established on 3 April 2019 to act as a General Partner for ten Scottish Limited Partnerships ('SLPs') set up to manage alternative investments.

Border to Coast Pensions Partnership Limited has control over the assets held by the underlying ten SLPs in which the ten subsidiary companies act as the General Partner in its capacity as investment manager. However, since these are held on behalf of investors and Border to Coast Pensions Partnership Limited has no right to the economic benefits arising from these assets, the assets and the investment income and costs associated with the ten SLPs have not been consolidated.

Similarly, in its capacity as investment manager, Border to Coast Pensions Partnership Limited has control over the assets held by the Border to Coast ACS. However, since these are held on behalf of investors, and Border to Coast Pensions Partnership Limited has no right to the economic benefits arising from these assets, the assets and the investment income and costs associated with them have not been consolidated.

c. Functional and presentational currency

The financial statements are presented in Pounds Sterling and rounded to the nearest thousand (£000).

d. Going concern

The financial statements have been prepared using the going concern basis of accounting. The Directors have undertaken an assessment to establish whether the use of the going concern basis is appropriate for the preparation of the financial statements.

From the above assessment, in conclusion, the Directors are not aware of any material uncertainties that would cast doubt over the Group and Company's ability to continue as a going concern for at least twelve months from the date of approval of the financial statements.

e. Turnover

Turnover comprises fees for the provision of investment management services. Turnover is measured at the fair value of the consideration received or receivable, net of value added taxes. Although the Company aims to operate on a cost recovery basis, marginal profits may be retained subject to shareholder approval.

f. Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding, and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

g. Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise except for exchange differences arising on gains or losses on non-monetary items, which are recognised in other comprehensive income.

h. Intangible assets

Computer software licences and software are capitalised on the basis of the cost incurred to acquire and bring into use the specific software. These costs are amortised over their estimated useful lives of up to three years.

i. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation of each asset on a straight-line basis over its expected useful life or minimum lease commitments, as follows:

Fixtures and fittings	10 years
Leasehold	5 years
IT hardware	3 years

j. Impairment of financial assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.


North Yorkshire

NOTES TO THE FINANCIAL STATEMENTS for year ended 31 March 2024 continued

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group and Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

k. Trade and other debtors

Trade and other debtors are recognised initially at transaction price and subsequently less any provision for impairment where such subsequent measurement would result in a difference to the carrying value of the asset.

l. Trade and other creditors

Trade and other creditors are recognised at transaction price.

m. Cash and cash equivalents

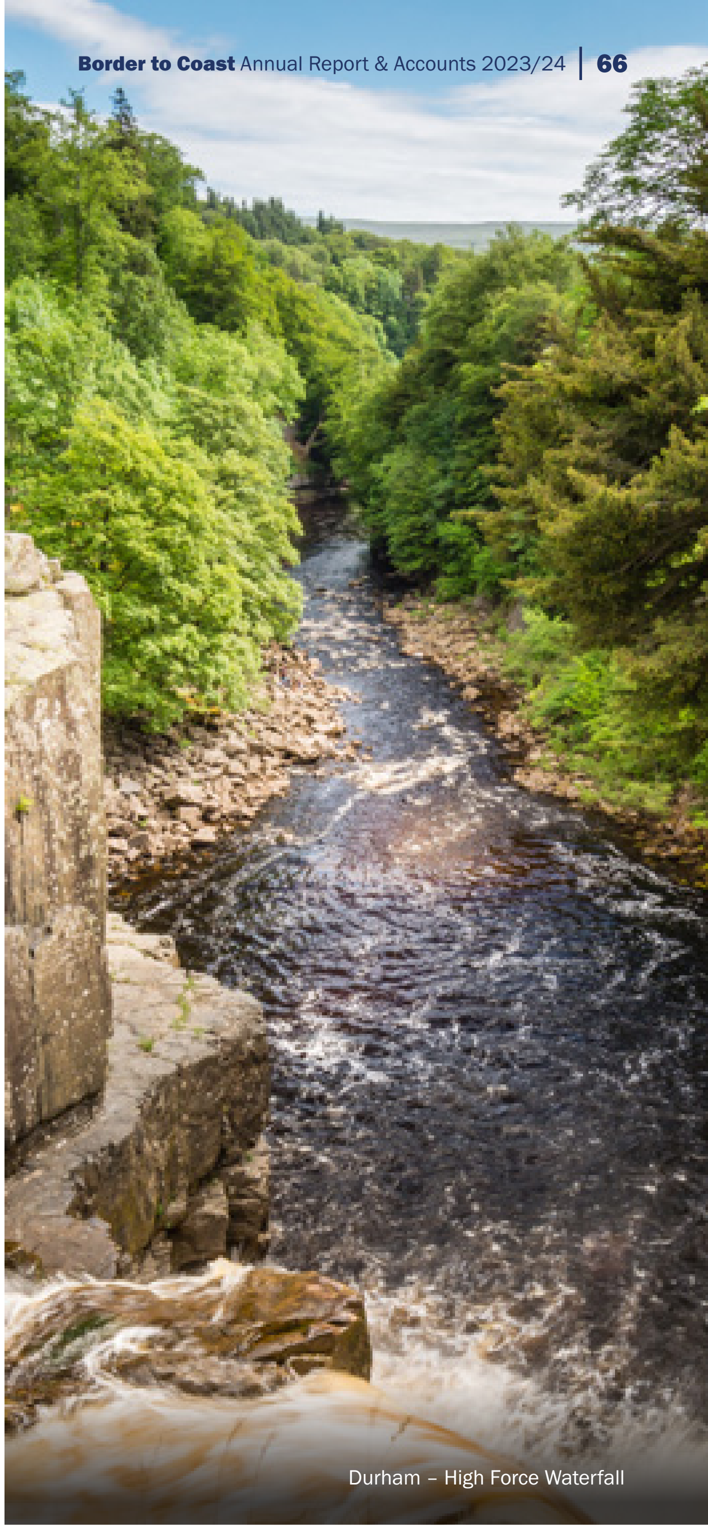
Cash and cash equivalents comprise cash in hand and deposits with banks and other financial institutions. All cash and cash equivalents held are immediately available for withdrawal.

n. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date. A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group and Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice. Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group and Company's taxable profits and their results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. In other cases, the measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group and Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax income or expense is recognised in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax income or expense.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the



Durham – High Force Waterfall

Group and Company intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group and Company have a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

o. Employee benefits

The Company operates a defined benefit pension scheme and a defined contribution pension scheme.

Defined benefit pension scheme – The defined benefit scheme is a Local Government Pension Scheme ('LGPS') administered by South Yorkshire Pensions Authority and is only open to members from existing LGPSs who have transferred into the Company LGPS or have rights under TUPE. The liabilities of the LGPS pension fund attributable to the Company are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions, for example, but not limited to, mortality rates, employee turnover rates, and projections of projected earnings for current employees.

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high-quality corporate bonds. In determining these liabilities, an assumption has been made on the advice of our actuaries that 50% of employees retiring will take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension.
- The assets of the South Yorkshire Pension Fund attributable to the Company are included in the balance sheet at their fair value.

If the Pension Scheme liabilities at the reporting date are less than the fair value of the Pension Scheme assets at that date, the Pension Scheme has a surplus. Under FRS 102, an entity shall recognise a surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in future or refunds from the plan. In this situation, the Company will make an assessment to determine if an asset can be recognised by considering its ability to reduced future employer contributions or a refund from the Scheme.

In accordance with the Pension Recharge Agreement Deed between the Company and the 11 shareholders, the deed guarantees reimbursement of any pension liability, additional employer contributions, entry payments or exit payments not covered by the rates pursuant to the regulations in accordance with the Funding Strategy Statement and the Rates and Adjustments Certificate in force. The deed guarantees both current and future deficits. Reimbursement from the shareholders would be through the annual operating charge or a charge to the investment sub-funds or by the provision of a payment notice.

The deed is considered a reimbursement asset and is recognised separately from the defined benefit liability. The net change in fair value of this asset is recognised as part of the cost of the defined benefit plan with the interest element presented in profit or loss and other movements taken to other comprehensive income. As the amount and timing of the reimbursement of the asset matches the sum of all benefits payable under the Defined Benefit Pension Scheme, the fair value of this asset is deemed to be the present value of the related obligation. Movements arising from the asset are presented net of the defined benefit cost in profit or loss and other comprehensive income respectively, as permitted under FRS 102. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are included as either accruals or prepayments in the balance sheet.

Defined contribution pension scheme

The defined contribution scheme is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

p. Leases

Leases in which the Group and Company assume substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Assets held under finance leases, hire purchase contracts and other similar arrangements, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets at the fair value of the leased asset (or, if lower, the present value of the minimum lease payments as determined at the inception of the lease) and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

East Riding – Beverley

q. Critical accounting judgements and estimates

In the application of the Group and Company's accounting policies, which are described in note 2, the Directors are required to make judgements and estimates that have a significant impact on the amounts recognised. The following are the critical judgements and estimates that the Directors have made in the process of applying the Group and Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Judgement

Non-consolidation of Scottish Limited Partnerships – although the Company, in its capacity as investment manager, has control over the assets held by the underlying ten SLPs in which the ten subsidiary companies act as the General Partner, since these are held on behalf of investors and the Company has no right to the economic benefits arising from these assets, the ten SLPs have not been consolidated.

Estimate

Defined benefit pension scheme – 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 consulting actuary is engaged to provide the Group and Company with expert advice about the assumptions to be applied.

However, because these judgements cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

3. Turnover

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Priority profit share	**10**	10	**–**	–
Investment management	**28,624**	20,106	**28,624**	20,106
Governance	**2,582**	3,345	**2,582**	3,345
Development	**2,693**	2,856	**2,693**	2,856
	33,909	26,317	**33,899**	26,307

4. Expenses and auditor's remuneration

Included in profit/loss are the following:

	2024 £000	2023 £000
Amortisation of intangible fixed assets	**42**	37
Depreciation of tangible fixed assets	**169**	170
Operating leases	**223**	223
Foreign exchange differences	**(1)**	(147)
Auditor's remuneration:		
Audit of these financial statements	**54**	49
Audit of the subsidiaries	**65**	59
Non-audit services:		
Controls assurance	**136**	115
Client assets	**14**	13

5. Staff numbers and costs

The average number of persons employed by the Company (including Directors) during the year was 147 (2023: 123). The aggregate payroll costs of these persons were as follows:

	2024 £000	2023 £000
Wages and salaries	**13,989**	9,657
Social security costs	**1,772**	1,280
Contributions to defined contribution plans	**1,027**	749
Expenses related to defined benefit plans	**165**	168
	16,953	11,854

6. Directors' remuneration

	2024 £000	2023 £000
Emoluments	**992**	687
Contributions to defined contribution plans	**43**	41
	1,035	728

During the year two Directors (2023: two) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	2024 £000	2023 £000
Emoluments	**468**	281
Contributions to defined contribution plans	**21**	24
	489	305

7. Finance income and expense

	2024 £000	2023 £000
Interest receivable on bank deposits and cash equivalents	**730**	267
Total interest receivable and similar income	**730**	267

8. Taxation

Total tax expense recognised in the profit and loss account and other comprehensive income

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Current tax on income for the period	**641**	307	**641**	307
Adjustment in respect of prior periods	**17**	(23)	**17**	(23)
Deferred tax (see note 13)	**(6)**	35	**(6)**	35
Total tax	**652**	319	**652**	319
Reconciliation of effective tax rate				
Profit excluding taxation	**2,324**	1,462	**2,314**	1,452
Tax using the UK corporation tax rate of 25% (2023: 19%)	**581**	278	**579**	276
Net effect of other non-taxable/non-deductible items	**60**	(38)	**62**	(36)
Adjustments to tax charge in respect of prior years	**17**	(23)	**17**	(23)
Deferred tax change	**(6)**	35	**(6)**	35
Transfer pricing adjustment	**–**	67	**–**	67
Total tax expense included in profit or loss	**652**	319	**652**	319

9. Intangible assets (Group and Company)

	Software £000
Cost	
Balance at 1 April 2023	143
Additions	42
Disposals	–
Balance at 31 March 2024	**185**
Amortisation and impairment	
Balance at 1 April 2023	87
Amortisation for the year	42
Disposals	–
Balance at 31 March 2024	**129**
Net book value	
At 1 April 2023	56
At 31 March 2024	**56**

10. Tangible fixed assets (Group and Company)

	Leasehold £000	Computer equipment £000	Fixtures and fittings £000	Total £000
Cost				
Balance at 1 April 2023	288	491	182	961
Additions	63	50	19	132
Balance at 31 March 2024	**351**	**541**	**201**	**1,093**
Depreciation and impairment				
Balance at 1 April 2023	141	353	69	563
Depreciation charge for the year	51	99	19	169
Balance at 31 March 2024	**192**	**452**	**88**	**732**
Net book value				
At 1 April 2023	147	138	113	398
At 31 March 2024	**159**	**89**	**113**	**361**

11. Investments

	2024 £000	2023 £000
Investment in subsidiaries	–	–

The Company owns 100% of the equity share capital of the following ten subsidiary companies, each registered in the United Kingdom at C/O Addleshaw Goddard LLP, Exchange Tower, 19 Canning Street, Edinburgh, EH3 8EH

Border to Coast Bedfordshire GP Limited

Border to Coast Cumbria GP Limited

Border to Coast Durham GP Limited

Border to Coast East Riding GP Limited

Border to Coast North Yorkshire GP Limited

Border to Coast South Yorkshire GP Limited

Border to Coast Surrey GP Limited

Border to Coast Teesside GP Limited

Border to Coast Tyne & Wear GP Limited

Border to Coast Warwickshire GP Limited

The above companies each act as the General Partner to a Limited Partnership established in April 2019 to facilitate the efficient deployment of capital into private equity, infrastructure, and private credit investments.

Border to Coast Global Value-Add Real Estate GP Limited

Border to Coast Global Core Real Estate GP Limited

The above companies each act as the General Partner to a Limited Partnership established in June 2023 to facilitate the efficient deployment of capital into global real estate investments.

The investments are £1 each representing 100% of the share capital.

12. Debtors

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Trade debtors	**1**	4,498	**1**	4,466
Other debtors	**813**	1,093	**813**	1,093
Pension fund guarantee (see note 16)	**–**	392	**–**	392
Deferred tax assets (see note 13)	**–**	–	**–**	–
Prepayments and accrued income	**3,717**	2,516	**3,707**	2,506
	4,531	8,499	**4,521**	8,457
Due within one year	**4,531**	8,107	**4,521**	8,065
Due after more than one year	**–**	392	**–**	392
	4,531	8,499	**4,521**	8,457

There was no impairment on trade debtors during the year (2023 nil).

As detailed within a "Pension Cost Recharge Agreement", dated 4 February 2019 between the shareholders and the Company, the shareholders have guaranteed that any deficit arising in respect of the Company's participation in the defined benefit pension scheme will be underwritten by the shareholders.

13. Deferred tax assets/(liabilities) (Group and Company)

Deferred tax assets/(liabilities) provided for at 25% (2023: 19%) in the financial statements are set out below:

	2024 £000	2023 £000
Balance b/f	**(47)**	(12)
Deferred tax (charge) in profit and loss account	**6**	(35)
Balance c/f	**(41)**	(47)
The closing balance represents		
Other timing differences	**(41)**	(47)

14. Cash and cash equivalents (Group and Company)

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Cash at bank and cash equivalents	**22,620**	17,822	**22,580**	17,822

15. Creditors: amounts falling due within one year

	Group 2024 £000	Group 2023 £000	Company 2024 £000	Company 2023 £000
Trade creditors	**1,062**	911	**1,062**	911
Taxation and social security	**480**	423	**480**	423
Corporation tax	**620**	287	**620**	284
Deferred tax	**41**	47	**41**	47
Other creditors	**1,287**	1,008	**1,287**	1,008
Accruals and deferred income	**7,615**	9,318	**7,615**	9,319
Amounts falling due within one year	**11,105**	11,994	**11,105**	11,992
Accruals and deferred income	**402**	0	**402**	–
Net pension liability	**–**	392	**–**	392
Amounts falling due after more than one year	**402**	392	**402**	392

16. Employee benefits (Group and Company)

Defined contribution pension scheme
The Company operates a defined contribution pension scheme. The total expense relating to this scheme in the current year was £1,046k (2023: £749k).

Defined benefit pension scheme
The Company operates a Local Government Pension Scheme ('LGPS') administered by South Yorkshire Pension Authority. A Pension Recharge Agreement Deed between the Company and the eleven Local Authority shareholders guarantees the reimbursement of any pension liability.

If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. This is the position at 31 March 24 where there is a surplus of £200k.

Under FRS102, an entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The Board has considered these two tests as below:

- as the future service employer contributions are higher than the projected future service costs, there is no economic benefit available as a reduction in future contributions

- to receive any refund, the Company would need to end its ongoing participation in the Scheme and a refund of funding surplus on cessation would be determined in line with the Scheme's regulations, the fund's own funding strategy statement and the fund's own cessation policy. As such it was determined that given the Scheme's rules and as there is no plan for the Company to exit the fund, this route did not give rise to recognise an asset.

In light of the above, the Board has concluded there is no economic benefit to the Company and under FRS102 an asset should not be recognised.

16. Employee benefits (Group and Company) continued

Net pension (liability)

	2024 £000	2023 £000
Defined benefit obligation	**(7,337)**	(7,190)
Plan assets	**7,537**	6,798
Surplus / (deficit)	**200**	(392)
Impact of asset ceiling	(200)	–
Net pension Asset / (Liability)	–	(392)

Movements in present value of defined benefit obligation		
At 1 April	**7,190**	9,203
Current service cost	**158**	370
Interest on pension liabilities	**346**	254
Change in financial assumptions	**(473)**	(5,136)
Change in demographic assumptions	**(66)**	438
Other experience	**150**	1,960
Member contributions	**75**	105
Benefits/transfers paid	**(43)**	(4)
At 31 March	**7,337**	7,190

16. Employee benefits (Group and Company) continued

Net pension (liability)

	2024 £000	2023 £000
Movements in fair value of plan assets		
At 1 April	**6,798**	6,467
Interest on plan assets	**328**	178
Remeasurement (assets)	**207**	(116)
Employer contributions	**172**	168
Member contributions	**75**	105
Benefits/transfers paid	**(43)**	(4)
At 31 March	**7,537**	6,798
Expense recognised in the profit and loss account		
	2024	2023
	£000	£000
Current service cost	**158**	370
Net interest cost	**18**	76
Total expense recognised in profit or loss	**176**	446

The fair value of the plan assets and the return on those assets were as follows:

	2024 Fair value £000	2024 Fair value %	2023 Fair value £000	2023 Fair value %
Equities	**5,201**	**69**	4,623	68
Bonds	**1,583**	**21**	1,563	23
Property	**678**	**9**	544	8
Cash	**75**	**1**	68	1
	7,537	**100**	6,798	100
Actual return on plan assets	**535**	**7.8**	(212)	(3.2)

Principal actuarial assumptions (expressed as weighted averages) at the year end were as follows:

	2024	2023
Discount rate	**4.85%**	4.75%
Future salary increases	**5.00%**	4.70%
Future pension increases (CPI)	**2.75%**	2.95%

Formal actuarial valuations are carried out every three years. The last full actuarial valuation was performed on 31 March 2022, which forms the basis for the 31 March 2024 disclosures reflecting actual individual membership data.

In valuing the liabilities of the pension fund at 31 March 2024, the following mortality assumptions have been made:

Current pensioner aged 65: 20.5 years (male) and 23.7 years (female).
Future retiree upon reaching 65: 21.5 years (male) and 25.2 years (female).

Sensitivities

The scheme asset values are sensitive to market conditions. The scheme liabilities are sensitive to actuarial assumptions used to determine the scheme obligations. Changes in these assumptions could have a material impact on the Consolidated Statement of Financial Position. The main assumptions are the discount rate, rate of inflation, salary increase and life expectancy rate. The following table provides an estimate of the potential impact on the net pension liability of changing these assumptions:

	2024 £000	2023 £000
Net pension liability	**(200)**	392
+0.1% p.a. discount rate	**174**	170
+0.1% p.a. inflation	**135**	130
+0.1% p.a. pay growth	**41**	42
+1 year life expectancy	**293**	288

As detailed within a "Pension Cost Recharge Agreement", dated 4 February 2019 between the shareholders and the Company, the shareholders have guaranteed that any deficit arising in respect of the Company's participation in the defined benefit pension scheme will be underwritten by the shareholders and therefore any change in the net pension liability will be matched by a corresponding change in the pension fund guarantee asset (see Note 12) resulting in a net nil balance sheet impact.

17. Capital and reserves

Share capital

	2024 £	2023 £
Allotted, called up and fully paid		
11 ordinary shares of £1 each (A shares)	**11**	11
12,999,998 non-voting ordinary shares of £1 each (B shares)	**12,999,998**	12,999,998
	13,000,009	13,000,009

All shares have been issued and fully paid in cash.

18. Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2024 £000	2023 £000
Less than one year	**258**	255
Between one and five years	**207**	455
More than five years	**–**	–
	465	710

19. Related parties

Group

During the year, the Group entered into transactions, in the ordinary course of business, with other related parties (the ten SLPs). Transactions entered into, and trading balances outstanding at 31 March, are as follows:

	Sales to related party 2024 £000	Sales to related party 2023 £000	**Amounts owed from related party 2024 £000**	Amounts owed from related party 2023 £000
Shareholders of the Company	**23,285**	19,282	**0**	4,846
Related parties	**10,772**	7,028	**0**	32

Company

During the year, the Company entered into transactions, in the ordinary course of business, with other related parties. Transactions entered into, and trading balances outstanding at 31 March, are as follows:

	Sales to related party 2024 £000	Sales to related party 2023 £000	**Amounts owed from related party 2024 £000**	Amounts owed from related party 2023 £000
Shareholders of the Company	**23,285**	19,282	**0**	4,846
Related parties	**10,762**	7,028	**0**	0

Warwickshire – Illmington

20. Subsequent events

Revenue Drivers – from 1 April 2024, the Company introduced a new charging methodology for recovering its investment management costs in respect of the Authorised Contractual Scheme (ACS). An Annual Management Charge (AMC) is now taken from the ACS funds each month to recover the actual costs incurred managing the scheme assets in accordance with the terms of the ACS prospectus. Although the mechanism for recovering costs has changed, it is not expected the value of the costs recovered will differ from the existing method. Whilst this will introduce a lag in receipt of funds there is no detriment to recoverability and therefore impact on our going concern assessment.

BORDER TO COAST
PENSIONS PARTNERSHIP

Border to Coast Pensions Partnership Limited is authorised and regulated by the Financial Conduct Authority (FRN 800511).

Registered in England (registration number 10795539) at the registered office:

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Surrey – River Wey